

NEWSLETTER ISSUE NUMBER EIGHTEEN

CIPFA LOCAL AUTHORITY
HOUSING PANEL

January 2008

Welcome to the eighteenth edition for finance practitioners and CIPFA members working in local authority housing. This newsletter has been prepared by CIPFA's Local Authority Housing Panel.

This edition includes an update on several Government policy initiatives and consultations, information about a forthcoming CIPFA seminar event, an item on how Local authorities will need to prepare their accounts following International Financial Reporting Standards and a report on Camden's recent housing conference. There is also an update on forthcoming PMPA events.

NEW LOCAL GOVERNMENT HOUSING PLAN BUILDS FOR THE FUTURE, CIPFA SAYS

The recent call from the Housing Minister, Yvette Cooper MP, to review the housing subsidy system has been welcomed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The review would be a much-needed reassessment of a system which has clearly outlived its usefulness, the accountancy body said.

Subsidy settlements for local authorities have for some time now been affected by short term movements in public expenditure planning, and suffer from an inherent degree of unpredictability which stems from the extremely complex system of formulae for redistribution, CIPFA maintained.

CIPFA's Chief Executive, Steve Freer said: "This move could give tenants and local authorities greater control over the funding of local authority housing. It marks a shift away from central control and towards local decision-making and is welcomed in the context of the wider priority to encourage place shaping and focus on the needs of the local community."

Hopefully this initiative will also act as a catalyst to stimulate a much needed increase in the supply of new, affordable housing. The announcement on the self-financing of local authority housing could also lead to:

- More effective local decision making in allocating rental income between different areas of service (eg between housing management, day to day maintenance and investment in major repairs).
- More effective active asset management and estate transformation – the current unpredictable nature of subsidy resource allocations mitigates against the development of effective asset management strategies and long term decisions about the better use of assets.
- An increase in the supply of new affordable housing - because currently there are powerful disincentives to the development of new housing within the Housing Revenue Account subsidy system, through the pooling of rents and receipts from Right to Buy disposals.

CIPFA has worked with the department for Communities and Local Government and a number of other groups to look at the issues that have arisen as six Arms Length Management Organisations (ALMO) and local authorities have tested the implications of coming out of the subsidy system.

SEMINAR EVENT: SUPPORTING PEOPLE – PREPARING FOR THE NEW FINANCIAL LANDSCAPE - 1 FEBRUARY 2008, LONDON

Once again Supporting People programmes face a challenging financial future with ring-fencing ending soon. How will Supporting People fare in this new scenario?

This course examines how authorities can continue to fund and manage housing related support against a changing financial landscape. From April 2009, Supporting People resources will most likely cease to be ring-fenced. Instead the resources will be subsumed in the new area based grant funding local area agreements. But the search for quality and efficiency improvements will continue

- A national Value Improvement Programme is planned
- Potentially housing related support will be included in the emerging Common Assessment Framework for Adults
- Emphasis on better commissioning and working with the Third Sector

During the event, you will hear about the new financial arrangements. You will also learn ways that you can maintain and develop Supporting People services, and ensure services are financially sustainable. Speakers will provide practical guidance on accounting requirements, and the implications for finance practitioners of the wide-ranging service changes.

It will cover:

- The new Supporting People framework from 2008-9
- Working with the Third Sector
- Supporting People – assessment and inspection
- National Housing Strategy for an ageing society and housing related support
- Practical finance issues
- Efficiency and the new national Value Improvement Programme

This course is ideal for Finance Managers in Supporting People management. It is suitable for anyone involved in the strategic shaping and implementation of Supporting People programmes, and those who have previously attended CIPFA Supporting People events.

To find out more, or book a place on a course or conference, visit the CIPFA Online Shop at:

<http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/> or email Alex Goring: alexandra.goring@cipfa.org

FURTHER DEVELOPMENTS IN LOCAL AUTHORITY HOUSING FINANCE COURSE - SLIDES NOW AVAILABLE

The slides from a presentation by the CLG's Stephen Edwards at this recent event in London are now available to view online. Stephen's presentation was made on the day that Housing Minister Yvette Cooper announced a major review of the HRA subsidy system and in that context, he discusses:

- how authorities might leave the subsidy system
- the outlook for new build within the Housing Revenue Account,
- the options for a new housing Standard,

- what might be the “right” rent, the new Housing and Regeneration Bill

To view the presentation, visit the Housing Panel webpages at:

<http://www.cipfa.org.uk/panels/housing/index.cfm>

GOVERNMENT CONSULTS ON DRAFT HOUSING SUBSIDY DETERMINATION 2008-09

The full documents can be found on the CLG website at:

<http://www.communities.gov.uk/publications/housing/HRADeterminations0809>

CLG have since issued a revised spreadsheet to correct an error in the consultation document. The spreadsheet shows the calculation of the MRA, using the correct archetype weights, which should be taken as replacing the MRA allowance figures included in the draft determination sent out in November 2007 and authorities are asked to base their consultation responses on these revised MRA allowance and guideline rent figures.

CLG intend, subject to consultation responses, to make the final determination on or around 14 January 2008.

....AND CIPFA RESPONDS

CIPFA has responded to the consultation, supporting the overall redistributive objectives of Housing Subsidy, but expressing a number of concerns, especially around the timing of this year's consultation.

CIPFA accepts that the late announcement of the Comprehensive Spending Review 2007 combined with policy deliberations around the possibilities for a wide-ranging reform of the Housing Revenue Account Subsidy System, played a part in this delay. Nevertheless, the subsequent issuing of corrected calculations has added to the delay in considering the draft determination and in CIPFA's view, there will be some authorities for whom any significant variations between the (corrected) draft and final determination this year would cause very real problems. CIPFA has therefore urged that steps are taken to ensure that, in future, such delays are avoided and there is more opportunity to consider the draft.

CIPFA has also asked if the formula for calculating compensation for caps and limits could be released in written format as soon as possible, as some authorities are finding it very difficult to begin to recommend a rent increase without knowing precisely how this will be calculated.

Another concern surrounds the ending of the Rental Constraint Allowance (RCA) and the lack of detail in the draft HRA determination on the proposed mechanism to replace the Rental Constraint Allowance - although CIPFA has heard some suggestions that a 'Caps and Limits' mechanism will operate, including some compensation. It is difficult for Local Authorities to take a decision on actual rent levels for next year when uncertainty persists regarding the extent and mechanism by which the caps and limits system will operate.

The full text of CIPFA's response can be downloaded from the CIPFA website at:

<http://www.cipfa.org.uk/panels/housing/index.cfm>

GOVERNMENT CONSULTS: HOUSING ONE OF THE PRIORITIES FOR LEARNING DISABILITY

The Care Services Minister Ivan Lewis has launched a consultation to seek views on the priorities for learning disability for the next three years – and housing is one of the key areas of focus.

'Valuing People Now - From Progress to Transformation' is a cross-government consultation which sets the agenda across a range of issues, including health and well-being, housing, employment, education and community inclusion. It builds on the vision set out in Valuing People (2001) which was the first white paper on learning disability for thirty years - a vision based on the four main principles of rights, independence, choice and inclusion.

The key areas it will focus on are:

- the personalisation agenda - having choice and control through individual budgets, direct payments, person centred planning and advocacy;
- what people do - helping people to be socially included in their local communities, with a particular focus on paid work;
- better health - ensuring that the mainstream NHS provides full and equal access to good quality healthcare and that specialist healthcare services are modernised;
- access to housing - ensuring that people have access to housing that they want and need with a focus on home ownership and real tenancies;
- making sure that change happens - making learning disability partnership boards more effective and checking that the things we say should happen do actually happen.

The consultation paper can be downloaded from the Department of Health website at: http://site320.theclubuk.com/en/Consultations/Liveconsultations/DH_081014

HOUSING AND REGENERATION BILL

The full text of the Housing and Regeneration Bill is available on the Parliament Publications website, together with the explanatory notes, at: <http://www.publications.parliament.uk/pa/cm200708/cmbills/008/08008.i-v.html>

FUNDING FOR HOME ADAPTATIONS

Communities Minister Baroness Andrews has announced increases in the Disabled Facilities Grant (DFG) as part of a package of measures designed at helping people live independently in their own homes for longer.

The DFG will increase by £25 million for 2008/09, an increase, the Government says, of 20 per cent, taking central Government funding up to £146 million.

HOUSING PUBLICATIONS

A Good Practice Guide to the Financial Management of Housing Benefit in England (Fully Revised Fourth Edition)

An Introductory Guide to Housing Finance in England (Fully Revised Fourth Edition)

These two key titles can be ordered from the CIPFA Online Shop at:
<http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/>

LOCAL AUTHORITY ACCOUNTS TO FOLLOW INTERNATIONAL FINANCIAL REPORTING STANDARDS

Local authorities are to prepare their accounts following International Financial Reporting Standards (IFRS) from 1 April 2010, it has been announced.

A two year programme to develop and implement a new IFRS-based code of practice for local authority accounting is now underway, the Chartered Institute of Public Finance and Accountancy has revealed. The timetable is intended to ensure councils have sufficient time to prepare for this significant change to the basis on which they produce their accounts. It will also allow a 'first principles' review of the contents of local authority accounts to be undertaken in order to identify the scope for simplification.

A key feature of the programme is working closely with the Department for Communities and Local Government and the devolved administrations to ensure that accounting issues that might impact adversely on councils' finances are identified and potential solutions developed as early as possible before the introduction of the new standards.

The timetable will also ensure that councils can learn from the experience of both the private sector and central government in moving to the new basis for accounting. CIPFA is working with HM Treasury to ensure that the lessons learned from preparing central government's IFRS-based Financial Reporting Manual are taken on board when preparing the new accounting code of practice, and that local authorities can provide the information needed to prepare the whole of government accounts.

Nick Bennett, Public Sector partner at Scott-Moncrieff and Chair of the CIPFA/LASAAC Local Authority SORP Board, said:

"This is a challenging but achievable timetable that will ensure local authority financial reporting maintains its current high standards. The 2010/11 timetable announcement provides certainty for councils, and we look forward to working with all key stakeholders to ensure that IFRS are implemented in the most appropriate way for local authorities across the United Kingdom."

The announcement forms part of CIPFA's ongoing programme to support the public sector's move to International Financial Reporting Standards. The programme includes a series of training events to assist the central government and health sectors move to the new standards. This will now be extended to address the specific needs of local government.

ARE YOU PREPARED FOR INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)?

To prepare the way for these major changes, CIPFA and PricewaterhouseCoopers have developed a suite of training workshops that are being delivered throughout the UK.

[Managing the Transition](#) - This is a one-day workshop that discusses the adoption of IFRS, which will be implemented through the IFRS-based FReM, and identifies the key standards impacting the public sector.

[A Step by Step Guide](#) - This is a two-day workshop that provides a practical guide to the essential steps to be taken to ensure successful implementation of IFRS requirements.

To book either of these courses, visit the CIPFA website at: <http://www.cipfa.org.uk/>

CAMDEN HOUSING CONFERENCE, 25 OCTOBER 2007

Julian Smith, from CIPFA's Policy and Technical Directorate, attended Camden Council's recent Housing Conference and reports on some of the highlights below:

- Camden expects a population rise of 10% by 2016 - which will need to be managed sustainably.
- Camden's mix of housing is 35% owner occupier, 26% council tenants, 11% housing association tenants and 23% private landlord tenants.
- The borough's Housing Strategy 2005-2010 has been updated to address needs such as for more affordable housing and further investment in existing housing stock.
- A council decision is expected to allocate around £15 million from the General Fund to finance additional Decent Homes work.
- The council is developing a "home swap" idea, so that for example an older resident(s) living in a large home could exchange homes with a younger family needing more space. The Department for Communities & Local Government is funding a pilot scheme in Camden to try out the council's idea.
- Camden's Housing Strategy does not stand on its own, but links with work in other subject areas and with other organisations, such as the Primary Care Trust, Social Care and Children's Services.

Alan Benson, Head of Housing at the Greater London Authority, speaking at the conference, suggested that Camden's approach illustrated how local and regional strategies can work together. Referring to the issue of building, whilst Camden alone cannot build itself out of its housing demand problems, Alan suggested that the Mayor would take the view that London as a whole could largely build itself out of its housing need problems over a 10 to 15 year period.

The GLA Act 2007 had just received Royal Assent. This allows for a power to ensure all local plans comply with the London Plan, and provides positive powers on strategic applications (so that where developments over 150 homes in number are taking place, the Mayor can become the planning authority, if they decide the local council is not taking enough action on aspects such as the need for mixed communities).

In housing, the Act initiates a Statutory Housing Strategy and Strategic Housing Investment Plan, requiring general conformity by councils with the Mayor's strategy. The Act also enables distribution of a Regional Housing Pot of funding, with the Mayor recommending the split of funds to ministers. This amounts to £3.97 billion, following an increase from the Government's Comprehensive Spending Review.

In parallel, £500 million of Government funding will go direct to London councils for Decent Homes work. After the Decent Homes programme finishes in 2010, the Mayor may gain a wider role in such work. Climate change activities will need to be built into future work on housing.

Wider funding can be sourced through the constituent members of the Strategic Housing Investment Plan – including the GLA, London Development Agency, Housing Corporation, English Partnerships, Transport for London (which owns significant land), the Government Office for London and London Councils.

The Mayor's draft Housing Strategy covers 3 themes – increasing supply, improving quality, and changing lives. Delivering the London Plan targets will mean building more affordable (including social rented) family homes, as well as bringing more public sector land forward for housing use.

Copies of Camden's Housing Strategy and further information can be requested from: nicholas.webb@camden.gov.uk

THE PUBLIC MANAGEMENT AND POLICY ASSOCIATION (PMPA) PMPA AUTUMN/WINTER PROGRAMME 2007/2008

PMPA Free Evening Lectures - Modern Democracy Lecture Series

28th January 2008, 5:45pm: "Beyond Liberty"

Speaker: Nick Clegg, Member of Parliament and contributor to the recent IPPR publication entitled "Beyond Liberty" on the subject of "progressive liberalism and modern justice".

7 February 2008, 5.45pm: "Tomorrow's Councillors"

Speaker: Dame Jane Roberts, Chair of the Councillors Commission.

6 March 2008 "Constitutional Reform"

Speaker: Rt Hon Kenneth Clarke QC MP

PMPA evening lectures are open to members and non-members and take place at CIPFA, 3 Robert Street, London WC2N 6RL at 5:45pm unless otherwise specified. Places are allocated on a first come, first served basis and PMPA members have priority. Book online at www.pmpa.co.uk or by emailing info.pmpa@cipfa.org

THE HOUSING PANEL

CIPFA's Local Authority Housing Panel meets three times a year and is responsible for all financial management and policy issues that affect housing finance. The Panel:

- develops Institute responses to Government, professional bodies' and other bodies' consultation / discussion papers and exposure drafts
- develops, promotes and maintains best practice, standards and guidelines
- produces and disseminates relevant advice and material for members and employers in local authority housing

Further information about the Panel's activities, publications, seminar events and any vacancies is available on the panel website at: <http://www.cipfa.org.uk/panels/housing> or from Julian Smith by emailing julian.smith@cipfa.org Tel: 020 75435795.