



Council house building will help address national crisis

The Government's proposals to give councils a greater role in meeting the national housing crisis are welcome, but could go further, according to the latest briefing by the Association for Public Service Excellence (APSE).

Commenting on housing minister Margaret Beckett's proposals for changes to the revenue and capital rules for new council housing, APSE chief executive, Paul O'Brien, said "APSE has campaigned for many years for the potential of councils to build new affordable homes to be recognised. We are pleased that, as a number of housing associations face funding difficulties, resources for PFI schemes dry up and the capacity of private sector builders to meet housing demand reduces markedly, the potential role of councils as providers of affordable housing is being seen in a new light." Mr O'Brien added "The idea to allow councils to retain 100% of Right to Buy receipts on newly built and acquired properties and on those brought back into use, may only apply to a very small number of properties, but the concept is a good one. It shows the Government's thinking is more dynamic and inclusive of ideas that APSE and others have been promoting for a long time. It reflects a new approach since Margaret Beckett has taken office".

Mr O'Brien pointed out however that, under the proposals as they stand, only a small number of properties that are built, purchased or brought back into use as a result of council investment will be outside of the Housing Revenue Account redistributive system. He said: "The changes proposed will provide councils with some extra resources and incentives to build council houses, but they are unlikely to be enough to make a significant difference to local government's ability to build houses. If the Government is serious about meeting three million homes target by 2020, in the current economic climate, it must be willing to provide further substantial powers and

incentives to local authorities so they are able to make a sizeable contribution to the target. This would also provide a much-needed boost for the construction industry and hence job opportunities locally.'

APSE is urging local authorities to put forward workable schemes in order to determine what is possible under the proposals.

APSE's detailed response to the consultation is set out in its Briefing on the Consultation on changes to revenue and capital rules for new council housing.

FOR FUTURE INFORMATION

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NOTES FOR EDITORS

1) The Association for Public Service Excellence (APSE) has 260 members from councils across the UK who are providing front-line services including housing and has lobbied for a local authorities to be able to fulfil their potential as house-builders.

2) At present, the council housing finance system redistributes the revenue (through Housing Revenue Account Subsidy (HRAS)) and capital returns (through pooling) from new and existing housing on the same basis. Neither pooling nor the HRAS distinguishes between homes which were built in the past with an element of central Government financial support and new homes which represent a largely local investment.

3) The consultation paper, "Changes to the revenue and capital rules for new council housing; Consultation on excluding new council housing from Housing Revenue Account Subsidy and Pooling" can be found at:
<http://www.communities.gov.uk/documents/housing/pdf/capitalruleschanges.pdf>

5) APSE briefing paper on the consultation, which sets out the proposals in detail and its commentary on them, is attached.

6) In its briefing paper, APSE argues, among other things, that councils should be allowed to retain all of the receipts from a subsequent sale of a property covered by an exclusion from the HRA subsidy system made under section 80B.

7) The consultation proposes that section 80B agreements should be offered for: new build properties; properties purchased or otherwise acquired; and derelict or uninhabitable properties brought back into use as a result of significant council investment, which will be held outside of the HRA subsidy system.