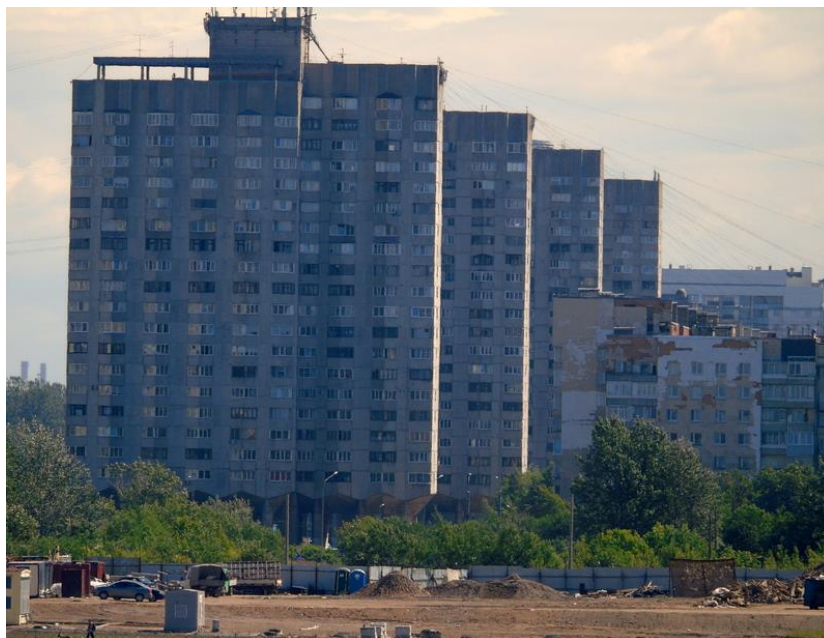


# AWICS Housing News

## August 2017



**Flats in St.Petersburg, Russian Federation.**

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### Housing Business Planning in an Uncertain Environment

Business Planning has been an important element of the management of housing association and council housing for some time. However, we are now operating in a very uncertain environment. There is a minority government; the Housing & Planning Act will not be implemented in full; the future funding of supported housing is under threat; and the implications of the vote for Britain to leave the European Union are not clear.

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The public finances are weak; welfare reform is a 'work in progress'; government policy on rent reductions, 'right to buy' for in housing associations and local authorities, new development and the integration of housing, social care & health are all unclear. Demographic change continues to put pressure on housing services; uncertainty in the financial markets affects the ability of housing associations to borrow.

This requires a new way of business planning including a robust approach to the development of strategy, financial forecasting, sensitivity analysis, risk management and contingency planning.

The Key Elements of a good quality Housing Business Plan include:

- The Strategic Context – How does the business plan fit in with strategic objectives. In the case of a local authority this includes the corporate plan and housing strategy.
- Identifying Objectives, Priorities and Options.
- Analysing the Business Environment (including Political, Environmental, Social & Technological (PEST) analysis).
- Analysis of the Business (including Strengths, Weaknesses, Opportunities & Threats (SWOT) analysis).
- Financial Management, including the identification and management of revenue and capital resources.
- Consultation with Residents and Stakeholders – especially with tenants.
- Ensuring that there is a robust and up to date stock condition survey in place.
- Identifying current and planned levels of performance.

The Political, Economic, Social and Technological environment in which housing associations and local authority housing services operate is currently characterised by uncertainties. These include:

- The Minority Government that cannot rely on Parliamentary support for its measures and is avoiding controversial legislation, preferring to rely on regulations.
- Implementation of the Housing & Planning Act that is likely to be delayed and partial.
- The future funding of Supported Housing that is very uncertain following the previous government's reforms to welfare and housing benefit and the fact that an alternative system of funding has yet to be proposed by government.
- The Implications of the vote for Britain to leave the European Union
- The Public Finances that are currently very weak.
- Welfare Reform including Housing Benefit that is a 'work in progress'.
- Government Policy on Rents, 'Right to Buy' and New Development that is established in the short-term but not in the medium-term.
- Demographic change that continues to result in increased numbers of elderly and disabled tenants and a continued shortage of affordable housing across the board.
- The Integration of Housing, Social Care and Health Services; that everyone is agreed is essential but which in practice appears difficult, if not impossible, to achieve.

Councils and Housing Associations are faced with the challenge of developing effective Business Plans that will address the new uncertain environment in a robust way. In the case of housing associations, the Homes & Communities Agency is now expecting higher standards of governance and financial management to achieve this. There is a need to consider:

- What Assumptions should be made in the Financial Model?
- How can Uncertainties be managed?

Areas to consider include: Rent policy (rent reductions, social rent, affordable rent, market rent); Service costs and charges; Income recovery rates; Voids; Commercial income; Inflation; Scope for efficiencies in management and maintenance; Treasury management, debt and interest rates; Stock changes including development, regeneration and 'right to buy'; Depreciation and Impairment; Resources to support the capital programme (Borrowing, Capital Receipts, Revenue Contributions, Grants).

New Business Planning techniques are now required. These include:

- Developing an effective Strategy;
- Asset Management including Sustainability, Investment, Disposals and the Scope for new Development;
- Flexible Financial Forecasting and Sensitivity Analysis;
- Risk Management including Risk Identification, Assessment, Mapping, Monitoring and Control;
- Integration of Asset Management and Risk Management into Business Plans and Financial Forecasts;
- Treasury Management;
- Performance Management;
- Contingency and Action Planning.

We are holding seminars on 'Housing Business Planning in an Uncertain Environment' during November 2017. These seminars will look in depth at how local authorities can update their housing revenue account business plans.

The seminar will address the following questions:

- What are the key elements of a good quality housing revenue account business plan?
- What is the political, economic, social and technological environment in which local authority housing services operate? What are the key uncertainties?
- How can councils develop effective self-financed business plans that will address the new uncertain environment in a robust way? What assumptions should be made in the financial model? How can uncertainties be managed?
- What business planning techniques are now required including for strategy, financial forecasting, sensitivity analysis, risk management and contingency planning?

The session is interactive, includes specific practical examples and is accompanied by a very useful book entitled: 'Housing Business Planning in an Uncertain Environment'. Those who should attend include all those with an interest in business planning in local authority housing, including Managers in Local Authorities and Arm's Length Management Organisations, Elected Members, ALMO Board Members, Housing Accountants and Tenant Representatives. A London session will be held at the Novotel Hotel, Waterloo on Tuesday 7<sup>th</sup> November 2017; and a Northern session will be held at the Novotel Hotel, Leeds on Tuesday 21<sup>st</sup> November 2017.

For more information about the seminars or to make a booking, please click here: <http://awics.co.uk/housing-business-planning-in-an-uncertain-environment>

To download a copy of our brochure, please click here: [http://awics.co.uk/files/module\\_document\\_pdfs/housing\\_business\\_planning\\_in\\_an\\_uncertain\\_environment.pdf](http://awics.co.uk/files/module_document_pdfs/housing_business_planning_in_an_uncertain_environment.pdf)

## Queen's Speech 2017

Following the General Election of 8<sup>th</sup> June 2017, the minority Conservative government presented its Queen's Speech to Parliament on 21<sup>st</sup> June 2017. It had been expected that not all the proposals that had been included in the Conservatives' manifesto would be included in the Queen's Speech due to the government's lack of a majority and divisions within the Conservative Party.

The Conservatives have negotiated a 'deal' with the Democratic Unionist Party that covers 'confidence and supply'. This 'deal' stops short of a formal coalition but involves the Democratic Unionists agreeing to support the Conservative government on the Queen's speech, budget, votes of confidence and other key matters in exchange for the certain policy concessions.

The negotiations between the Conservatives and the Democratic Unionist Party took longer than originally anticipated. Despite the Queen's speech being delayed because of this, agreement had still not been reached by 21<sup>st</sup> June 2017 when the Queen's speech was delivered.

It has been reported that the Democratic Unionist Party did not wish to be 'taken for granted' by the Conservatives. Their requests are focused on providing additional funding to Northern Ireland – including £1 billion for the National Health Service and £1 billion for infrastructure.

In the circumstances, it was expected that the Queen's speech would not include any of the more controversial proposals that were included in the Conservative manifesto or were raised during the campaign by the Prime Minister. Tim Bale, Professor of Politics at Queen Mary University of London, told the BBC that the Queen's Speech will inevitably:

*"Scrap anything that looks like it won't get absolute support".*

This was proved to be the case.

This Queen's speech is unusual for several reasons: It was delayed because of the political situation and, as the Queen's speech of 2018 has been cancelled, it covers two years. It also dispensed with some of the usual ceremonials because of having been re-scheduled. It includes proposals for 27 bills but is generally regarded as being rather 'light'. While most Queen's speeches are remarkable for what they include this one is generally regarded as being remarkable for what it does not include.

The Queen's speech contained only one sentence on housing. The Queen's speech offered 'more homes' but said nothing about the 'deals' with local authorities and housing associations that were envisaged in the Conservative manifesto, the future funding of supported housing, the extension of the 'right to buy' to housing associations or the sale of high value council homes.

There are fears that the proposed 'Great Repeal Bill' is likely to increase the powers of the executive and reduce the powers of Parliament because of the intention to authorise increased use of secondary legislation and regulations.

This Queen's speech is generally regarded as being very 'thin' and for being more significant for what it excludes rather than what it contains. However, the housing sector will welcome some of the proposals in the Queen's speech such as the Domestic Violence and Abuse Bill. It is to be hoped that, despite the Parliamentary arithmetic and the government's focus on the United Kingdom leaving the European Union, the government will also make progress on matters of critical concern such as supported housing.



I have written a briefing paper that summarises the Queen's speech and the reaction to it, and provides some commentary, with specific reference to its implications for housing. Your copy can be downloaded from here: [http://awics.co.uk/files/module\\_document\\_pdfs/queen s speech 2017 - the implications for housing and local government - briefing paper.pdf](http://awics.co.uk/files/module_document_pdfs/queen_s_speech_2017_-_the_implications_for_housing_and_local_government_-_briefing_paper.pdf)

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## **Housing in St. Petersburg, Russian Federation**

I was in St. Petersburg recently and took the opportunity to look at housing in the Russian Federation.

In the Soviet Union, the housing stock was mainly state-owned. In urban areas state ownership accounted for 79%, in largest cities up to 90% of the housing stock. The remaining housing was provided by co-operatives. Rents and housing costs were nominal and housing was heavily subsidised by the state. Most of the houses built after World War Two were usually three to five stories high, with small apartments. The objective was to save space and create as many apartments as possible.

Between 1955 and 1964, President Khrushchev started an ambitious reform to provide each family a separate apartment (rather than the communal apartments that had been favoured before) and to end the housing shortage. The new five-storey apartment buildings known as 'khrushchevki' were built in a hurry with minimum construction expenses. Today they form the most deteriorated part of the housing stock that needs urgent repair.

Construction starting in the 1970s favoured nine and sixteen storey concrete panel state housing in major cities and seven to twelve stories in smaller urban areas.

After the collapse of the Soviet Union in 1991, several reforms were implemented in the Russian housing sector. Privatisation of housing began in 1991, when the housing stock as well as housing and communal service enterprises were transferred from the state to municipalities. A policy of free privatisation was implemented that allowed tenants to claim ownership of their apartment free of charge.

The privatisation process progressed rapidly: Nationally, a total of 28.6million homes were transferred to tenants by 2010 and in 2012 86% of stock was privately owned. In St. Petersburg, the privately-owned housing stock grew from 15% of the stock in 1990 to 61% in 2003. Correspondingly, state and municipal housing stock decreased from 85% of the stock in 1990 to 38% in 2003. One objective of the policy was to shift responsibility for maintenance from the state to residents.

Transferring the housing and communal services to local governments was part of the municipal self-government reform that declared local governments independent from the state in the beginning of the 1990s. In the Soviet Union local governments had been completely under the state's rule so the reform was expected to change the situation profoundly and bring autonomy to municipalities. However, the high expectations have since proved to have been too optimistic. Local governments' independence in the political as well as in the economic sense of the concept has remained limited while certain social matters have been delegated to local administrations from the state. There are specific arrangements in Moscow and St. Petersburg where the central state retains more powers than in other municipalities.

Despite privatisation, a large amount of housing stock has since been returned to municipalities. The poor quality of stock and the inability of the new owners to meet maintenance costs have led to a growing housing role for local authorities that have many new responsibilities and expectations from residents, but insufficient resources.

Although the situation has parallels in other post-socialist countries, the scale in Russia is greater, and there is no tradition either of ownership or collective responsibility.

State enterprises were obliged to transfer their housing stock to the relevant municipality 'in good condition'. In many cities, such housing was not in good condition, but usually there was a local political decision to accept the transfer anyway despite the municipality not having the resources to maintain the housing. By 2012, there were 15million municipal tenants and municipalities owned 11% of the stock.

Administering the social infrastructure has increased local governments' economic burden as it requires vast financial resources. In practice, local administrations have not been able to gain financial independence but continue to rely heavily on transfers from federal and regional budgets. Therefore, implementation of the housing reform on local level has encountered considerable economic problems.

Rents and charges for housing and communal services in municipal housing have been raised, as housing is no longer as heavily subsidised by the state as it was in the Soviet Union. However, the proportion of households' incomes that are spent on rent and utilities has remained as low as 6%. Russian people are not used to paying full housing costs and cheap, almost free housing is seen as a 'civil right', particularly among the older part of the population.

To ease the tenant's growing burden on housing costs, a 'housing allowance' was launched in 1994. It was the first means-tested programme in Russia. The housing allowance was created to function as a social safety net for the low-income families, providing housing subsidies for poor households.

The housing allowance is managed at the local level and the scheme has been managed very differently across the country. Due to economic and political reasons, many local governments have not raised the prices for housing and utility services and the limit that entitles a household for a housing allowance to the level set by the federal government.

Local administrations have the key role in reforming and maintaining the housing sector, although they are financially dependent on the federal and regional governments. The legal framework of housing is decided by the federal government, but the reform is implemented in practice on local level as local governments decide the rents and service charges as well as housing subsidies. In many cases the local administration also has a double-role in the housing sector as the regulating authority and the holder of a monopoly of housing and utility services in the market.

The Russian municipalities have no comprehensive housing policy of their own. Nevertheless, they are now in practice responsible for the provision of housing related services like maintenance of the buildings, water supply, heating and waste disposal. Total housing and communal expenditures were about 40%–70% of the budgets of many cities by the end of 1990s. With the great changes in tenure, the list of municipal duties in the housing field has also changed. Some duties disappeared. Municipalities are no longer responsible for the provision of housing stock for all residents and the maintenance of all residential buildings. But new duties have come into being, such as control over housing conditions, housing markets, maintenance costs and condominium rules.

Amongst these housing duties there are three of especial importance. One is responsibility for housing provision at a local level. Municipalities are obliged to create conditions that enable everybody to live in good quality housing. The next is provision of housing for socially disadvantaged groups: for key workers and for orphanages and the third is the organisation of public housing allocation. Now municipalities provide housing only for 'registered poor families'.

Regional authorities rather than municipalities determine the level of poverty. The number of families (including singles), registered to receive dwellings fell from 9.6million at the end of 1992 (19% of all families) to 2.8million in 2010 (5%). Despite this statistical improvement, many families who were registered at the end of the 1980s are still on the waiting list.

Municipalities do not have resources for new housing construction. There are also conflicts and competition between municipalities and state agencies for land for housing construction. In 2010, municipal construction companies delivered only 2million m<sup>2</sup> out of a total national construction of 58million m<sup>2</sup>. The share of the housing stock constructed by municipal housing companies fell from 9.2% in 2000 to 3.4% in 2010, while private companies constructed 50million m<sup>2</sup> in 2010, that is, 86% of total housing stock.

There are also other serious municipal housing responsibilities. One of these is for physical planning and local infrastructure: particularly heating, water and sewerage. In practice, some municipalities lack capacity for provision of electricity and water and other necessary infrastructure, and as a result many already constructed houses can be empty for many months. There is a duty to develop local housing-related policy, or at least to implement the housing policy of the state. There is also a duty of control, arbitration and education: local authorities and their special boards inspect the houses and estimate the rate of wear, and they take control of the management and maintenance of private housing stock, as a response to citizens' demands, as residents cannot rely on private companies. Finally, wherever they own stock, municipalities have all the duties of a landlord.

New housing rental projects have recently been created by municipalities (without the right to privatise these flats). These include: municipal rental flats for young families; rental of single-family houses for multi-children families; special housing allowances for private rental tenants for waiting list applicants (up to 50% of rent in the case of official tenancy agreements) and 'new departmental housing' – where municipalities in partnership with large enterprises and regional authorities have started construction of new multi-flat buildings consisting of rental flats.

The decision to move from the state ownership of housing to private ownership in the 1990s was ambitious and has not been entirely successful mainly because:

- There is no tradition of home-ownership in Russia.
- There is large-scale deterioration in the housing stock and a high proportion of disrepair.
- There is a lack of resources with neither municipalities nor private owners being able to afford to maintain homes adequately.

There are obviously significant differences between the United Kingdom and the Russian Federation; not least because of the policies that were pursued in Russia during the Soviet period, cultural differences and the lower level of resources in the Russian Federation. However, it appears to me that there are some interesting parallels including:

- A focus during most of the twentieth century on the public provision of rented housing at low rents for working families.
- A shift towards privatisation in the late twentieth century that occurred in Britain after the 1979 election and in Russia after the fall of the Soviet system in 1991 and that in both countries included offering tenants a 'right to buy' with the Russian approach being the more radical. Furthermore, in both countries the policy was motivated by a wish to reduce the liabilities of central government for housing maintenance.
- A shift from a system based on low rents to one based on 'housing benefit' that has gone a long way in Britain but has made limited progress in Russia.

- A recognition in the 21<sup>st</sup> century that the market approach is not providing sufficient housing or sufficient resources for maintenance resulting in an increased role for municipalities but concerns remain about whether municipalities are adequately resourced.

My perception is that a high proportion of housing in St. Petersburg is still poorly maintained; and it appears to me that the current approach in the Russian Federation is unlikely to address this issue adequately.

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## **Community Housing Fund**

The Community Housing Fund is designed to support community-led housing through supporting community groups to deliver mixed tenure affordable housing to help to increase housing supply. It is intended to 'put local groups in the driving seat' and help them to deliver affordable housing aimed at first-time buyers in response to the problem second homes can cause.

Community-led housing is defined as follows in government guidance:

- A requirement that the community must be integrally involved throughout the process in key decisions (such as what? Where? And for who?). They do not necessarily have to initiate and manage the development process, or build the homes themselves, although some may do.
- A presumption in favour of community groups that are taking a long-term formal role in ownership, management or stewardship of the homes.
- A requirement that the benefits to the local area and / or specified community must be clearly defined and legally protected in perpetuity.

In the Budget of 2016, the government announced it would use some of the funding raised from the Stamp Duty Land Tax surcharge to provide additional properties to communities affected by second homeownership and to address the crowding out of first time buyers in these communities.

In December 2016, Gavin Barwell MP, then Minister for Housing, announced a new annual fund of £60million to help 148 councils to tackle the problem of high levels of second homeownership in their communities.

Second home ownership in England is at an all-time high and is perceived to be a problem as it crowds out first time buyers and causes a shortage of available properties. Often second homes stand empty for a large proportion of the time that can also affect community cohesion, affect the demographics of an area and distort local housing markets.

One third of the funding - almost £20 million - will be allocated directly to local authorities in the South West as this is the most popular region for second homes in England. It accounts for 21% of all second homeownership.

The government has worked with the following stakeholders to develop the policy and expect them to work with their respective local authority:

- Community Land Trusts Network
- Locality
- Confederation of Co-op Housing
- Nationwide Foundation
- Community Housing Alliance
- Rural Coalition



When launching the scheme, Gavin Barwell said:

*“The high number of second homes can be a frustration for many who struggle to find an affordable home in their community. This new fund will help tackle that by boosting supply and make sure community groups are at the heart of delivering new homes so that this is a country that works for everyone. I saw for myself the great work community land trusts do on a recent visit to Cornwall and we want them to do much, much more.*”

*“The funding will be targeted at the community-led housing sector and distributed to groups via local councils who know their area’s needs best. Allocating the funding to these housing organisations will put communities centre stage in deciding what type of housing is most needed. It will also offer an income stream to community organisations, in turn allowing them to reinvest in more housing or in other activities or services which will benefit their area.”*

Catherine Harrington, Director of the National Community Land Trust Network said:

*“We are delighted that the government is backing community-led housing with this new fund. Every few days a new community-led housing provider forms to take housing into their own hands, providing homes that are affordable to local people. This fund could triple the 3,000 homes that Community Land Trusts alone already have in the pipeline. We are now looking forward to working with local authorities to help them use the funding in the way it is needed most and develop a strong community-led housing sector in their area.”*

The first year of funding will be used to build capacity within local groups such as improving technical skills, setting up support hubs to offer advice, business planning and providing staff to review local housing needs.

Funding the following year must then be used to deliver housing on the ground for local people. Local authorities will work closely with community-led housing groups and other stakeholders - such as the Community Land Trusts network or the Home and Communities Agency - throughout to ensure the right tools are in place to ensure efficient delivery of new houses in subsequent years.

The government considers that Community-led housing has many benefits. Planning applications from this sector are currently approved more often than other applications. Local concerns about building new homes can be allayed more easily because of local involvement from the start.

The groups can also be an important link between the community and local authorities, having credibility among residents and directly representing the needs of the community.

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## **New Regulatory Framework for Housing Associations in Wales**

In June 2017, the Welsh Government issued a revised Regulatory Framework that seeks to improve and strengthen their approach to regulation. The new framework has been developed in partnership with key stakeholders, including the Registered Social Landlord sector, its tenants and funders. It is an evolution of the risk based approach to regulation set out in the 2011 Regulatory Framework. In response to a changing and more challenging environment, it aims to ensure that Wales continues to have well governed, financially robust registered social landlords providing high quality and improving landlord services to tenants and service users.

Key elements of the risk based approach of the 2011 Framework remain unchanged including:

- Tenants remain at the heart of regulation with improved accountability and transparency to tenants and other stakeholders

- The underpinning principles of proportionality, transparency and openness, consistency and promotion of learning and development, are unchanged
- The approach to regulation continues to be founded on co-regulation

The revised approach provides a focus on continuous improvement and a clear regulatory judgement. New performance standards place a stronger focus on decision making, leadership and financial viability aligned with the way effective organisations actually run their businesses. There is a new requirement for Associations to provide an annual statement of compliance with the performance standards.

The new Framework recognises the autonomy and independence of Housing Association Boards with an increased focus on good governance, specifically on how the Board is assured that its primary responsibility of ensuring the effective running of the RSL is fully and properly discharged.

The key features of the framework are:

- Performance Standards
- Self Assessment
- Annual Statement of Compliance
- Meeting Performance Standards and Capacity to Improve
- Regulatory Judgements
- On going Regulatory Assurance and Oversight – Continuous Assessment
- Regulatory Powers

There are ten Performance Standards as follows:

- Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord.
- Effective and appropriate tenant involvement and high quality and improving services.
- Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements.
- Clearly evidenced self-evaluation and statement of compliance.
- A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues.
- Delivering value for money in all areas of the business.
- Compliance with regulatory and statutory requirements and guidance.
- A financial plan which delivers and supports the business plan and effective monitoring of financial performance.
- Effective management of treasury operations ensuring sufficient liquidity at all times.
- A clear understanding of liabilities and asset performance.

The Regulatory Framework (2017) withdraws and replaces the Regulatory Framework for Housing Associations Registered in Wales (December 2011) with effect from 1st June 2017. A copy of the new regulatory framework can be downloaded from: <http://gov.wales/docs/desh/publications/170612-housingregframework-en.pdf>

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### **Glasgow to develop sustainable solutions to fuel poverty with €4.1million EU grant**

More than €4million has been awarded to Glasgow City Council to develop sustainable solutions tackling issues such as fuel poverty, ageing infrastructure and air quality on its new smart street district.

The €4.1million European Union Horizon 2020 programme grant will be used to develop initiatives, such as intelligent energy management systems, which make sharing of energy possible between the various buildings within Glasgow's new smart street district, that runs from George Street, Duke Street and ends at the former meat market site.

Together with the University of Strathclyde, SP Energy Networks, Siemens, Transport Scotland, Tennents Brewery and Glasgow Housing Association, a package of innovative sustainability measures has been developed. This will involve the deployment of sustainable energy sources such as efficient heat networks, solar panels, urban wind turbines, and energy storage installations, along with energy efficiency improvements for local residents.

In addition to improving energy use in buildings, the project will enhance the provision of electric vehicle charging infrastructure within the smart street area, and explore the opportunities around charging through renewable sources, energy management and support to the local electrical grid.

Councillor Anna Richardson, Glasgow city convener for sustainability and carbon reduction, told the 'Scottish Housing News' that:

*"This funding from the European Commission will allow Glasgow to benefit from the use of sustainable technologies in tackling issues such as fuel poverty, ageing infrastructure and air quality. Cutting carbon emissions, tackling climate change and increasing access to affordable energy for city residents are key priorities. It will help create job opportunities and contribute to improving the quality of life for residents living and working in the smart corridor district.*

*"Glasgow is striving to become one of the most sustainable and resilient cities in Europe and harnessing renewable energy and securing future energy supplies for our citizens are a major part of that aspiration. With this official acknowledgement by the European Commission, Glasgow will continue its journey initiated by Sustainable Glasgow and Future Cities initiatives, maintaining our position as a leader in the development of sustainable and smart cities."*

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## **Funding of Supported Housing**

I hope that the new government will give urgent attention to the future funding of Supported Housing.

The capping of Housing Benefit at the level of the Local Housing Allowance combined with slow progress on developing an alternative way of funding Supported Housing has caused uncertainty in the sector. This has led to an end to new developments and the closure of some schemes as has been reported in 'Inside Housing'.

The former government's proposals, contained in their statement of September 2016 and their consultation paper of November 2016 based on cash-limited locally administered 'pots', were not fully thought through – hence the need for a consultation paper.

The Parliamentary Select Committees for Communities & Local Government and Work & Pensions, have considered the government's proposals and issued a report in May 2017. The committees proposed that the Government introduce 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 also proposed that emergency accommodation be 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.

It is to be expected that the government will be concentrating on the Parliamentary arithmetic and on Brexit and there will be a new Housing Minister. However, if confidence is to be restored, housing is to be provided for vulnerable people and unmanageable pressure on health and social care services is to be avoided, the new government will have to act with urgency to address the Funding of Supported Housing.

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### **Building New Affordable Housing**

The loss of the government's overall majority at the general election last month has led to the shelving of many policies including several on housing.

However, it would be a pity if everything was put 'on hold' as it appears that everyone is agreed that there is an urgent need to build more 'affordable' homes. The 'balanced Parliament' may also provide an opportunity to seek some cross-party consensus on at least some aspects of housing policy.

The Conservative manifesto contained an interesting proposal to build more 'affordable' homes through a series of bespoke 'deals' that would be struck between the government and individual local authorities and housing associations. These 'deals' would provide local authorities with more 'borrowing headroom' and all landlords with greater flexibility around rents in return for building more affordable homes, possibly supported by grant.

Many commentators pointed out that the details did not appear to have been thought through, and criticisms were made of the policy when Gavin Barwell (then Minister for Housing) divulged that the new homes would be for 'affordable' intermediate rent housing rather than social housing as the original announcement had implied.

However, the Conservatives are still in office and something still needs to be done to build more 'affordable homes'. Very little was said about housing in the Queen's speech, but it appears that these ideas could be developed without primary legislation.

Building more 'affordable' homes would not only provide new homes but would also promote economic growth and mitigate the effects of austerity.

A month after the election result was declared, I think an announcement from Ministers about how they now intend to ensure that more 'affordable' homes are built is now overdue.

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### **Grenfell Tower**

On 14th June 2017, a fire occurred in Grenfell Tower, a block of high-rise flats owned by Kensington & Chelsea Borough Council and managed by the Kensington & Chelsea Tenant Management Organisation. It resulted in many fatalities and in all the surviving residents becoming homeless. It is clearly important to establish why the fire occurred and what needs to be done to prevent such a fire occurring again.

I am sure that we have all been shocked by the revelation that many other high-rise flats are unsafe due to the use of inflammable cladding materials. In my experience, social landlords have always been acutely aware of the need to ensure that proper precautions are taken against fire, and since the fire at Lakanal House in 2009 the need to prevent fires from starting and spreading has been highlighted and become a focus of the work of Homes & Communities Agency inspectors. I am therefore at a loss to explain how this has happened.

Some commentators have suggested that a lack of resources may be the problem. It is true that social landlords have had their resources constrained by central government legislating for reduced rents and imposing a 'borrowing cap' on local authorities. However, social landlords who have objected to this have complained that it prevented them from building new homes rather than preventing them from making existing homes safe. I think that budgets should be based on Value for Money and that should mean a priority for spending money on the safety of residents.

The government's proposals for addressing these issues through a public enquiry were included in the Queen's speech. It is to be hoped that the enquiry will establish the facts and identify solutions promptly, and that these will be implemented.

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### **AWICS Website**

We have updated some pages on our website, including the following:

- Surveys, Questionnaires and Feedback - <http://awics.co.uk/questionnaires-and-feedback>
  - Management Consultancy Services in Scotland - <http://awics.co.uk/services-in-scotland>
  - Management Consultancy Services in Wales - <http://awics.co.uk/services-in-wales>
  - Management Consultancy Services for Legal Practices - <http://awics.co.uk/management-consulting-for-legal-practices>
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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.

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### **AWICS Surveys**

At AWICS we value feedback from our clients and from users of our website. This is for two reasons:

- We actively seek feedback from clients so that we can evaluate what we are doing now and use the information to improve our services in future.
- We like to have a dialogue with clients and users of our website so that we can understand their developing needs and provide services to meet them as part of a long-term commercial relationship.

We have therefore developed a series of surveys and questionnaires that can be found at: <http://awics.co.uk/questionnaires-and-feedback>

These include a survey about our seminars. Whether or not you have attended one of our seminars recently, I would be grateful if you could assist us by completing our short survey. It can be found at: <https://form.jotformeu.com/71926426584364>

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## **All You Want to Know About Local Authority Housing Finance 2017**

We are holding our next session of 'All You Want to Know About Local Authority Housing Finance' on 27th September 2017. This seminar is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

This seminar is designed for people who are not experts in housing finance, but who need to understand the basics and achieve an overview of what is going on. It is suitable for councillors, housing managers, tenant representatives, finance staff who have limited experience of local authority housing finance and others who realise that an understanding of housing finance can place them at an advantage!

Do you think that a working knowledge of local authority housing finance would put you and your colleagues in a position of advantage?

### **The session will answer the following questions:**

- How does the Housing Revenue Account work?
- How does the Housing General Fund work?
- How does the Housing Capital Programme work?
- What is going on in the world of local authority housing finance?
- What are the Financial Opportunities and Threats for Local Authority Housing?

The session is fully up to date and refers to recent government policies on the funding of supported housing, the sale of high value council homes, annual reductions in social and affordable rents of 1%, voluntary near market rents for tenants on high incomes, welfare reform, the Welfare Reform and Work Act, the Housing and Planning Act; and the implications of 'Brexit'. The session is accompanied by a very useful hundred-page book that is designed for reference after the session entitled: "**All You Want to Know About Local Authority Housing Finance 2017**"

**Venue and Date: London:** Novotel Hotel, Waterloo – 27<sup>th</sup> September 2017.

The price of the seminar is £250 plus £50 Value Added Tax, making a total of £300.

For further information or to make a booking, please click here: <http://awics.co.uk/lahfin17>

To download a copy of our brochure, please click here: <http://awics.co.uk/show-doc.asp?fname=all%20you%20want%20to%20know%20about%20local%20authority%20housing%20finance%20%E2%80%A2%202017.pdf>

## Other AWICS Seminars

Our next seminars are as follows:

- All You Want to Know about Local Authority Housing Finance.
  - London – 27<sup>th</sup> September 2017
- All You Want to Know about Service Charges in Social Housing
  - London – 10<sup>th</sup> October 2017
- All You Want to Know about Housing Association Finance.
  - Leeds – 24<sup>th</sup> October 2017
- Housing Business Planning in an Uncertain Environment
  - London – 7<sup>th</sup> November 2017
  - Leeds – 21<sup>st</sup> November 2017
- All You Want to Know about Local Authority Finance
  - Leeds – 21<sup>st</sup> November 2017

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

Feedback that we have received at our seminars can be found at: <http://awics.co.uk/course-feedback>

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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>
- Technical Books - <http://www.awics.co.uk/publications.asp>
- Information Service - <http://www.awics.co.uk/aboutUs.asp>

## 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!

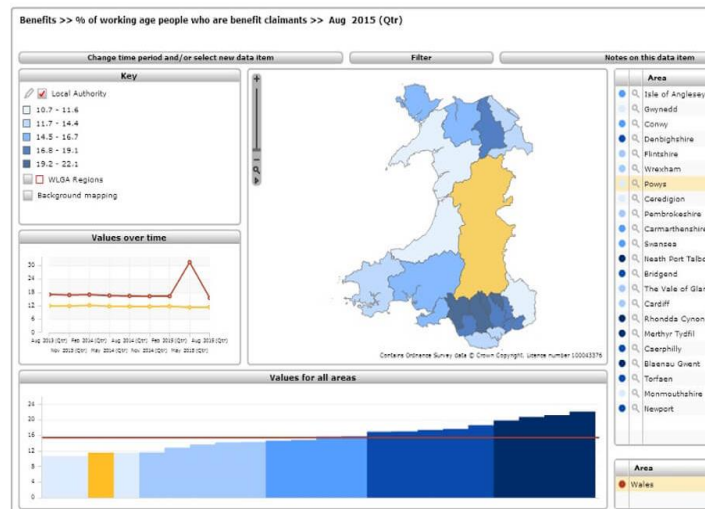
### InfoBaseCymru




- 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.



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