

LGA – HRA Reform

**Cllr Frances Roden –
Leader of Stroud District Council**

17th February 2011

STROUD

5200 properties

2010/11 Dwelling rents

£18m

MRA

£2.65m

Negative subsidy

£6.7m

30p in £

July 2010 – Loan of £95.5m

9p in £ interest over 30 years

2012/13 20p in £ interest + capital

A Positive Start!

- Welcome the commitment in the Localism Bill to reform the Housing Revenue Account Subsidy System.
- We and others in the sector have long campaigned for this change and support a move that will allow Councils the freedom to manage their housing stock effectively.

Far Reaching Enough?

- A good start but – NO!
- It is not providing a level playing field with Housing Associations.
- If Councils are to be run as a business we should be allowed to be run as a business.

What more is required?

- One settlement – no additional redistribution at a later date.
- Freedom to set rents within the agreed parameters, i.e. moving to 80% Market Rents with no caps and no Housing Benefit Subsidy Limitation.
- Borrowing not to compromise the General Fund

Continued.

- Ability to (prudentially) borrow above the initial borrowing limit.
- Should a gap be set on borrowing, any borrowing prior to April 2012 should not be included in the final settlement.
- Final settlement to be based on Subsidy Debt Figure being added to HRA Debt.

Continued.

- Discount Rate of 7% would provide more headroom for new build.
- To ensure other funding for backlog works is provided and not included within debt distribution methodology.
- 100% of Capital Receipts be retained to be spent on Social Housing and / or Regeneration.

We need to be creative

- Robust Asset Strategy enabling you to sell assets to pump prime / fund other initiatives.
- Switching empty properties to different tenures.
- Non traditional building construction.
- Working with developers and or housing associations on cross subsidy schemes.
- Co-operative & Mutual Homes.

Radical?

- Remove Council Debt from the Public Sector Balance Sheet?
- In the European Union, apart from the United Kingdom, only Government grants or subsidies to those bodies are counted as part of the Public Debt.
- Research indicates this could raise an extra £1 billion for housing.

Right to Buy

Is this the time to give Councils the chance to run their business, with their tenants who pay the rent, with freedom to decide whether Right to Buys are appropriate for them?

COULD THIS DEAL WITH THE
SHORTAGE OF SOCIAL HOUSING?

- Thank you.
- Questions?