

# AWICS Housing News

## June 2017



**A General Election will be held on 8<sup>th</sup> June 2017.  
What are the housing policies of the main parties?**

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### General Election 2017 – Housing Policies of the Main Parties

A General Election for the United Kingdom Parliament will be held on 8<sup>th</sup> June 2017. The purpose of this article is to describe the housing policies of the main political parties, the responses to them in the sector and to provide some commentary. Because housing is a devolved matter in Northern Ireland, Scotland and Wales; housing policy in the United Kingdom Parliament generally relates only to England and so this article refers to the policies of the three main political parties in England.

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All the main parties have identified housing as an important election issue and have made commitments to increase house-building including the building of social and affordable homes by housing associations and local authorities. All the main parties have identified the 'borrowing cap' that has been imposed on councils' housing revenue accounts as a barrier to building council housing and all are proposing to raise or abolish the caps. However, the Conservatives plan to do this through a series of one-to-one deals with individual local authorities that would be designed to deliver specific schemes while the Labour and Liberal-Democrat parties propose a more general lifting of the 'borrowing cap'.

The Conservatives would offer similar one-to-one deals with housing associations where rent flexibilities would be on offer. However, none of the parties propose to increase the budget for the affordable housing programme.

The Conservatives' wish to facilitate the building of new social housing is a departure from their previous position which was that resources should be focused on reversing the decline in home ownership. Their wish to facilitate the building of new council housing is a departure from the position that they have held since the 1970s and a return to that which they held in the 1950s when Harold Macmillan, first as Housing Minister and later as Prime Minister, championed the building of council houses.

This proposal for one-to-one deals with local authorities and housing associations has attracted some attention. However, their statement put no figures on the amount of social housing the Conservatives hoped to build, or the timescales, or the exact rental levels that would be considered 'social'. There are also several outstanding questions regarding these proposals including the following:

- The term 'social rent' is usually taken to mean rents set according to the social rent formula that was introduced by the former Labour Government in 2002. These rents are usually lower than the 'affordable rents' that have been favoured by the coalition government and the Conservative government since 2010 that are set at up to 80% of market rents. 'Social' housing therefore requires a higher level of subsidy than 'affordable' housing. It is therefore difficult to see how the number of social / affordable homes being built can be increased at the same time as the balance is shifted towards 'social' housing without a significant increase in resources.
- The existing affordable homes budget is £1.4billion and is intended to fund the building of 40,000 affordable homes. If it is intended to build 'social' homes, higher grant rates would be required. 'Inside Housing' has calculated that a £60,000 grant rate would yield a maximum of 23,000 homes. This raises the question of whether some of the budget would have to be reallocated to less grant-reliant projects to maintain the target level of build.
- Borrowing capacity for local authorities is limited by the 'borrowing cap' that was imposed in 2012. It is assumed that the Conservatives are proposing to increase the 'borrowing cap' but it is not clear by how much, whether all authorities would benefit or only a few that were able to negotiate deals, and what 'strings' would be attached.
- Borrowing capacity for housing associations is not controlled directly by government, but is limited by their ability to generate resources from rents that are controlled by government. It is assumed that the Conservatives are proposing that housing associations should have more flexibility in rent-setting but it is not clear whether all housing associations would benefit or only a few that were able to negotiate deals. The flexibility would be linked to agreements, probably with 'strings' attached.
- It is not clear how the Greater London Authority, or the seven Combined Authorities, would be involved in the process. Conservative spokespeople have suggested that devolved assemblies would be involved in the plans but have not suggested how.



- The Conservatives say that they would favour ‘the most ambitious’ local authorities and housing associations. However, they do not say how they would define ‘the most ambitious’ providers. It is possible that the government would invite bids from local authorities and housing associations based on using greater flexibility around rent-setting and borrowing to deliver additional homes; to which allocations of grant would be tied. ‘The most ambitious’ would be those that had their plans accepted.
- It is not clear whether the ‘right to buy’ that new tenants will be offered after ten to fifteen years will replace the existing ‘right to buy’ that can be exercised after three years. Neither is it clear what level of discount will be available under the new ‘right to buy’.
- It is proposed that ultimately the homes would be sold to a ‘private owner, landlord or institutional investor’ but it is not clear if there would be any restriction on the rent that a private landlord would be able to charge. If it would be possible for a private landlord to charge market rents it could be considered inappropriate to use public money to fund what will ultimately be a profit-making asset for private gain.

The Conservatives have said very little about the extension of ‘right to buy’ to housing association tenants, the sale of high value council homes and the funding of supported housing – all policy initiatives that they have taken since 2015. This is leading to speculation as to how these policies would be pursued in future if the Conservatives are returned to office. The Liberal-Democrats would not extend the ‘right to buy’ to housing associations and would not introduce the sale of high value council homes.

Labour would suspend the ‘right to buy’ in England while the Liberal-Democrats would allow local authorities to suspend the ‘right to buy’ if they chose.

On Welfare, the Conservatives state that they do not intend to make any changes in addition to those that have already been announced, while the Labour and Liberal-Democrat parties propose reversing some of the measures that have been taken by the Conservatives. None of the parties has anything new or radical to propose about welfare reform.

I am sure that everyone in the housing sector will be pleased to see that all the parties recognise the extent of the housing crisis and the need to address it. However, I am disappointed with all the manifestos in that their proposals appear generally timid and unoriginal. There are also a lot of unanswered questions. Furthermore, none of the parties is prepared to commit to allocating significant funding to the development of affordable homes. I am not convinced that any of the parties would achieve their stated housing objectives through pursuing the policies that they have outlined in their manifestos.

I have written a briefing paper on the General Election 2017 and the housing policies of the main political parties. Your copy can be freely downloaded from: [http://awics.co.uk/files/module\\_document\\_pdffs/general\\_election\\_2017\\_-\\_housing\\_policies\\_-\\_briefing\\_paper.pdf](http://awics.co.uk/files/module_document_pdffs/general_election_2017_-_housing_policies_-_briefing_paper.pdf)

The implications of the outcome of the general election for housing policy will also be considered at our seminar on ‘Developments in Local Authority Housing Finance in England 2017’ (see below).

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### **Housing: State of the Nation – Report of the Public Accounts Committee**

The Public Accounts Committee published its report ‘Housing: State of the Nation’ on 28<sup>th</sup> April 2017.



The Public Accounts Committee is appointed by the House of Commons to examine:

*"The accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit"*

The Department for Communities and Local Government leads on housing on behalf of the government. It has two strategic housing objectives: driving up housing supply, with the ambition of delivering one million new homes over the five years of this Parliament; and increasing home ownership. These objectives are supported by a range of interlocking programmes. In February 2017, the government published a White Paper in which it acknowledged the housing market in England was "broken", and had not been delivering enough houses to meet demand for many years.

The Public Accounts Committee found that the results of this long-running shortfall in supply are that, in many areas of the country, housing has become increasingly difficult to afford. First-time buyers now on average need to borrow over three times their income, for example, and private tenants in London have seen rents go up twice as fast as earnings in a decade. Homelessness has risen since 2009/10, with more than 70,000 families in temporary accommodation at the end of March 2016.

The number of homes built in England has lagged demand for housing for decades. The Public Accounts Committee found that the effects of this long-running shortfall in housing reveal themselves in the growing barriers people face in getting on the property ladder, or simply affording their rent. The human costs are emphasised by the growing problem of homelessness, with the number of families living in temporary accommodation rising from 50,000 in 2011/12 to 72,000 in 2015/16. Almost 120,000 children in England live in temporary accommodation in April 2017.

Between 2001 and 2010 an average of only 144,000 homes were built a year, 100,000 fewer than were constructed in the 1970s – far below the 225,000 to 275,000 required to meet demand according to the Public Accounts Committee.

The Department for Communities and Local Government has an ambition to deliver a million new homes over the five years 2015 to 2020. However, the Public Accounts Committee found that, despite acknowledging that the housing market in England is 'broken', the Department for Communities & Local Government remains dependent on the existing market to realise its ambition. Currently the house building market is dominated by ten large firms, accounting for 60% of private homes built. The report states these developers limit the rate of construction to what they believe the market can absorb and they have 'little incentive' to accelerate this process.

Even if the one million target is achieved, the Department for Communities & Local Government acknowledges that it will not come close to meeting the actual level of housing need, so problems of affordability and homelessness are likely to persist for years to come.

The Public Accounts Committee complains that the Department for Communities & Local Government's lack of ambition on such a fundamental issue is matched by a lack of information on the impacts and value for money of the roughly £21 billion the government spends each year on housing benefit.



The Public Accounts Committee noted that of the £20.9billion spent on housing benefit in 2015/16, £8.4billion went to housing associations that use rental income such as this to borrow to invest in new homes. However, neither the Department for Communities & Local Government nor the Department for Work & Pensions can quantify the impact of this funding on the construction of new homes.

A further £8billion of housing benefit went to private tenants. This subsidises landlords in the private rented sector but did not contribute to the financing of new social housing.

The Public Accounts Committee study highlighted that the housing crisis is not just having a human cost, with rising homelessness, but also has a financial cost as councils spent £840million in 2015/16 on temporary accommodation. This represents a real-terms rise of 46% in just five years.

The Public Accounts Committee has asked some very relevant questions principally around housing supply and the effectiveness of the government's considerable expenditure on housing benefit. House-building in the United Kingdom still falls behind need and it is not clear that the government's strategy of relying on the private sector to increase building will be successful. There is a lack of transparency in the government's approach to housing, including a lack of information about the outcomes being achieved as a result of considerable expenditure on housing benefit in the local authority, housing association and private rented sectors. Local authorities are prevented from achieving their full potential by constraints that have been imposed by central government.

I have written a briefing paper on the Public Accounts Committee's report 'Housing: State of the Nation'. Your copy can be freely downloaded from: [http://awics.co.uk/files/module\\_document\\_pdfs/housing\\_-\\_state\\_of\\_the\\_nation\\_-\\_briefing\\_paper.pdf](http://awics.co.uk/files/module_document_pdfs/housing_-_state_of_the_nation_-_briefing_paper.pdf)

A copy of my briefing paper on the Housing White Paper can be downloaded from: [http://awics.co.uk/files/module\\_document\\_pdfs/housing\\_white\\_paper\\_-\\_briefing\\_paper.pdf](http://awics.co.uk/files/module_document_pdfs/housing_white_paper_-_briefing_paper.pdf)

This report will be referred to in our seminar 'Developments in Local Authority Finance in England 2017' (see below).

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### **The Future of Supported Housing – Report of Parliamentary Select Committees**

The Parliamentary Committees for Communities & Local Government and Work & Pensions published their report 'Future of Supported Housing' on 1<sup>st</sup> May 2017. The purpose of this briefing paper is to summarise the report and to provide some commentary.

More than 700,000 people in the United Kingdom benefit from the support and supervision provided within the supported housing sector. Most provision is sheltered accommodation for older people, but this sector also includes housing for people with learning and physical disabilities, individuals at risk of homelessness, refuges for women and children at risk of domestic violence, and many other client groups. Government is proposing changes to how supported housing is funded.

Supported Housing sits within the remit of both the Communities & Local Government Committee and the Work and Pensions Committee. They therefore held a joint inquiry to scrutinise the Government's funding proposals and recommend how they might be improved.



During their inquiry, the committees heard directly from supported housing residents, who told them how much they valued the independence and improved quality of life afforded to them by this provision.

In September 2016, the Government announced proposals for a new funding model for supported housing that would operate from April 2019. Under the new model, core rent and service charges would be funded through Housing Benefit or Universal Credit up to the level of the applicable Local Housing Allowance rate. For costs above the Local Housing Allowance rate, the Government would devolve ring-fenced top-up funding for disbursement by local authorities. The government followed its announcement with a consultation paper in November 2016.

The Report has three chapters. The first considers the value of supported housing, both the extent to which it delivers cost savings to the wider public sector and its impact on residents' quality of life. It moves on to consider whether the quality of provision is of a high standard, and how oversight mechanisms might be improved. The second chapter focuses on the Government's funding proposals, and considers whether the Local Housing Allowance rate is an appropriate starting point for a new funding model, how the top-up funding should operate, and whether the new funding mechanism should be piloted in advance of its nationwide roll-out. The final chapter examines issues associated with short-term accommodation, including whether an alternative funding mechanism would be necessary and whether Housing Benefit and Universal Credit create barriers to finding work or leaving supported housing when residents are ready to do so.

The committees support the Government in seeking to find a long-term, sustainable funding mechanism that ensures quality, provides value for money, and that protects and boosts the supply of supported housing. But they share the concerns expressed across the sector that the funding proposals, as they stand, are unlikely to achieve these objectives. They frequently heard that the Local Housing Allowance rate was an inappropriate starting point for a new funding mechanism for supported housing.

Although recommendations for alternative structures are less forthcoming, they propose that the Government introduces a Supported Housing Allowance, banded to reflect the diversity of provision in the sector and sufficient to ensure supported housing tenants will only require recourse to top-up funding in exceptional circumstances. They further recommend that emergency accommodation is funded through a locally administered grant system, while refuges, that operate as a national network, should have a separate funding mechanism that reflects their unique role.

Their recommendations seek to complement the Government's proposals, and to enable delivery of our common goal of a sustainable, long-term funding solution for supported housing that boosts the provision of high quality homes, while providing greater local control over spending and value for money.

The government's announcement of September 2016 and consultation paper of November 2016 confirmed that the rent reductions in England would apply to most supported housing and that housing benefit and the housing element of universal credit would be capped at local housing allowance rates.



The report of the Parliamentary committees for Communities & local Government and Work & Pensions and the announcement that a general election will be held on 8<sup>th</sup> June 2017 have raised expectations that the new government, regardless of the outcome of the election, may take a different approach.

However, in view of the continued uncertainty it is unlikely that providers will be able to commit to new projects or to investment in existing projects in the meantime. It will be in the interests of local authorities, housing associations and residents of supported housing for the new government to give this matter serious attention as soon as possible after the election.

I have written a briefing paper on the Communities & Local Government and Work & Pensions Committees' report 'The Future of Supported Housing'. Your copy can be freely downloaded from: [http://awics.co.uk/files/module\\_document\\_pdfs/future\\_of\\_supported\\_housing\\_-\\_briefing\\_paper.pdf](http://awics.co.uk/files/module_document_pdfs/future_of_supported_housing_-_briefing_paper.pdf)

This report will be referred to in our seminar 'Developments in Local Authority Finance in England 2017' (see below).

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### **Service Charges and Housing Benefit in Supported Housing**

Supported Housing covers a range of housing types including group homes, hostels, refuges, supported living complexes and sheltered housing. Residents generally receive a level of personal care, support or supervision. The cost of meeting this non-housing related support is recovered by the landlord through service charges and is met separately from Housing Benefit. Residents typically include the elderly, people with mental, physical and learning disabilities, and substance abusers.

Supported housing that meets certain criteria is treated as 'exempt accommodation' for Housing Benefit purposes. As such, the Housing Benefit Regulations that limit rents to defined local levels do not apply to accommodation where the landlord (housing association or voluntary organisation) provides 'care, support or supervision'.

For residents who are eligible to receive Housing Benefit, it can help with all or part of their rent payments. Rent levels (including service charges) in supported housing are usually higher than those charged for similar accommodation.

Residents in supported housing owned and managed by a local authority normally have their rent met in full by Housing Benefit. Supported housing residents whose landlord is a housing association, registered charity, voluntary organisation or county council have their Housing Benefit 'based on more generous rules than those living in mainstream accommodation'.

Supported Housing is a relatively high-cost form of housing. Landlords currently recover their costs through rents and service charges. Rents are often higher than in general needs housing and service charges are often quite high. Housing Benefit currently meets all the rent and service charges currently paid by eligible tenants.

The government has legislated to reduce rents in social housing, including supported housing from 2017. It is also introducing a cap on housing benefit at the level of the local housing allowance. These measures will reduce the amount of housing benefit that eligible tenants can claim and therefore reduce the income of the landlord threatening the viability of schemes.



The government is proposing a new funding mechanism for supported housing but the details have not yet been made available. This is creating uncertainty in the sector.

I have written a briefing paper on Service Charges and Housing Benefit in Supported Housing. Your copy can be freely downloaded from: [http://awics.co.uk/files/module\\_document\\_pdfs/service\\_charges\\_and\\_housing\\_benefit\\_in\\_supported\\_housing\\_-\\_briefing\\_paper.pdf](http://awics.co.uk/files/module_document_pdfs/service_charges_and_housing_benefit_in_supported_housing_-_briefing_paper.pdf)

### **Local Authorities across Britain identify a ‘Severe’ need for Affordable Homes**

A survey of 166 local authorities in Britain carried out by the ‘Association for Public Service Excellence’ included in a report entitled ‘Building homes, creating communities: Ensuring councils provide innovative solutions to meeting housing need’ has highlighted the pressure to meet demand for affordable housing – and the cumulative impact of present policy. It finds that nearly all councils in the United Kingdom now say that their need for affordable homes is either ‘severe’ or ‘moderate’; and that a lack of investment in genuinely affordable housing alongside statutory rent reductions in England and deregulation of planning is reducing the ability for local authorities to secure the homes the nation needs. Consequently, councils across the United Kingdom are becoming increasingly unable to meet demands for affordable housing. Overall, 98% of respondents describe their need as either ‘severe’ or ‘moderate’ with only 1% claiming that their need is not substantial.

The study also identifies how local authorities are already taking a more active role in housing delivery through entrepreneurial approaches, such as setting up local housing companies and innovative approaches to partnership working. Over two thirds (69%) of councils surveyed said they already had or were thinking about setting up a local authority housing company – either on their own or in partnership.

Paul O’Brien, chief executive of APSE, said:

*“Whilst the general election had been pitched as the Brexit election, the political narrative can’t ignore the housing crisis that we face across the United Kingdom. A new wave of council homes would help support local economic growth, jobs and skills in our economy; housing could be an effective driver for a renewed industrial strategy but to achieve this we need to place local councils at the heart of delivery on housing need. That means the future government of whatever political make-up must provide the financial freedoms and flexibility for councils to deliver solutions to our chronic housing shortage.”*

The report makes sixteen recommendations as follows:

- The new government must match an ambition to increase housing numbers with a commitment to specific measures to ensure quality outcomes including social mixed communities, good design and space standards
- The new government must invest in building new homes available for social rent to house essential low-paid workers – whose employment underpins an economy on which we all depend. Investment in social-rented homes is in addition to the need for continued government support for low-cost home ownership, the rented sector and a range of affordable housing products
- To ensure that local government innovation flourishes, resulting in more homes of all tenures, the new government should make clear that Right to Buy rules do not apply to local authorities housing companies



- The new government needs to ensure that Build to Rent brought forward by the public sector is not subject to the Right to Buy
- The new government should continue to support the development of effective strategic planning as part of a clear and logical narrative of local plans in England. To avoid uncertainty the new government should restore the policy requirements for local plans, but ensure that they don't duplicate the strategic content reflected in the new statutory duty. A single or joint strategic plan provides the basis for simpler local plans which can be focused on more detailed issues. Neighbourhood plans can then reflect community aspiration for those communities who want them.
- The new government should revise the viability test to ensure that it is not '...used to compromise the ability of local authorities to meet housing need, including affordable housing need, as determined through development plans' as recommended by the House of Lords Built Environment Committee.
- The new government should remain committed to re-drafting the NPPF to set out the future direction of planning and place-making. In updating the NPPF, the new government must make sure that the final draft version is open to public consultation
- While the changes made to the implementation of the starter homes policy in the Housing White Paper are welcome they still do not constitute genuine affordable housing options for many people on low and moderate incomes. The new government should ensure that the definition of an affordable home set out in the NPPF is based on a measure of income and not pegged to an arbitrary proportion of market price
- The new government should bring forward the Housing White Paper proposal for a standardised approach to assessing housing requirements. However, the final terms of how housing need is assessed must be balanced by a national conversation to ensure that short-term market demand does not exacerbate regional inequalities
- The new government needs to clarify whether the developer contribution model of funding social and affordable housing, via planning obligations, remains a policy objective, and if not, where the replacement investment is going to come from.
- The new government should introduce nationally agreed minimum space standards which development should not fall below and which is not subject to the NPPF viability test.
- While guidance to estimate the need for accessible homes for older and disabled people is welcome in the Housing White Paper, it is vital that the new government ensure the policy to implement these needs is not subject to the NPPF viability test which empowers developers to remove such policy where it impacts, to any extent, on their 'competitive returns'.
- The new government should re-commit to low carbon homes to reclaim the opportunity to be a world-leader in sustainable development. This will not only help safeguard the environment for future generations and help protect consumers from fuel poverty, it is crucial to driving innovation in the development industry and providing a firm foundation for planning decisions
- Consideration of local flexibility of fee recovery in the Housing White Paper is welcome, however the new government must ensure sufficient resources are available for the planning service in lower demand areas in order to maintain an adequate, minimum standard of delivery.
- The new government must not place yet more obligations on local authorities for poor performance on issues which are beyond their control, while providing delivery tools which are unlikely to be effective due to the skills, capacity, funding available, and limitations of the current CPO compensation system.



- The new government needs to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled and unskilled workers, equipment and raw materials.

## Housing with Care in Scotland

A new report commissioned by Trust Housing Association has concluded that their Housing with Care model of integrated housing and care services for older people could offer an affordable solution to the growing issue of long-term delayed discharges in Scottish hospitals.

Trust is a national housing, support and care provider, offering a range of accommodation and support services. Primarily serving older people in their communities, they also provide housing for families and individuals. Trust has over 2,500 households across the length and breadth of Scotland. They offer a range of services, from a landlord only service to care and support services that are flexible and tailored to the needs of the individual. This means customers can continue to live independently and have an enhanced quality of life, as well as providing peace of mind to their families.

The report 'Housing with Care: Innovative care solutions for living well at home' concludes that Trust Housing Association's services are highly valued by customers and offer value for money and cost savings for local authorities when compared to other long term care options, particularly residential care.

It considered seven of Trust's Housing with Care developments across the south and west of Scotland and comprising more than 250 individual housing units. 71% of tenants covered by the study were aged 75 years or older and 43% were aged 85 years or above.

Over a three-year period, the study found that more than fifty tenant admissions to acute hospitals that would have been required had the tenant been living in mainstream housing were avoided as a result of living in a Housing with Care development.

Latest official statistics show that more than three quarters of all delayed discharges recorded in Scottish hospitals are for health and social care reasons – and that around 18% of these cases are delayed for more than six weeks. In 2013/14, delayed discharges were estimated to have cost NHS Scotland £114million.

As part of the study, a cost benefit analysis of Housing with Care concluded that, for older people with less than £16,250 in capital and receiving up to approximately 27 hours of funded personal care per week, local authority commissioners would find Housing with Care to be more cost effective than residential care. For older people with capital between £16,250 and £26,250, Housing with Care would be the more cost effective option for those receiving up to around 23 hours of funded personal care per week. For those with capital above £26,250, Housing with Care was more cost effective than residential care for older people receiving up to twelve hours of funded personal care per week.

Trust Housing Association's chief executive Rhona McLeod told the 'Scottish Housing News' that:

*"This report is a real endorsement of the hard work and dedication of our Housing with Care teams across all of our Housing with Care developments. It shows that tenants really value the sense of freedom and personal independence Housing with Care gives them.*



*"The cost benefit analysis also presents Housing with Care as a more affordable solution than residential care for local authorities, particularly for older people on lower incomes in receipt of substantial levels of personal care on a weekly basis.*

*"Whether offered by Trust Housing Association or another registered social landlord, this report also highlights the important role the Housing with Care model can play in helping to tackle the issue of delayed discharges from Scottish hospitals, three quarters of which apparently occur for health and social care reasons. Both by reducing the overall number of tenant admissions to acute hospitals and supporting timely and effective discharge from hospital, Housing with Care is a model that could effectively address the issue of delayed discharges and deliver significant savings for NHS Scotland as a consequence."*

Trust is a housing association with quality and commitment at its core. They aim to provide first-class accommodation for older people, families and individuals that they can enjoy and immediately feel at home in. Over a period of forty years they have gained extensive experience and insights from their customers to ensure that they create comfortable homes especially for retirement communities that support individuals and enable them to relax and enjoy independent lives, with varying degrees of support at hand.

## Housing Roundup in Wales

The Homes for Wales coalition has launched its campaign to raise awareness of the housing crisis in Wales ahead of the United Kingdom General Election in June. The Homes for Wales coalition partners include: Residential Landlords' Association (RLA), Chartered Institute of Housing (CIH) Cymru, Royal Institute of Chartered Surveyors (RICS), Royal Town Planning Institute (RTPI), Federation of Master Builders, and the Home Builders Federation.

The Homes for Wales General Election 2017 campaign will focus on two issues central to Welsh tenants and landlords that are controlled from Westminster. The coalition is calling on the next United Kingdom Government to support:

- A welfare system that ensures everyone can access an affordable home
- The construction industry so it can access the materials and labour it needs to build affordable homes.

These issues are a priority for the coalition because of the ongoing transition to Universal Credit from six other benefits, including Housing Benefit, and the upcoming Local Housing Allowance cap on Housing Benefit. The Local Housing Allowance cap is predicted to cause many social housing tenants severe financial problems, as, once introduced, the amount of benefit that some tenants receive will not be enough to cover their rent.

Stuart Ropke, Chief Executive of Community Housing Cymru, said that:

*"Welfare reform is already having a disproportionate effect on Welsh tenants, and we must ensure that our new MPs are fully aware of the impact that these changes are having across Welsh communities. There are more tenants in rent arrears than ever before with the introduction of Universal Credit, and delays in payments are leading to an increase in hardship. In addition, when the Local Housing Allowance cap on Housing Benefit comes into effect in April 2019, we foresee many people being unable to pay their rent if changes are not made to reflect the reality of Welsh rent levels."*



Alongside the impact of welfare reform, Brexit negotiations will also have a significant impact on the construction sector in Wales. The coalition is also keen to ensure that the impact of Brexit on the construction sector in Wales is highlighted and potential solutions identified at an early stage. Stuart Ropke said:

*"We rely on trading with the EU for building materials, and also on the European people within the construction industry who work in Wales. EU nationals make up 7% of the construction workforce in Wales and, with work due to begin on a number of large infrastructure projects in the coming years, there will be 20,000 new jobs created in the industry. Uncertainty over the free movement of people in any Brexit deal and the potential of tariffs on imports – coupled with rising inflation and a falling pound – represent a real concern. We cannot afford for the Welsh Government's commitment to build 20,000 affordable homes in Wales to be adversely affected by decisions made in Westminster."*

In 2016, the Homes for Wales campaign was successful in achieving cross-party support from all parties elected to the Assembly. As a result, a Housing Supply Pact was signed between Community Housing Cymru, Welsh Government and the Welsh Local Government Association which included a target of 20,000 affordable homes to be built by 2021 (including 13,500 by housing associations), the creation of up to 12,500 training and employment opportunities and skills development for 25,000 tenants.

Meanwhile, Carl Sergeant, Secretary for Communities and Children with the Welsh Government has said that ending rough sleeping is a priority for him. Speaking at a Crisis conference in Cardiff in May 2017, he said that 'significant strides' had been made through the Welsh Government's homelessness prevention programme. He also said that legislation introduced in Part 2 of the Housing (Wales) Act 2014 that requires councils to help those at risk of homelessness in a 56-day timeframe has helped 8,800 households keep roofs over their heads.

However, he warned that Wales faces 'a sharp rise in rough sleeping' as young people find it increasingly harder to secure affordable accommodation, and called for innovative solutions from the housing sector to get people off the streets. He said that:

*"It is simply unacceptable that some of our fellow citizens continue to sleep on our streets with no decent alternative and I am determined to reduce incidents of rough sleeping... We need to rethink our strategy to help single vulnerable people avoid or escape homelessness. Our aim must be to secure long term solutions as quickly as possible and focus our resources on supporting people to rebuild their lives in their own homes."*

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### **Housing Revenue Account 'Health Checks'**

AWICS has developed a methodology for carrying out a 'health check' of a local authority housing revenue account. It is often useful to carry out a 'health check' as part of preparing or reviewing a business plan. This 'health check' can be applied in England, Scotland or Wales as it recognises the differences in approach in each country.

A 'health check' of the housing revenue account can include all or any of the following elements:

- Reviewing the housing revenue account and business plan as it currently stands and in the light of recent changes to government policy and other external factors (including in England the reinvigoration of 'right to buy', 1% annual rent reduction, sales of high value council homes, near market rents for tenants with high incomes, welfare reform and devolution) and demographic change.



- Checking that the budgets and business plan reflect actual expenditure and income.
- Considering the financial strategy, data and assumptions that underpin the budget and business plan and advising on how robust these are in the light of self-financing.
- Carrying out sensitivity analysis to identify which variables would be likely to have a significant effect on the viability of the business plan thus identifying the risks involved in the plan and suggesting strategies to mitigate those risks.
- Identifying changes that result from the introduction of self-financing including those affecting treasury management and advising on the implications for the business plan.
- Considering Value for Money issues including benchmarking with other local authorities and registered social landlords and identifying areas where value for money gains could be made.
- Reviewing governance arrangements, following the Chartered Institute of Public Finance & Accountancy and Chartered Institute of Housing voluntary code of guidance on the Housing Revenue Account; including reviewing the support and service arrangements, defining where gaps may exist.
- Considering the major variables including: Rents, including future rent increases and levels of collection in the light of welfare reform and the level of current rents; Expenditure, including management, maintenance and major repairs; Rates of interest; Changes in stock levels including right to buy, other disposals and demolitions and new build; How capital investment in new and existing stock is to be financed; Accounting for Depreciation and Major Repairs; Treasury Management implications.

At the conclusion of the 'health check', we provide clients with a report containing a comprehensive analysis and practical recommendations including:

- Providing a position paper that identifies strengths, weaknesses, opportunities and threats; identifies possible future options for the Council including improvements to the service, new build, community investment and supporting wider regeneration objectives.
- Recommendations to improve the alignment between the business plan, the council's housing service the council's corporate objectives and the political, environmental, social and technological environment.

Further information about housing revenue account 'health checks' is available on our website at: <http://awics.co.uk/housing-revenue-account-health-checks>

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## AWICS Website

We have updated some pages on our website. Those of relevance to housing are listed below:

- Why AWICS is passionate about public services including housing - <http://awics.co.uk/about>
  - AWICS Information Service - <http://awics.co.uk/aboutus>
  - Housing Association Mergers - <http://awics.co.uk/housing-association-mergers>
  - Housing Revenue Account Health Checks - <http://awics.co.uk/housing-revenue-account-health-checks>
  - Management Consulting in Service Charges - <http://awics.co.uk/schadvice>
  - In-House training in Service Charges - <http://awics.co.uk/in-house-service-charges>
  - Feedback from training courses - <http://awics.co.uk/course-feedback>
  - Director Adrian Waite - <http://awics.co.uk/company-info-director-adrian-waite>
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## Editorial Note

The AWICS Housing News is published by AWICS Limited. This edition was edited by Adrian Waite. Articles are written by Adrian Waite unless otherwise stated. However, the views expressed are not necessarily those of Adrian Waite or AWICS unless expressly stated.

## AWICS Survey

We would be grateful if you could take part in our survey of our clients, website users, newsletter readers or others with an interest in local government or housing. If you would like to please visit <http://form.jotform.me/form/50612526489459>

## AWICS Seminars:

Our next seminars are as follows:

- Developments in Local Authority Housing Finance in England.
  - London – 14<sup>th</sup> June 2017
  - Leeds – 5<sup>th</sup> July 2017
- All You Want to Know about Local Authority Finance
  - London – 27<sup>th</sup> June 2017
  - Leeds – 21<sup>st</sup> November 2017
- All You Want to Know about Service Charges in Social Housing in Wales.
  - Cardiff – 12<sup>th</sup> September 2017
- All You Want to Know about Local Authority Housing Finance.
  - London – 27<sup>th</sup> September 2017
- All You Want to Know about Housing Association Finance.
  - Leeds – 24<sup>th</sup> October 2017

Information about all our seminars can be found at: <http://awics.co.uk/seminars2017>

## ADVERTISEMENT

### InfoBaseCymru

*Data for an intelligent Wales*

**Do you need to find data about Wales? Do you get confused with all the different sources of data out there?**

**InfobaseCymru** brings together statistics for Wales in an easy to use data website for you!

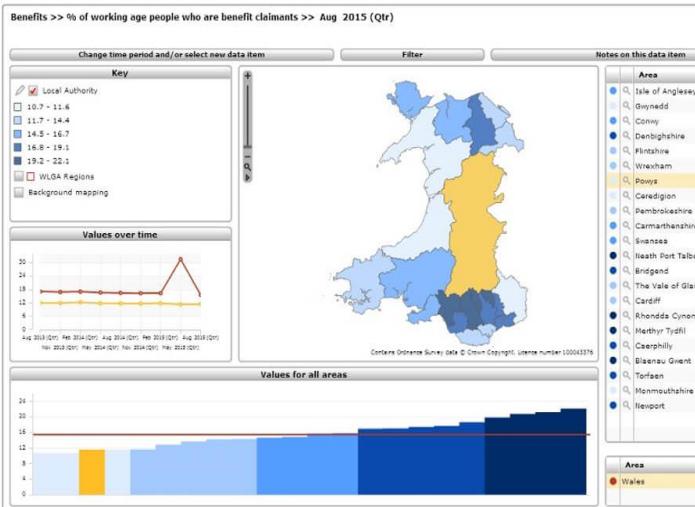
#### InfoBaseCymru

- is a freely available, national information system displaying publically available data about Wales from local authority level to a local area (lower super output area) level
- provides easy access to a wide range of data for Wales. The data covers a range of themes including: people; employment; business; education; health; housing; environment; transport; and community safety
- presents data in reports, tables and maps which are all easy to export

Extremely useful for providing the data you need for profiling your area, to underpin evidence based policy decisions and for funding bids.

Please contact us and we will do our best to help you find the data you are looking for.

InfoBaseCymru is accessed via the internet for public use, we can provide restricted shared access to specific data sets where necessary.



www.infobasecymru.net  
 InfoBaseCymru@dataunitwales.gov.uk  
 @DataUnitWales

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**IF YOU WOULD LIKE TO PLACE AN ADVERTISEMENT IN THE AWICS HOUSING NEWS PLEASE CONTACT [Adrian.waite@awics.co.uk](mailto:Adrian.waite@awics.co.uk)**

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## About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

For more information about our services and us please visit our website at [www.awics.co.uk](http://www.awics.co.uk) or contact Adrian Waite at [Adrian.waite@awics.co.uk](mailto:Adrian.waite@awics.co.uk). Services that we offer include:

- Management Consultancy – <http://www.awics.co.uk/ManagementConsultancy.asp>
- Interim Management – <http://www.awics.co.uk/interimmanagement.asp>
- Regional Seminars - <http://www.awics.co.uk/seminars2017.asp>
- In-House Training - <http://www.awics.co.uk/inHouseCourses.asp>
- Webinars - <http://www.awics.co.uk/webinars.asp>
- Independent Residents' Advice – <http://www.awics.co.uk/IndependentTenantAdvice.asp>
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- Information Service - <http://www.awics.co.uk/aboutUs.asp>