

NFA welcomes Government's commitment to localism and self financing future for council housing

Organisation says ALMOs offer 'significant advantages' in managing self financing Housing Revenue Account

Press release

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The National Federation of ALMOs (arms length management organisations) has welcomed the Government's commitment to 'localism' and says that proposals for a self-financing future for council housing will deliver real control and responsibility and a better deal for tenants.

It also says that its members, who manage more than 1 million council properties around England, have 'significant advantages' in being able to administer a self financing Housing Revenue Account (HRA).

The comments come in the NFA's formal response to the Government's consultation paper: '*Council Housing – A Real Future*' which has been submitted to the Department for Communities and Local Government.

Urging the Coalition Government to implement self financing from April 2011 – and to exclude a new HRA system from any wider reviews proposed for local government finance – the NFA, highlights the advantages ALMOs bring:-

- An independent Board including at least a third of tenants as members , often with a tenant Chair
- A local community base allied to a business-like, entrepreneurial attitude
- Faster decision making and a more dynamic approach to service delivery
- A singular focus on meeting tasks within the remit of their agreement with the local authority
- A focus on delivering what their customers really want.

The NFA says that, whilst for many councils the revenue deal on offer will provide sufficient resources and the flexibility to plan effective asset management strategies for the future, the Government should establish a capital grants programme to which ALMOs and councils with special needs that cannot be met through the revenue deal alone – such as significant backlogs, outstanding capital commitments and major neighbourhood renewal projects – can apply.

Alison Inman, Chair of the NFA, said: "We believe that the proposals for a self financing future for council housing will help deliver real control and responsibility to local councils, their ALMOs and their tenants in relation to managing council housing.

“The additional stability that self financing provides will enable better and more effective business planning and asset management and, therefore, deliver long term efficiencies and value for money in the council housing sector.”

The NFA also argues that the proposed cap on borrowing at the initial level of redistributed debt goes against the spirit of self financing and imposes a central and arbitrary ceiling on the available finances at a local level. It does not fit with a proper business plan model when there will be peaks and troughs of investment need.

Instead, the organisation recommends the use of an income-to-actual debt ratio to control borrowing by self-financing councils which would enable local authorities and their ALMOs to properly manage their debt levels and investment needs locally and prudently.

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For further information, or a copy of the full submission document, please contact Peter Davenport or Simon Baylis at Ac celeries Marketing Communications on 0845 4567 251