



APSE PRESS RELEASE

1ST July 2009

**APSE WARNS THAT 'HISTORIC VICTORY' ON HOUSING FINANCE
MUST NOT LEAVE WINNERS AND LOSERS IN PRACTICE**

APSE has applauded housing minister John Healey's announcements that the current, widely unpopular housing finance regime will be dismantled in favour of a new system that promises local control.

A written ministerial statement yesterday set out principles behind the Government's reform of the Housing Revenue Subsidy System in response to the review carried out jointly with the Treasury. A consultation document will be published before the summer recess detailing proposals on reform of council housing finance.

APSE's chief executive, Paul O'Brien, said: 'The announcement marks a historic victory for those of us who have been campaigning for the past decade for the housing finance system to be overhauled. Everybody accepts that the system that's been in place for more than 20 years is unjust. At first sight, the proposed model looks similar to the model APSE has advocated for a number of years and we certainly welcome the commitment to greater local control and accountability it offers.'

'Excluding new-build council housing from the HRA subsidy system will mean councils retain rent and capital receipts from these homes and, alongside *Building Britain's Future* plans announced earlier this week, this should give councils who are keen to build much greater ability to do so.'

While welcoming local self-determination, APSE voiced concerns over the way in which debt will be handled. Mr O'Brien said: 'The formula for the redistribution of debt is obviously a sticking point however as there are likely to be winners and losers. We all need to wait to see how these changes play out in practice on the ground. We hope a mechanism can be agreed that means an even hand and authorities are not be saddled with crippling debt as the price for local control.'

For further information:

The Association for Public Service Excellence (APSE) represents some 260 councils who are providing front-line services across the UK. For APSE head office, tel: 0161-772 1810

APSE's chief executive Paul O'Brien can be contacted on: 07769 726612

