Briefing Paper

Housing Capital Programmes in English Local Authorities

July 2013

What is Capital Expenditure?

Accountants define capital expenditure as being on items that give a benefit and retain their value over a number of years. There is also an accountancy concept called 'materiality' that excludes items of small value from the definition. Capital expenditure in the private and public sectors is often financed by loan, firstly because resources are often not available 'up front' to finance it, and secondly so as to spread the cost of the capital expenditure across all the years during which the benefit is experienced.

However, in local government there is also a specific legal definition of capital. Capital expenditure is defined in section 16 of the Local Government Act 2003 and in Part 5 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146), as amended..

Housing Revenue Account Capital Programme – an Example

What follows is an example of a capital programme.

		£m	£m
a)	Modernisation Schemes	3.0	
b)	Decent Homes Programme	2.5	
c)	Environmental Improvements	0.5	
d)	Energy Saving	1.5	
e)	Improvements to Sheltered Accommodation	0.5	
f)	Adaptations for the Disabled	0.1	
			8.1

a) Modernisation Schemes - Expenditure could include central heating, new windows, new bathrooms or kitchens, re-roofing or re-wiring. Most programmes include some expenditure under this heading. However, in some authorities scarcity of resources does not permit the more desirable expenditure and efforts are concentrated on more basic needs.
b) Decent Homes Programme – This is work that is required so that the authority can achieve the government's decent homes standard. This is discussed in more detail below.
c) Environmental Improvements – This is work that is not part of the fabric of a home. Provision for car parking and improvements to layout are included.
d) Energy Saving - Sometimes referred to as 'Affordable Warmth' the intention is to reduce the use of energy and running costs whilst ensuring that homes are kept warm. Expenditure may include new or replacement heating systems, cavity wall insulation or double-glazing.

e) Improvements to Sheltered Accommodation - Schemes that concentrated on bed-sit accommodation, making use of shared bathroom facilities, are now difficult to let. Expenditure includes updating accommodation and converting it to one or two bedroom self-contained units of accommodation.
f) Adaptations for the Disabled - Expenditure includes minor items such as widening doorways to give access to wheelchairs, or major extensions of the home. The objective is the same in both cases and that is to enable the elderly or disabled tenant to remain in their home.

The Financing of Housing Capital Expenditure

There are five main sources of Capital Finance. The following table illustrates the financing of the example capital programme:

	£million
Major Repairs Allowance	4.9
Borrowing	1.5
Capital Receipts	1.0
Revenue Contributions	0.5
Government Grants	0.2
Total	8.1

Government has always provided support to local authority housing capital programmes. However, the way in which this support is provided has changed over the years. From 2000 to 2012, the focus was on investing to achieve the decent homes standard. From 2012 with self-financing the major repairs allowance has ceased to exist as has supported borrowing. In future government support to local authority capital programmes will be through capital grants. The paragraphs that follow describe each of these sources of financing.

Major Repairs Allowance

From 2001/2002 to 2011/12 all local authorities received a ‘Major Repairs Allowance’ that was paid as part of the Housing Subsidy. It was paid into the Major Repairs Reserve through the making of a depreciation charge. Funds that are in the Major Repairs Reserve were available for the authority to spend on Major Repairs.

To qualify to be funded from the Major Repairs Allowance, expenditure must have met the definition of capital that is outlined above, and must have been spent in accordance with the Housing Revenue Account Business Plan. Under the Local Government Act 2003 they must not have been spent on demolition costs.

The 2003 Local Government Act and Prudential Borrowing

The 2003 Local Government Act introduced ‘Prudential Borrowing’ and changed the way in which support was provided to local authorities’ capital programmes. From 2004 to 2012 authorities were free to borrow as much as they wished as long as they could afford to meet the debt repayments. The rules that cover this are included in the 2003 Local Government Act and the prudential code of accounting. With self-financing the system of prudential borrowing continues but government no longer provides financial support for borrowing and has introduced the borrowing cap.

The prudential borrowing system allows authorities to borrow freely for capital investment, subject to controls that ensure that borrowing is affordable and consistent with the Government's fiscal rules. The main elements of this approach are:

- Councils have freedom to borrow against the revenues in the General Fund and Housing Revenue Account, subject to prudential limits and the new borrowing cap but excluding the Major Repairs Allowance
- Most Councils received supported capital expenditure (revenue) that was a revenue allowance within housing subsidy that was intended to support prudential borrowing. Councils with arms' length management organisations received additional funding to enable them to borrow to meet the cost of the decent homes standard.

There was a distinction between Supported and Unsupported Borrowing in that the government provided authorities with housing subsidy to meet the costs of financing supported borrowing while authorities have to identify a means of financing unsupported borrowing from within the general fund or housing revenue account.

With self-financing prudential borrowing will continue but the government has imposed a borrowing cap.

The Prudential Code

The Chartered Institute of Public Finance and Accountancy issued the prudential code that outlines the mechanisms through which prudential borrowing operates. It includes:

- Locally determined prudential indicators, including the prudential limit for external debt.
- The process, by which the prudential indicators will be set, revised and monitored.
- Matters to be taken into account when setting or revising the prudential indicators.
- Key definitions
- Reference to a small core framework of capital legislation including the power to borrow, and to regulate borrowing and 'extended credit'.
- A power to set statutory prudential indicators.
- Continuing reliance on the statutory 'balanced budget' requirement and other prudential legislation.

The Chartered Institute of Public Finance and Accountancy developed the prudential code as a professional code of practice to support the decision making of local authorities. They consider that while local authorities must determine their own programmes for capital investment in fixed assets to support public service delivery, their prudential code plays a key role in the capital finance of local authorities. Having regard to the code is made compulsory under the Local Government Act 2003.

The prudential code aims to ensure that the capital investment plans of local councils are affordable, prudent and sustainable; that Treasury Management decisions are in accordance with good professional practice; and that it supports local strategic planning, local asset management planning and proper option appraisal.

The code obliges councils to set prudential indicators, but does not suggest the limits or ratios that should be achieved as this is considered a matter for the specific authority in the context of legislative requirements. The prudential indicators are designed to support and record local decision-making rather than to be comparative indicators.

The code sets out a governance procedure for setting and revising prudential indicators. This should usually be done by full council. The Chief Financial Officer is responsible for ensuring that all matters required to be taken into account are reported to council for consideration, and for establishing performance-monitoring procedures. Prudential indicators for previous years will be taken from the published accounts.

In setting or revising prudential indicators, the local authority must have regard to the following:

- Affordability, for example implications for council tax and council housing rents
- Prudence and sustainability, for example implications for external borrowing
- Value for money, such as options appraisal
- Stewardship of assets such as asset management planning
- Service objectives such as strategic planning for the authority
- Practicality such as achievability of the forward plan.

Affordability is defined in the Local Government Act 2003 in a 'natural and unrestricted' way. An authority therefore needs to consider whether it can afford the proposed capital investment during each year that a cost would be incurred. This means that decisions have to be prudent and sustainable. An authority also needs to have regard to wider management processes including stock options appraisal, asset management planning, strategic planning and achievability. The code states that 'affordability is ultimately determined by a judgement about acceptable Council Tax levels and, in the case of the Housing Revenue Account, acceptable rent levels'.

The following prudential indicators are seen as the key indicators of affordability:

- Looking ahead for a three year period:
  - Estimates of the ratio of financing costs to net revenue stream
  - Estimates of the incremental impact of capital investment decisions on the Council Tax (precept, levy or rents as appropriate)
- After the year end:
  - Actual ratio of financing costs to net revenue stream

Other indicators are:

- Looking ahead for a three year period:
  - Estimates of capital expenditure
  - Estimates of capital financing requirement (need to borrow for capital)
  - Authorised limit for external debt
  - Operational boundary for external debt
- After the year end:
  - Actual capital expenditure
  - Actual capital financing requirement
  - Actual external debt

Separate calculations are required for the General Fund and Housing Revenue Account. The prudential indicators in the code are the minimum required, and authorities should set additional local indicators.

In considering affordability, a council needs to consider:

- All resources currently available or estimated to be available in the future
- Totality of capital plans, revenue income and revenue expenditure forecasts for three years – that are rolling plans
- Known significant variations beyond this time frame
- Risk analysis and risk management

Room 3, Shire Hall, The Sands, Appleby in Westmorland, Cumbria. CA16 6XN.
Telephone: 017683-52165. Mobile: 07502-142658.
E-Mail: Adrian.waite@awics.co.uk. Website: www.awics.co.uk. Twitter: @AdrianWaite
Managing Director: Adrian Waite MA CPFA CIHM FInstLM
Company Number: 3713554. VAT Registration Number: 721 9669 13

The Chartered Institute of Public Finance and Accountancy considers that:

"The Prudential Code supports the system of capital investment in local authorities. It is integrated within the wider statutory and management processes of local government. Key elements of the system continue to be determined through legislation, in particular the amount required to be charged to taxation by local authorities in respect of capital investment and the amount and method of government support for capital investment. These will be significant considerations when local government takes decisions on capital investment. However, the level of capital investment that can be supported will, subject to affordability and sustainability, be a matter for local decision."

The code's references to judgements about acceptable rent levels are surprising. Rent levels are determined by the government's rent restructuring policies, so decisions taken locally on the affordability of prudential borrowing will not affect levels of rent. Instead they will affect the ability of the council to fund its management and maintenance obligations, but this is not referred to specifically in the code.

Capital Receipts

The amount of the Capital Receipts that can be used (known as the "usable part") is limited to:
- 25% of the money received from the sale of council dwellings
- 50% of the money from the sale of housing land, and other housing assets

There is no 'Ring Fence' round usable Capital Receipts – a local authority can use capital receipts in the housing revenue account or general fund regardless of where they arise. Councils commonly use housing revenue account capital receipts to fund the housing general fund programme.

From 2004/2005 the government introduced 'capital receipts pooling' whereby local authorities paid the 'reserved part' of the capital receipts into a national pool that the government then distributed to local authorities and housing associations on the basis of need.

Local authorities were able to retain general receipts that are exempt from capital receipts pooling if they are to be used for one of the following purposes:
- Affordable housing
- To meet the housing needs of people on low incomes in local authority's area
- New or replacement social housing by authority or RSL
- Improvement of existing stock – decent homes
- Regeneration
- Preparing property for disposal
- Planning permission
- Restrictive covenants
- Preparing land for development

The former Labour government proposed in 2009 that local authorities should retain all their capital receipts locally as part of the new self-financing regime. However, the new coalition government has decided that 75% of right to buy receipts and 50% of other housing receipts will be payable to the Treasury until 2015. In August 2012, Conservative Hammersmith & Fulham Borough Council requested that this policy be reversed to enable councils to keep all capital receipts to fund new homes.

The present government has also made proposals for the reinvigoration of the right to buy programme and for the proceeds of this to be used to fund new build social housing. This is considered in more detail below.

Revenue Contributions to Capital Outlay

There are no limits on revenue contributions to capital outlay. A council can finance as much Housing Revenue Account capital expenditure as it wants from tenants' rent money, and General Fund capital expenditure as it wants from Council Tax. However, the housing subsidy system limits the amount of 'spare' money that a council will have for this purpose.

Government Grants

Some capital expenditure that local authorities incur on housing is financed directly by the Government. This includes some expenditure on regeneration as outlined in detail below. Government grants must be spent on the specific purposes for which they are given.

As part of the self-financing settlement local authorities are to be provided with capital grants to fund decent homes and backlog investment. This is considered in detail below.

The 'Decent Homes' Standard and Capital Resources

In 2000 the government set a target to deliver decent homes to all social sector tenants by 2010. The 2010 target was achieved in 90% of cases but in 2013 there are still some authorities that have yet to achieve the standard. A decent home is one that meets the following criteria:

- Is above the current statutory minimum standard for housing.
- Is in a reasonable state of repair.
- Have reasonably modern facilities and services.
    - Kitchens less than twenty years old
    - Bathrooms less than thirty years old
- Provides a reasonable degree of thermal comfort.

The Decent Homes Standard was not seen as an ambitious target by most housing practitioners. It represented a lower standard of housing than is allowed for in most housing stock transfers, and many tenants and local authorities aspire to achieving a higher standard.

In 1997 there were 2.1 million houses owned by local authorities and housing associations that did not meet the Decent Homes Standard. By the end of 2010, 92% of social housing met the Decent Homes Standard of being warm and weatherproof with reasonably modern facilities. The 2010 Spending Review settlement published on 20th October 2010 included the announcement of £2.1billion capital funding from 2011/12 to help deliver Decent Homes.

Of this, £1.6billion was made available to Local Authority landlords (including those with stock managed by Arm's Length Management Organisations) to help tackle the backlog of homes that are not meeting the Decent Homes Standard, with the remaining £500million available to 'gap' fund existing stock transfers.

Capital Funding

The Comprehensive Spending Review made provision for decent homes backlog capital funding is as follows:

- 2011/12 - £260million
- 2012/13 - £352million
- 2013/14 - £389million
- 2014/15 - £594million
- Total - £1,595million

It will be seen that the funding available at £1.6billion is significantly less than the £8.9billion that was identified as required in the July 2009 consultation paper and that most of the funding is to be made available during the latter two years of the spending review period.

The Homes & Communities Agency commented that:

"Budgetary constraint means that most council landlords with a backlog will not receive the level of funding they may have hoped for within the spending review period. Similarly, council landlords with a currently funded arm's length management organisation are also unlikely to receive the level of funding they have anticipated in 2011/12."

In February 2011, it was announced that forty six councils would share funding of £1.6billion to bring 150,000 of their houses and flats up to the decent homes standard. This represents an average of £10,600 per dwelling. The government considers that this funding should enable all homes to reach the standard by 2015 but others are more sceptical.

Of the £1.4billion allocation, £821million is being given to London local authorities to reflect the capital's relatively high levels of substandard housing. It also includes, for the first time, funds for councils that manage their own housing. A total of 24 councils that submitted a bid have not been funded, while most have received a proportion of the funding they bid for.

The spend profile for the backlog Decent Homes Backlog programme mirrors that outlined in the Homes & Communities Agency's consultation, with funding increasing each year, and approximately two-thirds allocated in 2013/14 and 2014/15.

The Homes & Communities Agency allocated the funding on the following basis:

- Only authorities with more than 10% of their stock non-decent will be eligible unless there are exceptional circumstances
- There will be no requirement to have an Arm's Length Management Organisation or to achieve a two star rating at inspection to access the funding
- There will be an emphasis on value for money with the aim of maximising the number of homes that reach the decent homes standard within the limited budgets
- The Homes & Communities Agency would like to see authorities addressing energy efficiency at the same time as decent homes

The Homes & Communities Agency wanted to ensure:

- Good value for public expenditure in the cost of capital works, driven by a high quality asset management strategy and best practice in procurement
- That the capital funding provided does not substitute for other resources available to an authority as it moves towards a self-financing approach
- That funding provided will be spent and outcomes achieved

In assessing requests for funding account was given to:

- Need – the size of the council's backlog as a proportion of the size of its stock
- Efficiency – the amount of funding per unit requested, considering the appropriateness of this in the context of estimated capital works costs and the effectiveness of the procurement approach and any particular stock requirements

Priorities during the first two years were areas that:

- Have programmes in progress
- Have high levels of non-decent homes
- Offer good value for money
- Have secured other funding that is dependent on their decent homes delivery

- Can demonstrate that lower costs and improved value can be obtained through early spend

Homes and Communities Agency chief executive Pat Ritchie said following this announcement that:

"This is good news for tenants in thousands of homes, as we have successfully opened up funding to new local authorities and balanced that with a significant allocation to authorities already to programmes through arm's-length management organisations.

"We put a strong emphasis on value for money through a pragmatic allocation process, but our involvement in Decent Homes does not stop with an investment decision.

"As part of our new enabling role we will now add our specialist expertise to the mix to help local authorities deliver their Decent Homes works as quickly and cost-effectively as possible."

She added that the Homes & Communities Agency's new enabling role would help councils to carry out their Decent Homes work as quickly and cost-effectively as possible.

The fact that total funding has been reduced as part of the 2010 Comprehensive Spending Review inevitably meant that many local authorities would receive insufficient funding for their decent homes programmes. In particular, authorities that had yet to complete their arm's length management organisation decent homes programmes have seen their funding cut. However, for those authorities that have a significant requirement for decent homes work and that were not on the arm's length management programme, these allocations are good news. Even a small contribution towards achieving decent homes is better than nothing!

In January 2013 it was reported in the 'Sheffield Star' that repairs and improvements to homes at Sheffield City Council were set to be delayed for tens of thousands of residents with the Council facing a black hole of almost £30million in its funds for housing maintenance. According to the local reports, the authority has a current repairs backlog totalling £230million, including £99million of outstanding Decent Homes refurbishment work that should have been completed by 2010. Over the next six years there is only £202m of funding available for repairs.

As well as outstanding Decent Homes work, £86million is required for roofs, £26million for heating, and £19million for electrical improvements. Housing officials say they have developed a strategy to tackle 'high risk' repairs first, needed to boilers and roofs. However, despite the scale of Decent Homes improvements still needed, the council says it hopes to complete the project in 2014.

Decent Homes work has taken longer than anticipated because of several factors. The council spent more on improvements to the first revamped homes than others - with 'Decent Homes Plus' work such as more expensive kitchens and a large choice of fittings. Also, some of the funding was budgeted to come from Right to buy sales which slowed due to the economic crisis, meaning less money was available and more homes remain with the council in need of refurbishment.

Sheffield Council said its first priority for the council house repairs budget is Decent Homes, then boilers, followed by roofing. As well as the current maintenance backlog, housing officers warn further repairs will become necessary which will be 'hard to forecast'.

Councillor Harry Harpham, Sheffield Council cabinet member for housing, said:

"The backlog of maintenance funding is something we were left with when funding for housing was recently reorganised so each council's housing was self-financing. We wrote to the Government three times asking for help to cover the bill, but have not been given anything. It's an issue we have to face up to, and we will."

New Build

The coalition government has made a significant reduction in the budget for Social Housing Grant; Local authorities are not able to access much capital funding. They also face constraints on borrowing and have to pay most of their capital receipts to the Treasury. However, despite this some local authorities are pressing ahead with new build programmes.

Gary Porter, Leader of the Conservative Group at the Local Government Association and Leader of South Holland District Council wrote in 'Public Finance':

"To meet current ambitions for economic growth, we need more jobs, more houses and more infrastructures. That is why housing is emerging again as a priority for this government. November's housing strategy included policies aimed at tackling the housing shortage, such as helping builders and first time buyers and setting out ambitious plans for more affordable housing. Councils have a major part to play in the success of most of those policies, whether through their planning role, by putting in land, bringing empty properties back into use, or providing expertise and advice.

"However, the government is missing a trick by not recognising that councils have the appetite and the capacity to play a greater role in building new homes. Councils understand local housing markets and needs far better than central government officials, so it makes no sense that decisions about funding for housing are made in Whitehall.

"Councils have also shown they can provide excellent value for money in building new homes – about £10,000 less per home than housing associations. In addition, they recognise the importance of working in partnership with developers and housing associations to make the best use of resources, expertise and opportunities for development locally.

"We have seen a lot of positive steps that will promote housing development: the New Homes Bonus provides a powerful incentive to councils to facilitate new housing; the government's planning reforms will give local areas more control over development locally; the Community Infrastructure Levy will help bring forward the infrastructure we need to support new homes. All of these will require councils to provide strong local leadership. We are up for that challenge. Government must allow us the freedom to rise to it."

In March 2012, 'Inside Housing' carried out a survey and asked whether reform of the housing revenue account would lead to a major increase in council led house building. 12% responded 'Yes', 77% responded 'No' and 11% did not know.

In October 2012, Southwark Borough Council received a report that it had commissioned. It found that the stock was of 'poor quality' and was 'ageing fast'. One option that it put forward is for the Council to reduce its stock from 39,000 homes to 20,000 and to use the capital receipts from the sales to fund refurbishment and new build.

However, some authorities are using the flexibilities and 'headroom' provided by self-financing to carry out new build. Islington Borough Council has borrowing headroom of £67million and plans to build 1,800 new affordable homes in partnership with housing associations by 2014. Newcastle City Council has £6million of borrowing headroom and its arms-length management organisation – Your Homes Newcastle – plans to build 144 affordable homes and 344 private homes by 2016.

In September 2012 Barnet Borough Council decided to set up a development company that will use institutional investment to fund the building of new homes. The institutional investors that have been approached include large pension funds and insurance companies. It is intended to announce the structure of the new company in early 2013. The Council has £40million of borrowing headroom following self-financing and intends to use this to support new build.

A number of different financial models are under consideration. One option is for an institutional investor to build or buy housing stock. A company set up by the Council would pay a yield of 4% to 5% over forty to fifty years after which the company would receive the homes for a nominal sum. The homes would be let either at market or affordable (intermediate) rents thus enabling the yield to be paid. Another option is for a joint venture development company with the council putting in land in return for an equity stake and the developer meeting construction costs.

Cllr. Tom Davey, Conservative Leader of the Council was quoted in 'Inside Housing' as saying:

"Forming a development company would enable us to have more control over development… There are questions about the value of housing associations (developing). Future land value is going up so it does not make sense for us to simply give the land to someone else to develop."

In October 2012 Leeds City Council announced plans to build 325 homes at a cost of £12.9million over three years. The scheme is to be financed through £9.5million housing revenue account borrowing, £1.9million of right to buy receipts and 1.5million from the new homes bonus. The scheme includes bringing 150 empty homes back into use. The new homes will be let on 'affordable' and 'social' rents.

In November 2012 the tri-borough partnership between Hammersmith & Fulham, Kensington & Chelsea and Westminster Councils announced a zero net cost housing scheme that is designed to create jobs and help those on low incomes. Writing in the 'Local Government Chronicle', Cllr. Philippa Roe (Conservative), Leader of Westminster City Council said:

"Housing Revenue Account reforms provide the opportunity to take a strategic view of the commercial potential of local authorities' housing portfolios. In the tri-borough area this portfolio has a tenanted market value of £2.4billionbut is still relatively under-geared.

"The pilot aims to create a virtuous circle between housing and employment. It will apply Housing Revenue Account funding capacity to build additional homes for tenants on lower average salaries; it will recycle a proportion of the resulting surpluses into supporting social housing tenants into employment. This could include topping-up existing programmes or providing support to overcoming barriers to work.

"In this business case we have shown a pilot of 300 homes, requiring £50million of funding capacity can deliver the following:

- *Create net surplus to the Housing Revenue Account of £0.5million a year.*

- *Engage 1,350 tenants in an employment programme and support 370 into employment over five years.*
- *Generate 700 jobs in the construction of new housing.*

"The pilot makes more active use of public sector land and unrealised funding capacity. It delivers economic growth and reduces benefit dependency. And all of the above benefits can be delivered at zero cost net to the public sector."

Borrowing and Self Financing

As part of self-financing (see above) the former Labour government proposed the introduction of a 'borrowing cap' that would limit new borrowing by self-financed local authorities. The coalition government has introduced such a 'borrowing cap'. In November 2012 the National Federation of Arms-Length Management Organisations, Association for Retained Council Housing, Chartered Institute of Housing and Local Government Association published 'Let's Get Building' in which they made the case for local authority investment in rented homes for economic growth based on prudential borrowing rather than the 'artificial' debt cap. They calculated that removal of the borrowing cap would allow councils to build 60,000 affordable homes and that the investment would boost economic growth by 0.6%.

'Let's get building' says a more liberal borrowing regime would give councils access to an additional £7billion. This would allow 60,000 new homes to be built over the next five years, creating jobs and generating extra revenue for the Exchequer. The report notes that 92p out of every £1 spent on building in the United Kingdom stays in the country, while 56p of that is returned to the government in tax.

The report recognises that council borrowing counts as part of government debt, but says that the urgent needs both to stimulate the economy and provide more affordable rented homes mean that extra borrowing is now justified. Changing the way government debt is measured to exclude borrowing in the housing revenue account from the public sector borrowing calculation would ensure that council borrowing did not increase government-borrowing levels. This would also bring the United Kingdom more into line with international regulations already used by the market and bodies such as the International Monetary Fund to assess debt.

The main objections to extra borrowing are that it would breach fiscal rules and provoke an adverse reaction from the markets. As part of the study, Capital Economics were asked to test the market response to councils borrowing an extra £7billion over five years – about one third of their full borrowing capacity. The responses suggest that this sum would be too small to worry the markets – but it would allow 60,000 extra homes to be built.

Capital Economics also tested reaction to the case for bringing fiscal rules into line with those used elsewhere in Europe. Markets were cautious on rule changes, but accepted they could be made over time provided it was done transparently and weren't a cover for extra borrowing.

The report shows that house building is such an effective economic stimulus that much of the expenditure comes back to government in taxes or benefit savings. Furthermore, councils can save by providing lower-cost homes to tenants paying high private sector rents or living in expensive temporary accommodation.

The report argues that, if the government meant what it said when it cut council housing free of subsidy and made it self-financing, the logical next step would be for councils to manage their own borrowing. They could then continue to build new homes year-on-year, financed from rents. The report concludes that:

"There is consensus among politicians and business that we need more house building, so why can't we get building?

"The stumbling block… is the centrally imposed debt ceiling on councils which prevents them from maximising the value tied up in their housing stock".

Sue Roberts, Chair of the National Federation of Arms-length management organisations wrote in the 'Housing News' that:

"It is universally accepted that Britain needs more houses in general and in council and affordable housing in particular, the demand is acute and growing. We need workable solutions that deliver results quickly. We believe this report presents a cogent and compelling case for action and would urge the government to respond positively to our proposals and recommendations."

Mike Jones, Chair of the Local Government Association's environment board, said:

"With house building stalled and a lack of finance for development, now is the time to lift the restrictions on local government's ability to invest in housing to provide the homes we so badly need and to release millions of pounds of economic activity and jobs in construction… Councils have a proven track-record of responsible borrowing, their credit rating is excellent and interest rates would be low. We need the Treasury to free up councils to get local economies growing and play their part fully to provide the new housing the country desperately needs."

And John Perry of the Chartered Institute of Housing wrote in 'Public Finance' that:

"The case for councils being allowed to borrow up to affordable limits to build more homes has been made before, but there was never a better time for the government to listen. Until 2009, council house building had been in the doldrums since the late 1990s; with usually no more than a couple of hundred homes built each year. When the last government belatedly woke up to the need for more affordable housing, it began to pump money in – mainly to housing associations but also to local authorities. Over 2010 and 2011 councils geared up to build over 3,000 new houses.

"The first argument in favour of continuing to build council houses now is therefore that their new productivity shouldn't go to waste, particularly as they can build with lower levels of grant. Further, it links to a second argument, which is that they often have access to land – old garage sites, garden land behind estates – that only local authorities can easily develop, and many recent schemes demonstrate this point. They also usually have good relations with local communities that enable them to produce new homes that meet local needs.

"From April, the government has put councils in a better position than ever before to invest in new homes, because they are now self-financing. Even though they have been forced to take on extra debt, at £17,000 per unit it is still low. On the basis of their projected income, they could borrow as much as £20billion and stay within prudential rules, which would allow them to build as many as 170,000 houses. However, the government has put caps on their borrowing, which mean their headroom is only £2.8billion and under current plans they will build just 3,000 houses per year."

Room 3, Shire Hall, The Sands, Appleby in Westmorland, Cumbria. CA16 6XN.
Telephone: 017683-52165. Mobile: 07502-142658.
E-Mail: Adrian.waite@awics.co.uk. Website: www.awics.co.uk. Twitter: @AdrianWaite
Managing Director: Adrian Waite MA CPFA CIHM FInstLM
Company Number: 3713554. VAT Registration Number: 721 9669 13

Local Authority Housing Finance 2013 : Training Course

We are running our 2013 series of 'All You Want to Know about Local Authority Housing Finance' at venues in all parts of England from February to November. This seminar is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

Do you think that a working knowledge of local authority housing finance, acquired at our fully up to date seminar, would put you and your colleagues in a position of advantage?

Whether you are in a Local Authority, Arm's Length Management Organisation, Central Government or other organisation; whether you are a Housing Manager, Tenant Representative, Elected Member, ALMO Board member, a member of the Housing Finance Team or are otherwise interested in local authority housing, you could benefit from one of our courses at which you will learn 'All You Want to Know about Local Authority Housing Finance'.

This seminar will cover a range of topics including:

- Housing Revenue Account
- Ring-Fencing
- Rent Restructuring
- Service Charges
- Self-Financing and the redistribution of housing debt
- Depreciation and Major Repairs
- Treasury Management with Self-Financing
- Capital Programmes
- Decent Homes Standard
- Distribution of Capital Grants by the Homes & Communities Agency
- Housing Business Plans
- Comprehensive Spending Reviews
- The Big Society
- Reform of Social Housing
- Affordable Rent Scheme
- New Homes Bonus Scheme
- The Right to Buy initiative
- The National Housing Strategy
- New Build
- Value for Money
- Procurement
- Shared Services
- Strategic Housing responsibilities
- Private Sector Housing
- Homelessness
- Supporting People
- Housing Benefit – including the recent and planned reforms
- Regulation
- Options Appraisals
- Private Finance Initiative
- Arms Length Management
- Stock Transfer
- The Council Community (CoCo) housing model and much more.

The course is accompanied by a very useful 100+ page book entitled: "All You Want To Know About Local Authority Housing Finance 2013"

Many people - officers, elected members, tenants and others with an interest in local authority housing have already benefited from this course.

The cost of this seminar is £250 plus VAT in London and £220 plus VAT at the other venues, making a total of £300.00 in London and £264.00 at the other venues. The fee includes lunch.

Below is a list of the remaining locations we will be holding this training course.

- Midlands: Novotel Hotel, Coventry - 02 October 2013
- London: Novotel Hotel, Waterloo - 12 November 2013

Further details can be found at: http://www.awics.co.uk/local_authority_housing_finance_2013_training_course.asp

Room 3, Shire Hall, The Sands, Appleby in Westmorland, Cumbria. CA16 6XN.
Telephone: 017683-52165. Mobile: 07502-142658.
E-Mail: Adrian.waite@awics.co.uk. Website: www.awics.co.uk. Twitter: @AdrianWaite
Managing Director: Adrian Waite MA CPFA CIHM FInstLM
Company Number: 3713554. VAT Registration Number: 721 9669 13

About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

For more information about us and our services please visit our website at www.awics.co.uk or contact Adrian Waite at Adrian.waite@awics.co.uk

Services that we offer include:

- Management Consultancy – http://www.awics.co.uk/ManagementConsultancy.asp
- Interim Management – http://www.awics.co.uk/interimmanagement.asp
- Regional Seminars - http://www.awics.co.uk/regionalSeminars.asp
- In-House Training - http://www.awics.co.uk/inHouseCourses.asp
- Independent Residents' Advice – http://www.awics.co.uk/IndependentTenantAdvice.asp
- Technical Books - http://www.awics.co.uk/TechnicalBooks.asp
- Information Service - http://www.awics.co.uk/informationservice.asp

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