
REPORT TO:	Housing and Community Services Committee	AGENDA ITEM:	15
DATE OF MEETING:	22 nd April 2004	CATEGORY:	Delegated
REPORT FROM:	Director of Community Services	OPEN	
MEMBERS' CONTACT POINT:	Bob Ledger (ext. 5775) Kevin Stackhouse (ext. 5811)	DOC:	
SUBJECT:	An alternative proposal to increase investment in Council homes	REF:	
WARD(S) AFFECTED:	All	TERMS OF REFERENCE:	HCS01

1. Recommendation and Purpose of Report

1.1 To consider the proposal of the House of Commons Council Housing Group that a 'fourth option' allowing investment in Council Homes be adopted by government (see appendix 1). The position of this Council has been sought on this matter by the House of Commons group.

2. Background

2.1 This report has been brought forward at the request of the Chair of the Housing and Community Services Committee.

2.2 If the Council were to undertake additional borrowing to help fund Council Housing Improvements the full repayment cost of that borrowing would currently directly impact on the Housing Revenue Account and thereby affect our capacity to deliver service in other areas and/or adversely affect the balances on the account and therefore its medium/long term viability.

2.3 Members will be aware that all Councils are subject to a Housing 'Subsidy' calculation which for this Council means a negative subsidy and a projected net contribution, after taking account of the Major Repairs Allowance (MRA), to Government in 2004/5 of £1.75M.

2.4 The proposal by the House of Commons Group is that Government should make an allowance directly within the HRA or within the subsidy calculation to reflect any borrowing that has been taken out to improve homes. If the repayment requirement was covered in full by the allowance the effect would be that the borrowing would not have a detrimental effect on other parts of service delivery or on balances. It would mean that the contribution of this Councils' HRA to the national pot would be reduced.

2.5 The House of Commons group refers to the above process as an 'investment allowance'. They also refer to it as the 'fourth option' on the grounds that currently the main options to generate significant new investment for Council House improvements are centred on the three options of stock transfer, Private Finance Initiative (PFI) or Arms Length Management Organisation (ALMO).

3. Financial Implications

- 3.1 If the above proposal were adopted by Government it would give additional flexibility and choice in the process of improving South Derbyshire Council Homes and thereby make the option of retaining the Council housing stock in the long-term a more viable option alongside those of transfer, PFI or ALMO.

4. Corporate and Community Implications

- 4.1 Given the statement at 3.1 above it would also mean that Tenants and Council would have a more viable fourth long-term choice for the future management of Council homes.