



CAERPHILLY HOMES TASK GROUP – 25TH OCTOBER 2012

SUBJECT: HOUSING REVENUE ACCOUNT SUBSIDY REFORM

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To update the Caerphilly Homes Task Group in respect of a review that is currently being undertaken by Welsh Government in respect of the payment of subsidy by Local Authorities to Welsh Government and then to Central Government.

2. LINKS TO STRATEGY

- 2.1 The Welsh Housing Quality Standard (WHQS) is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards.
- 2.2 Relevant policy documents are the National Housing Strategy “Sustainable Homes” WAG; the Council’s Community Strategy; Corporate Improvement Plan; Safer Caerphilly Community Safety Plan; Regeneration Strategy; and Children and Young People’s Plan.
- 2.3 The Council’s Local Housing Strategy “People, Property, and Places” has the following aim:
- “To provide good quality, well managed houses in communities where people want to live, and offer people housing choices which meet their needs and aspirations.”

3. THE REPORT

3.1 Background

A negative subsidy payment is made to HM Treasury of £70m per annum by Welsh Government for the 11 Local Authorities who have not transferred their housing stock. CCBC’s contribution is £7m.

- 3.2 In England a review was undertaken which resulted in Local Authorities buying themselves out of the negative subsidy system at the end of March 2012.

- 3.3 The final settlement agreed in England involved:-

- A Self-financing HRA.
- Adjusting the housing debt (those in negative subsidy took on more debt while those in a positive subsidy situation reduced their debt).
- All future rental streams are to be retained by the Local Authority.
- A grant/bidding process was introduced to meet outstanding backlogs.
- A cap on future borrowing was set at the opening level of debt.

- A special low rate of interest for additional debt required to finance the buy out figure was negotiated with PWLB and made available on just one day specifically for these transactions.

- 3.4 The position in Wales is currently under review and WG has established a Local Government/Welsh Government HRA Subsidy Review Technical Task and Finish Group to which all retention Authorities have been invited to send 2 representatives.
- 3.5 To date CCBC has not received any detailed information in respect of potential savings to the HRA if this initiative proceeds. Further updates will be reported to the Task Group when more information is available.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no potential equalities implications of this report. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

5. FINANCIAL IMPLICATIONS

- 5.1 None at present as no decision has been made. The Authority would not be intending to agree to any overall buy out unless it was financially advantageous to the Business Plan.

6. PERSONNEL IMPLICATIONS

- 6.1 There are none.

7. CONSULTATIONS

- 7.1 Comments received from consultees have been incorporated within the report.

8. RECOMMENDATIONS

- 8.1 There are none. This is a for information report.

9. REASONS FOR THE RECOMMENDATIONS

- 9.1 Not applicable.

10. STATUTORY POWER

- 10.1 Housing Acts 1985, 1996 and 2004. This is a Cabinet Sub-Committee function.

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Consultees: Councillor Gerald Jones, Deputy Leader & Cabinet Member for Housing
Nigel Barnett, Deputy Chief Executive
Shaun Couzens, Chief Housing Officer
Dan Perkins, Head of Legal & Governance
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