

AWICS Housing News

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Social Housing Regulation and Inspection

Social Housing in England has always been regulated and inspected. There are three main reasons for this: Protection of the tenants' interests; Protection of the public / government interest in that housing benefit funds most of the rental income of housing associations and local authorities and government provides capital funding in the form of Social Housing Grant for housing associations and other funding for local authorities; and Protection for the financial institutions that provide loans for development by housing associations.

In 2007 the Cave review reported on social housing regulation and recommended that an independent regulator be established with greater powers than the previous Housing Corporation and a brief across the whole social housing sector. These recommendations were accepted and incorporated in the 2008 Act. The act gives the Tenant Services Authority ten objectives that it is to pursue through setting standards and enhanced enforcement powers where standards are not met.

In 2008 the whole system was overhauled through the Housing & Regeneration Act and the Tenant Services Authority was created as the new regulator of both housing associations and local authorities with the audit commission acting as their agent with regard to inspection. A new approach to regulation and inspection has been developed based on targeting resources at areas of risk and focusing on the needs and priorities of tenants. National standards have been introduced and local offers are to be developed.

The Tenant Services Authority has established six standards as follows:

- Tenant Involvement and Empowerment Standard
- Home Standard
- Tenancy Standard
- Neighbourhood and Community Standard
- Value for Money Standard
- Governance and Financial Viability Standard

The fundamental differences between the new regulatory and inspection framework and that which preceded it are:

- Less bureaucracy and more freedom on how to provide services and conduct business.
- A shift in accountability from the regulator towards the tenants

- An expectation of joint working, for example on anti-social behaviour.
- Standard one on Tenant Involvement and Empowerment makes more explicit requirements.

The Tenant Services Authority considers that, in future, tenants can expect:

- A greater focus on the issues that matter most to them, such as repairs, affordable rents and tackling anti-social behaviour
- More opportunities to have their say, to get involved and to hold their landlord to account.
- A greater emphasis on their own priorities through new local offers agreed by tenants and landlords.
- More feedback from their landlord including an annual report setting out just how well they are doing against local offers and the Tenant Services Authority's national standards

The Tenant Services Authority considers that, in future, landlords can expect:

- More responsibility to work closely with their tenants to drive improvements.
- More flexibility about how they deliver their housing services in return for more accountability to their tenants and partners.
- A modern co-regulatory relationship with their tenants and the regulator where many of the activities necessary to regulate outcomes are undertaken by landlords with their tenants
- A fair and proportionate approach if their performance needs to improve.

Inspection is to be based on co-regulation with more being done by providers and less centrally. Audit commission inspections will focus on those of the national standards where there are considered to be problems. In future the Tenant Services Authority may not use the Audit Commission at all

In March 2010 a joint statement was made by the Tenant Services Authority and the Audit Commission. The Audit Commission is to continue to inspect housing organisations but as an agent of the Tenant Services Authority.

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The Tenant Involvement and Empowerment Standard requires that registered providers must ensure that tenants can influence service delivery and hold providers to account (empowerment) through building capacity, consultation, provision of information and development of a scrutiny role. It

also requires that registered providers must ensure that tenants have an equal chance to be heard and an equal opportunity to contribute (involvement). This requires taking account of needs across all six diversity groups and knowledge of the client base.

In addition to observing the national standards, registered providers are expected to agree local offers. These local offers represent the 'offer' that a registered provider makes to its tenants and to other users of its services. The local offers will allow for differences in standards where relevant either due to geographical location or the needs of a particular community. There is a wish to avoid a 'one size fits all' approach. Local standards have been piloted in 37 areas. One of these was in Workington, Cumbria, where Impact Housing Association and three other registered providers developed a local offer. Adrian Waite is a member of the Board of Impact Housing Association and is the board champion for tenant involvement and empowerment.

Registered providers already have the guidance of the Tenant Services Authority on the local offers as well as details of the national standards. Registered providers have until October 2010 to publish a report on which standards they meet and how they plan to meet the others. Registered providers have until April 2011 to establish their local offers. The first annual reports showing performance against standards will be published by July 2011. Consultation will be required with tenants throughout.

The Tenant Services Authority states on its website that:

"The proposed new standards for social housing providers are the centrepiece of our new regulatory framework. They describe the outcomes we want to see delivered and the specific requirements we expect all providers to comply with in meeting these outcomes. We believe the best place for the quality of services to be discussed, agreed and scrutinised is locally between providers and their tenants. So our standards require providers to set out what they offer to tenants and set local offers that reflect the priorities of local communities."

"These proposals balance new demands on providers to be transparent and report on performance to their tenants and hold themselves to account – with a significant reduction in red tape, with no Tenant Services Authority codes of practice, the removal of thousands of individual regulatory consents, and the demise of over fifty detailed Housing Corporation circulars and guidance notes."

The new arrangements give registered providers and their tenants the freedom to be different. Landlords will be able to be creative with tenants, residents and customers. There is an opportunity to achieve more

The proposed new standards for social housing providers are the centrepiece of our new regulatory framework.

consistency and clarity in dealings between registered providers and residents.

There is certainly a significant difference in approach between that of the Tenant Services Authority and that which has traditionally been followed by the Audit Commission. It will be interesting to observe how the relationship between the regulator and the commission develops.

During the 2010 general election campaign the Conservative Party stated that they would abolish the Tenant Services Authority although they would obviously retain some form of regulation and inspection regime. Following the formation of the coalition government no announcement has been made about the future of the Tenant Services Authority or about regulation and inspection. It is considered likely that the Tenant Services Authority will be abolished but most of its initiatives will continue to be developed by its successor.

In May 2010, Grant Shapps MP, Minister for Housing, was asked in an interview by 24dash.com whether he was still committed to abolishing the Tenant Services Authority. His response was as follows:

The new arrangements give registered providers and their tenants the freedom to be different. Landlords will be able to be creative with tenants, residents and customers. There is an opportunity to achieve more consistency and clarity in dealings between registered providers and residents.

"It's certainly something I'm keen to progress now that I'm here. In my view the TSA was always a quango too far but we are absolutely committed to putting tenant protection and satisfaction at the heart of everything we do. I feel there are better, more cost effective ways to regulate the social housing sector and I do think the money invested in the TSA could be better spent elsewhere. As part of the Coalition Deal there is a commitment to reducing the number of government quangos and I think it's fair to say the TSA will probably be one of those that we have to look at very closely."

There is a more comprehensive briefing paper on Social Housing Inspection and Regulation written by Adrian Waite on our website that can be freely downloaded from:

<http://www.awics.co.uk/BriefingPapers/ViewCategory/housing/>

Adrian Waite

Question and Answer: Stock Transfer

Question:

I understand that the window of opportunity for stock transfer has now closed. Could someone please point me to the detail on this matter? I would have thought that stock transfer could be a potential way of transferring significant amounts of debt out of the PSBR and therefore wonder whether the Conservatives will want to revisit this? Just to clarify - I mean stock transfer of council housing stock to RSL model

Answer:

Stock transfer has been managed during recent years through a series of bidding rounds. Local authorities that wish to do large scale or partial stock transfers have applied at the time of the round for inclusion on the stock transfer programme.

The previous government's last bidding round was in 2008. There have been no bidding rounds in 2009 or 2010. Furthermore, their consultation papers on reform of council housing finance proposed a 'level playing field' between stock retention and stock transfer in future in terms of the resources that would be available. This suggested that future stock transfers would only be able to go ahead on the basis of the same level of expenditure and investment that would be possible with stock retention. This would have removed the major reason why stock transfers have taken place and would probably have resulted in few if any further housing stock transfers taking place.

On 17th December 2009, the then government made a statement confirming that local authorities that are already on the stock transfer programme would continue with their plans but continued:

"John Healey MP is now minded to announce a change in policy for all other local authorities who may currently be developing transfer proposals, but do not have a place on the Housing Stock Transfer programme. The Government are proposing that those local authorities... will not be considered for a place on the Housing Stock Transfer programme until the Government publish the self-financing offer and as a consequence, they should reconsider their transfer proposals in the light of the outline for this new self-financing system."

The introduction of the new regulatory system in England will inevitably mean that housing organisations will need to change and the work of housing professionals will also have to evolve.

The new government has yet to make a statement on stock transfer. There are no references to stock transfer in the coalition agreement, the Conservative Party's manifesto or policy green paper on housing or the Liberal Democrats' manifesto. However, the new government has undertaken to review the housing revenue account and are in the process of reviewing the previous government's 'level playing field' proposals.

If I was to make a prediction it would be that we will see some more stock transfers. Both the Conservatives and the Liberal-Democrats have been supportive of stock transfer proposals in the past and this can be expected to continue in future

Presumably, when the new government has finished reviewing the housing revenue account we can expect them to make an announcement about the future of housing revenue account financing and the future of stock transfer.

If I was to make a prediction it would be that we will see some more stock transfers. Both the Conservatives and the Liberal-Democrats have been supportive of stock transfer proposals in the past and this can be expected to continue in future. The point about debt is also valid. Stock transfer removes existing housing revenue account debt from the public balance sheet and enables new borrowing to be done outside the public sector net cash requirement PSNCR (previously the public sector borrowing requirement PSBR).

Adrian Waite

Impact Housing Association appoints Adrian Waite as Board Champion for Customer Engagement

Adrian Waite is a member of the Board of Impact Housing Association and has been appointed as Board Champion for Customer Engagement.

There are a number of specific and important roles on the Board that are reflected by appointing a Member as Champion. The role of Champion is:

- to keep up to date with key issues in the field
- to speak on these issues when they come to Board
- to assist Staff in appropriate Task and Finish Groups
- where appropriate, to represent these issues on behalf of Impact

The purpose of appointing a champion is to ensure that the Association's commitment to customers stays uppermost when considering issues of strategy and resource allocation - at the very core of what is done and future development.

The roles of the champion are to:

- Keep up to date with key issues in the field:
 - What is the latest guidance coming from the Tenant Services Authority?
 - Has the Association incorporated it into documents that go to Board?
 - From what is in the trade press and elsewhere, is the Association lagging behind in terms of performance or the drive for greater Customer Engagement?
 - To have a broad overview of Impact's key documents and commitments in this area
 - Attend appropriate conferences where there would be significant personal or organisational benefits
- to speak on these issues when they come to Board
 - Are the reports that go to Board within the spirit and the letter of the Tenant Services Authority guidance?
 - Is the Association taking these matters seriously enough and giving due attention to them?
 - Have Customers been appropriately involved in the formulation of strategy, the allocation of resources and the issues of delivery that affect them?
 - Is the work of the Customer Forum fully represented at the Board?
 - Are Board members who specifically represent customers appropriately involved in the Board business?
- To assist Staff in appropriate Task and Finish Groups
 - Are there issues around Customer Engagement that would best be dealt with outside of the meeting? How best should we engage customers in those discussions?
- Where appropriate, to represent these issues on behalf of Impact
 - If Impact is to be represented on outside groups, should this be at officer level or should there be on occasion a representation by the Board Champion?

The purpose of appointing a champion is to ensure that the Association's commitment to customers stays uppermost when considering issues of strategy and resource allocation - at the very core of what is done and future development

Adrian Waite

Developments in Local Authority Housing Finance in England 2010

This seminar is designed to look in depth at current developments in local authority housing finance in England with a focus on self-financing

We are holding our 2010 series of seminars on 'Developments in Local Authority Housing Finance 2010' at venues around England between July and December 2010 starting in London on 7th July 2010.

This seminar is designed to look in depth at current developments in local authority housing finance in England with a focus on self-financing. It comes at a critical time with the new government announcing deficit reduction plans, beginning to provide details on their 'review' of the housing revenue account and proposing the abolition of the Tenant Services Authority; the Comprehensive Spending Review expected in the autumn and uncertainty surrounding the future of stock transfer. The speaker is Adrian Waite, Managing Director of 'AWICS' who was a member of the CLG / Treasury working group on financing the housing revenue account and who joins the CIPFA Council in June 2010.

The cost of this seminar is £260 in London and £230 at other venues plus VAT making a total of £305.50 in London and £270.25 at the other venues. The fee includes lunch and book – 'Developments in Local Authority Housing Finance in England 2010'.

This represents excellent value for money but there are also discounts available:

- AWICS is committed to tenant empowerment and we are therefore offering a discount of 50% to tenant representatives including tenant board members of arms length management organisations.
- If you buy one place at a seminar, you can buy additional places at the same seminar at a discount of 50% (This discount is not available in London).
- The Institute of Public Sector Management (IPSM) has negotiated a discount of 25% for their members.
- There is a discount of 25% available for representatives of organisations that are members of the National Council of Voluntary Organisations.
- People who have attended our seminars during 2009 should have received vouchers that can be redeemed against this seminar.

Note: Only one discount can be claimed for each place.

Who should attend?

All those with an interest in developments in local authority housing finance in England should attend, including Senior Management and Housing Managers in Housing Authorities and Arms Length Management Organisations, Elected Members, ALMO Board Members, Housing Accountants, Civil Servants, Tenant Representatives and College Lecturers. The course will assume a basic knowledge of local

All those with an interest in developments in local authority housing finance in England should attend

authority housing finance but will not assume that delegates are experts.

What the Course will include:

- The implications of the General Election of 2010 – The plans of the new government
- Self Financing in the Housing Revenue Account following the conclusions of the Communities & Local Government and Treasury Review of Housing Revenue Account, the Consultation Paper of July 2009, the prospectus of March 2010 and the statement from Grant Shapps that the new government will ‘review the review and draw our own conclusions’
- The potential impact of the 2010 Comprehensive Spending Review and the deficit reduction plan
- Achieving Efficiency and Value for Money and Sustaining Decent Homes
- Financial implications for Local Authorities of the creation of the Homes and Communities Agency and the Tenant Services Authority including the extension of the Tenant Services Authority’s regulatory remit to local authorities (changes to regulation are expected even if the Tenant Services Authority is abolished)
- Housing Subsidy Determination 2010/11 – what it means for future years.
- Ring Fencing – Changes to the ring-fencing rules
- The future for Arms Length Management Organisations after 2010

The course is accompanied by a very useful book entitled: **“Developments in Local Authority Housing Finance in England 2010”**

Venues and Dates:

London: Novotel Hotel, Waterloo – Wednesday 7th July 2010

Midlands: Novotel Hotel, Coventry – Wednesday 27th October 2010

North: Headingley, Rugby Lodge, Leeds – Wednesday 1st December 2010

If you would like more information or would like to make a booking, please visit our [website](#).

Or contact us directly by emailing seminars@awics.co.uk or telephoning 017683-52165 or 52347. Please do not reply directly to this email.

Question and Answer: Apportionment Rules for Debtor Payments

Question

I am attempting to find some best practice for apportionment rules, when a debtor makes a payment to our organisation, to inform a new policy let me give an example:

An example customer account is in arrears which is made up of:

- Rent Arrears (£500)
- Court Costs (£100)
- Recharge for urgent health and safety repair of broken window (£100)
- Garage Arrears £50

Therefore the customer owes £750 in total and their current monthly charge is £300 (including service charge etc). If the customer pays £350 pounds to us by any route (swipe, cash, cheque etc) we allocate the first £300 to ongoing monthly costs. This leaves £50 to go on the debts which we currently apply to "rent" first and then "everything else" second. The question therefore is:

Is there some best practice guidance around how this should be done? For example a priority order such as; All goes to "rent" until clear, then all goes to "court charges" until clear, then all goes to "recharges" or apportionment rules 50% goes to "rent" 25% to "court charges" 25% to recharges.

Answer

If a debtor specifies which debt is being settled when the payment is made then the receipt must be used to settle this debt. However, if the debtor does not it is up to the housing association or local authority that receives the money to decide which debt to clear. Usually housing associations and local authorities develop their own internal policies to decide how to treat receipts in these cases. However, as far as I am aware, there is neither legislation nor guidance that governs this.

One approach is to use any receipt to settle the oldest debt. This may be in the interests of both the housing association or local authority and the tenant as older debts become more difficult to collect and are also more likely to give rise to legal or other serious action for debt recovery. A local authority or housing association may also wish to take account of the tenant's interests and use receipts to clear rent first so that the tenant is not at risk of losing their home. However, the interests of the housing association or local authority may differ from those of the tenant and it may be in their interests to use receipts to clear debts where enforcement powers are weaker. Apportioning the receipt across all debts is another approach but this could cause complexity in record keeping and therefore confusion to the tenant.

In my business I assume that, when a customer has more than one debt and does not specify which is being settled, that they are settling their oldest debt.

More specifically to your question I understand that in the past the courts have decided that payments should be allocated first to current rent, second to arrears of rent and third to other debts.

Adrian Waite

If a debtor specifies which debt is being settled when the payment is made then the receipt must be used to settle this debt

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If you are interested in setting up a CIPFA training scheme, or would like more information on the Professional Qualification, you can contact CIPFA on 020 7543 5757 or by email on employers@cipfa.org.uk



Upcoming Regional Seminars 2010

AWICS is currently running a new series of our regional training seminars. The upcoming regional courses include:

All You Want to Know about Local Authority Housing Finance in England 2010

This popular series provides an introduction and overview of local authority housing finance in England. The 2010 series is fully updated and seminars will be held in every region of England.

- South: Novotel Hotel, Southampton - 01 July 2010
- East: Gonville Hotel, Cambridge - 28 September 2010
- East Midlands: The Waltons Hotel, Nottingham - 19 October 2010
- Yorkshire: Leeds Rugby Lodge, Headingley - 09 November 2010
- London: Ibis Hotel, Euston - 09 December 2010.

All You Want to Know about Housing Association Finance in England 2010

This popular series provides an introduction and overview of housing association finance in England. The 2010 series is fully updated.

- Midlands – Novotel Centre, Coventry - 26 October 2010.

All You Want to Know about Budgets and Financial Management 2010

This popular series provides an introduction and overview of budgets and financial management in the public sector that is especially suitable for non-financial people.

- Midlands: Novotel Hotel, Coventry - 30 November 2010.

All you want to know about Local Authority Housing Finance in Wales

This popular series provides an introduction and overview to local authority housing finance in Wales. The 2010 series is fully updated.

- Tuesday 29th June 2010 – Novotel Cardiff Central Hotel, Cardiff

Developments in Local Authority Housing Finance in England 2010

A seminar looking at recent Developments in Local Authority Housing Finance

- London: Novotel Hotel, Waterloo - 07 July 2010
- Midlands: Novotel Hotel, Coventry - 27 October 2010
- North: Headingley, Rugby Lodge, Leeds - 01 December 2010

For further information on all of our courses including additional date later in the year please visit our website: <http://www.awics.co.uk/RegionalSeminars/Overview/>

Recent Briefing Papers

Below are links to recently published briefing papers posted on AWICS website:

- [Council Housing - A Real Future](#)
- [Northwest Annual Housing Conference 2010](#)
- [Social Housing Regulation and Inspection](#)
- [The Queens Speech 2010](#)
- [Government Announces £6.25Billion Spending Cuts](#)

Other Services

AWICS also provide a range of other services including Management Consultancy, Independent Tenants' Advice and Publications

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