

HARROW COUNCIL

CABINET – 14 JANUARY 2009

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 24 NOVEMBER 2009

Housing Revenue Account Challenge Panel - Final Report

A Member introduced the report and explained that the Housing Revenue Account (HRA) Challenge Panel had been commissioned following a meeting of the Performance and Finance Overview and Scrutiny Sub-Committee on 20 July 2009. The Committee had decided that the Challenge Panel should address the key elements of the proposed changes to the HRA negative subsidy system and the possible implications of a reform. The Challenge Panel had raised a number of issues and addressed the 17 questions detailed in the Department of Communities and Local Government's (DCLG) consultation document. The Challenge Panel's findings and observations had culminated in a joint response with the Portfolio Holder for Adults and Housing to the DCLG.

The Member added that the re-allocation of debt could, based on retrospective calculations by London Councils, potentially double the Council's existing debt from approximately £50 million to £100 million. The main issue raised by the Challenge Panel when addressing the consultation paper was the lack of detail on how the debt re-settlement would be made to work and how debt would be distributed amongst local authorities. Until further information was made available, further work was not feasible.

The Portfolio Holder for Adults and Housing stated that the HRA negative subsidy had accounted for the loss of approximately £6.5 million from the Council's budget in 2008/09, with the amount being paid to other authorities in England. Whilst the Government was proposing to dismantle the existing housing finance system, no changes were expected until after the next anticipated election. The Portfolio Holder added that the Scrutiny Challenge Panel had highlighted many important issues which would allow Harrow to make a case for change.

Members of the Committee stated that they were pleased with the work of the Scrutiny Challenge Panel and that it had provided a useful insight into an issue that most residents were not aware of.

A Member who was not a Member of the Committee stated that she had sat on the Challenge Panel. She stated that she had found the event informative, although Members required further information in order to fully understand how the restructuring of the existing housing finance system would impact on Harrow. She suggested that the Committee may wish to continue to monitor the developments in relation to the reform of the HRA system.

RESOLVED: That

(1) the observations of the Scrutiny Challenge Panel be welcomed and noted;

(2) the recommendations of the Scrutiny Challenge Panel be endorsed;

(3) the recommendations of the Scrutiny Challenge Panel be forwarded to Cabinet for consideration;

(4) the Overview and Scrutiny Committee continue to monitor the developments in relation to the reform of the HRA system to ensure the best options were developed for the Council as further details became available.

Contact

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Background Papers:

Report considered by the Overview and Scrutiny Committee on 24 November 2009.