

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 20TH MAY 2008

Title:

NATIONAL HOUSING SUBSIDY

**[Portfolio Holder:Cllr: Richard Gates]
[Wards Affected: All]**

Summary and purpose:

To seek Executive approval for the actions taken by the Chief Executive to initiate a national debate on the National Housing Subsidy system, and to agree that Waverley should lead and co-ordinate a joint local government project to seek changes to the current system

Environmental implications:

No immediate implications, but if the Council is successful it would enable it to invest more in the Council Housing Stock to improve its carbon footprint.

Social / community implications:

The current national housing subsidy system is based on a principle of redistributing rent monies among housing authorities based on a formulaic national management costs calculation under this system, Waverley is required to contribute £10.8m this financial year alone – 48% of the Council's rent income. This has a direct and severe impact on this Council's ability to invest in the maintenance and improvement of the Council's housing stock, with the consequence that many of the Council's tenants are unable to enjoy homes which meet the national 'decent homes' standard.

E-Government implications:

No immediate implications.

Resource and legal implications:

The resource implications of the current housing subsidy system are outlined above. In order for Waverley to lead and co-ordinate the proposed national project a supplementary estimate of up to £20,000 is required for staffing resources to research and analyse the financial case for change, and for the production of publicity materials. All participating councils have been asked to contribute £900 each initially.

Waverley Councillors are well aware of the serious financial pressures facing the Council's Housing Revenue account, caused by the burden of negative housing subsidy payments (£35m 2005-2008 and a further £10.8m in 2008/09)

Background

1. The Government has recently announced a review of the housing subsidy system, which Ministers admit is 'unpopular and widely perceived as unfair'.
2. The Chief Executive wrote in March to all Councils who also contribute to the Treasury under the current system to canvas support for a collective submission of evidence from local government to this review.
3. On 25th April, senior officers from 59 local authorities across England (including London Boroughs, Metropolitan authorities and districts from the Midlands, East Anglia and the South West) attended a discussion meeting at Waverley to consider the issue. Several other Councils were unable to attend, but wrote to express their support.

Conclusion

4. It is proposed that Waverley follow on from this initial huge surge of interest in the subject by initiating a national project with two aims:
 - i. to present evidence to the Treasury review in support of the abolition of the current housing subsidy system, and its replacement with a fair and sustainable mechanism for local authority housing finance based on local autonomy for Council's to manage their own housing budgets; and
 - ii. to raise the profile of the issue and its effects on local authority tenants, through local and national media, public relations and communications work and Parliamentary lobbying.

Recommendation

It is recommended that the Executive;

1. agree to lead and co-ordinate a national project aimed at changing the Housing Subsidy system; and
2. approve a supplementary estimate of up to £20,000 to finance this project from the Housing Revenue Reserve.

Background Papers (CEX)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: Mary Orton

Telephone: 01483 523208

E-mail: mary.orton@waverley.gov.uk