

**GOVERNMENT DETERMINATIONS UNDER CONSULTATION DURING
DECEMBER 2011**

Dear Chief Finance Officer/ Chief Accountant / Head of Housing

**Consultation on the draft determinations to implement self-financing for
council housing**

Under section 173 of the Localism Act 2011, the Secretary of State is required to consult representatives of local government and each affected local authority before making determinations to implement self-financing for council housing.

Consultation on amendments to the 2011-12 Housing Revenue Account Subsidy Determination, amendments to the 2011-12 Item 8 Determinations, and the Item 8 Determinations which will apply from April 2012, take place under powers conferred by sections 80 and 87 of the Local Government and Housing Act 1989.

The purpose of this letter is to notify you of the consultation on these determinations, which will deliver a major change in the way council housing is financed. The **consultation closes at 5pm on 6 January 2012.**

We are consulting on five draft determinations:

- The **Settlement Payments Determination**. This sets out the amount each local authority will either pay the Government or receive from the Government on 28 March 2012 in order to exit the current subsidy system, and the way in which the payments will be made.
- The **Limit on Indebtedness Determination**. This places a cap on the amount of housing debt each council may hold.
- The **Housing Revenue Account Subsidy Amendment Determination** for the year 2011-12. This adjusts the subsidy entitlement for this financial year in order to take account of the interest costs or savings arising from the settlement payments. These payments will be made before the end of the financial year.
- The **Item 8 Credit and Debit Amendment Determination** for the year 2011-12. This enables the appropriate charges to be made between the Housing Revenue Account and a council's General Fund to reflect the borrowing costs or savings in this financial year arising from the settlement payments.
- The **Item 8 Credit and Debit Determinations** for 2012 onwards. This provides a framework for the Housing Revenue Account ring-fence to continue to operate under a devolved system of funding.