

Self-financing council housing

The government will put more money into improving and maintaining the existing stock of council homes as part of its proposed reforms to the housing finance system, writes housing minister John Healey

Last July, I confirmed my intention to dismantle the housing revenue account subsidy system and published outline plans to set up a system of self-financing.

With the LGA, groups such as the Association of Retained Council Housing and many individual councils having called for reform for some time, radical change is now here for the taking.

My proposals would give each council greater freedom to tackle directly the housing needs of their area.

They would allow them to plan effectively over a 30-year period, without recourse to central government or an annual settlement. Such reform will not happen on its own, with the necessary changes requiring hard work and cooperation between central government, local government and the LGA.

The consultation on the plans ended in October. While we continue to consider carefully the 250-plus responses we received, it is already clear that across local government there is backing for the principle of self-financing.

Our work on establishing the structure and detail of a self-financing offer to local authorities with housing stock and housing revenue accounts is progressing well. I know there are questions over the detail, but in February I intend to put a firm offer on the table.

This offer will give councils a much better picture about self-financing and what it might mean for future financing, sustainability and housing standards.

What I will now guarantee to councils is that I will put more money in the system than is currently available to improve and maintain existing stock. I will also not saddle any council with a debt that it cannot sustain.

In fact, at the point of reform, every council will be able to keep all the rents and receipts from capital sales with nothing going to central government.

If there is general support for my proposals, I will move quickly to a system of self-financing that allows councils to start benefiting from the extra funding and flexibility. This will only happen if we continue to work together.

I would like to thank all those who have contributed to getting us this far.

I hope now that councils will look carefully at what we publish and be ready to seize this once-in-a-generation opportunity for radical change.



**John Healey
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minister for
housing and
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