

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

13 April 2006

AUTHOR: Finance and Resources Director

HOUSING CAPITAL ALLOCATION 2006-07

Purpose

1. To inform Cabinet of the information received from the Government Office for the East of England (GO-East) regarding the Housing Capital Allocation for 2006-07.

Effect on Corporate Objectives

2.

Quality, Accessible Services	To provide resources for the Council to continue and improve its housing services.
Village Life	
Sustainability	
Partnership	

Background

3. Annually, the government issues a Housing Capital Allocation which is used to arrive at the revenue support it will provide for the Authority's housing capital expenditure. A letter has recently been received from the Government Office for the Eastern Region (GO-East) informing the Council that the Housing Capital Allocation for 2006-07 is £356,000.

Considerations

4. Each year the government calculates the amount of additional resources (after taking account of anticipated in-year capital receipts, the Major the Repairs Allowance, and financial support for the provision of disabled facilities) that the Council would require in order to fund the level of housing capital expenditure that the government estimates is needed in the District and this calculation results in an authority's Housing Capital Allocation. In this context, it should be noted that, whilst the Council's expenditure on improvement grants is no longer the responsibility of the Housing Portfolio Holder it still falls within the government's definition of housing expenditure.
5. Over the last few years the Office of the Deputy Prime Minister (ODPM) has moved from a largely formulaic approach to arriving at the amount of each authority's Housing Capital Allocation to one where a total amount is allocated for the region. The Regional Housing Board then recommends to the ODPM how the Region's allocation should be divided, in line with locally agreed priorities.
6. For 2006-07, the Regional Housing Board recommended that no authority's allocation should be less than half of their 2005-06 figure. This limit was set to give authorities time to adjust to the new, priority driven, funding arrangements outlined in the previous paragraph. South Cambridgeshire's allocation for 2005-06 was £712,000 and the £356,000 for 2006-07, being only half of the 2005-06 figure, is the lowest possible allocation. Unless, therefore, regional priorities and/or the Council's capital expenditure pattern change the Housing Capital Allocation for 2007-08 and future years is likely to be less than £356,000.

7. Prior to 2006-07 the revenue support received by the Authority in relation to the Housing Capital Allocation took the form of an allowance, mainly within the housing subsidy calculation, for the estimated interest that would be due on an interest only loan of a sum equivalent to the Capital Allocation. The allowance was received whether or not any borrowing actually took place.
8. The ODPM had indicated that a change to providing a capital grant rather than an allowance for notional interest as the support for housing capital expenditure was under consideration. When the estimates were being prepared contact was made with GO-East regarding this matter and the response was that a change was unlikely to take place in 2006-07. No housing capital grant was, therefore, included in the estimates approved by Members at Council on 23 March 2006.
9. GO-East has now notified the Council that for 2006-07 it will be given financial support for housing expenditure in the form of a grant to the value of the Housing Capital Allocation and this change in the way support for capital expenditure is provided will be of substantial benefit to the Authority.

Financial Implications

10. For 2006-07 a grant of £356,000 (which was not included in the estimates) has been awarded towards the funding of housing capital expenditure.

Legal Implications

11. There do not appear to be any legal implications.

Staffing Implications

12. There do not appear to be any staffing implications.

Risk Management Implications

13. There do not appear to be any risk management implications.

Conclusions/Summary

14. Notification that the Council will receive grant of £356,000 to support housing capital expenditure has been received from the GO-East. This funding has not been taken account of in the 2006-07 estimates and will, therefore, provide much needed additional resources to finance the capital programme.

Recommendations

15. Cabinet is requested to note this report and the associated variation to the capital estimates.

Background Papers: the following background papers were used in the preparation of this report:

Regional Housing Pot Grant Determination 2006 - ODPM
Local Authority Housing Capital Allocations 2006-07 – letter from Martin Lutman of GO-East
Item 3 of the 9 February 2006 Cabinet Agenda

Contact Officers: G. Harlock – Finance and Resources Director Telephone: (01954) 713227
G. Thomas – Principal Accountant (Housing) Telephone: (01954) 713074