

AWICS Housing News

May 2019



Adrian Waite presenting an in-house session of 'All You Want to Know about Service Charges in Social Housing' at Rochdale Boroughwide Housing in November 2018

Contents:

The Housing Crisis in England	1
Homelessness	3
Social Housing Green Paper	5
Brexit and Housing Associations	7
Budget 2018 – The Implications for Housing	9
The Sheerwater Regeneration scheme in Woking	11
Housing in Scotland	12
Housing in Berlin	13
Editorial note, AWICS Surveys, Developments in Local Authority Housing Finance	14
Other AWICS Seminars	15
About AWICS	16

The Housing Crisis in England

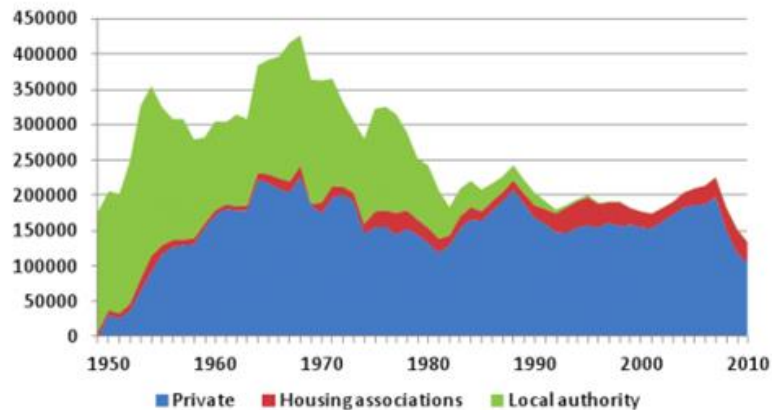
Housing in England is becoming less affordable. Data published by the Local Government Association shows that the ratio of lower quartile house price to lower quartile gross annual (workplace-based) earnings in England has increased from 6.57 in 2013 to 7.29 in 2018.

The lower quartile housing affordability ratio is calculated by dividing house prices by gross annual earnings, based on the lower quartile of both house prices and earnings. It is a measure of the affordability of housing for the quartile of the population with the lowest incomes.

AWICS Ltd., PO Box 17, Appleby in Westmorland, Cumbria. CA16 6YL. Tel: 017683-51498.
Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk

Managing Director: Adrian Waite MA CPFA CIHM FInstLM. Registered office: c/o Butterworths Solicitors, 3 Walker Terrace, Gateshead, Tyne & Wear, NE8 1EB. Company Number: 3713554. VAT Registration Number: 721 9669 13.

One of the drivers of unaffordability is the fact that insufficient new homes are constructed each year. It is generally accepted that 300,000 new homes are required each year, and this has been accepted as a target by the Ministry for Housing, Communities & Local Government; but this level of house building hasn't been achieved since the 1970s when there was a substantial council house building programme.



Graph showing the number of new homes built since 1950

The National Housing Federation, the G15 (the fifteen largest housing associations) and Homes for the North have commissioned research that shows that completions of new homes in England will reach 260,000 in 2021, more than the 222,000 built in 2017/18 but still fewer than required. The research also concludes that it is far from certain that this level of house building will continue after 2021 because of a slowing private market and the effects of Brexit. Affordable housing is part-funded by government grant (provided through Homes England and the Greater London Authority). However, the proportion of funding that is met by grant has declined from about 50% before 2008 to about 12% now. The research concludes that, if 300,000 homes are to be built each year there is a need for this grant rate to be increased. Grant rates are already higher in Scotland and Wales than they are in England.

However, Melanie Dawes, Permanent Secretary at the Ministry for Housing, Communities & Local Government, told the Public Accounts Committee that:

"We have got a pretty comprehensive strategy but wouldn't say at this stage that we have all the ingredients we need to get the 300,000 on the table. In particular, we don't have information yet on our capital budgets beyond this Spending Review period."

In March 2019, the Ministry for Housing, Communities & Local Government published statistics on the 'Right to Buy'. Councils in England sold 2,645 dwellings under the scheme from October to December 2018, while only 1,038 replacements were started on site or acquired. This represents a 9.4% increase in sales on the previous quarter and a 32% fall in starts or acquisitions. The number of sales in the last quarter of 2018 is around four times higher than in the year before reinvigoration of the Right to Buy, with increased discounts in April 2012. Since the reinvigoration of Right to Buy, 75,618 homes have been sold, while just 21,890 homes have been started or acquired to replace them. Clearly council homes that have been sold are not being replaced.

At the same time, the BBC reported the findings of a survey of 139 former council tenants who bought their homes under right to buy that found that they resold them for profit within one month with the value of the resold homes creating a £2.8million collective profit. The analysis showed that homes in Britain bought under 'right to buy' had been sold on for £6.4billion in collective profit since 2000.

In October 2018 the Chartered Institute of Housing published research that showed that more than 150,000 of the most affordable rented homes have been lost across England in just five years and predicted that loss will reach nearly 200,000. Their analysis showed that 'Right to Buy' discounts had climbed to £1billion a year, costing local authorities £300million a year. According to their calculations, reducing discounts by just a third could free up enough funds to deliver an extra 12,000 homes a year.

I think we need a radical re-think around how we are to provide the new homes, and especially affordable new homes that are needed. We need to provide opportunities for social tenants to become owner-occupiers but not at the expense of people in housing need. We need affordable housing to be adequately funded.

I argued for increased grants for affordable housing in my response to the government's social housing green paper in 2018 (see below). I also argued that the self-financing settlement should be re-visited to release resources so that local authorities could take full advantage of the raising of the borrowing cap to build new council houses, as was envisaged when self-financing was first proposed; and that local authorities should have the right to suspend the 'right to buy'.

Meanwhile, there are things that local authorities and housing associations can do to tackle the housing crisis including:

- Innovative ways of funding new homes
- Using Prudential Borrowing following the lifting of the Borrowing Cap
- Developing through Local Housing Companies and other arms' length vehicles
- Working in partnership with other organisations

Homelessness

One of the most serious consequences of the shortage of housing is the increase in homelessness.

Some disturbing statistics about local authority homelessness services were released recently in a report commissioned by St Mungo's and Homeless Link. Between 2008/09 and 2017/18, spending by English local authorities on homelessness-related activity fell by 27% from £2.8billion to just over £2billion. But within these figures, spending on family homelessness increased by more than 20%, while spending on single homelessness fell by more than 50%. It appears that with reduced budgets, councils have been forced to prioritise emergency accommodation for homeless families at the expense of support for single homeless people.

The Local Government Association has published the results of a survey that it conducted in November 2018 into the implementation of the Homelessness Reduction Act. They found that homelessness presentations and the use of temporary accommodation have both increased since the Act was implemented. The Act has seen an increase in the number of presentations from people who weren't previously covered by statutory provisions – current or recent rough sleepers, and people without local connections. However, presentations from people in priority need have also increased. For most councils, the number of people in both temporary and emergency accommodation has increased as a result of the Act: 61% of respondents have seen increases in the number of people in temporary accommodation, including 21% for whom these increases were significant.



Homelessness has increased, is increasing and should become a thing of the past

The Homelessness Reduction Act that was intended to increase help for people not in priority need may be having the unintended consequence of focusing resources on crisis management rather than early intervention because when councils are faced with the choice of where to spend reduced resources, taking money out of preventive or early intervention services is less likely to put them in breach of their statutory duties.

It appears that the euphoria that surrounded the passing of the Homelessness Reduction Act is starting to fade, with the Local Government Chronicle reporting that:

“One year on from the introduction of the Homelessness Reduction Act the number of households in temporary accommodation has gone up while gatekeeping behaviour by housing officers is continuing.”

And ‘Public Finance’ reporting that:

“A £1billion drop in annual council spending on homelessness support in England should be a ‘wake-up call’ for the government.”

Councillor Farah Khanum Hussain (Labour), the Cabinet Member for Housing & Homelessness at Redbridge Borough Council told the Housing, Communities & Local Government Select Committee in March 2019 that the £285,000 received by her council fell far short of the £2million they estimated they would need to implement the act.

Between 2008/09 and 2017/18, the number of rough sleepers more than doubled and the number of households accepted as eligible for homelessness support rose by more than a third. Crisis estimates that there were 160,000 homeless people in Britain in 2017 and that their numbers increased by 33% between 2011 and 2016. In 2017, 600 rough sleepers died in England & Wales at an average age of 47.

It appears that, despite the legislation, the reduction in funding is preventing councils from achieving the desired outcome: to reduce and then eliminate homelessness.

There is clearly a need for a more robust and better resourced approach to tackling and eliminating homelessness.

Social Housing Green Paper

The Ministry for Housing, Communities & Local Government finally published its Green Paper on Social Housing on 14th August 2018. Entitled 'A new deal for social housing', the Green Paper is wide-ranging and includes five chapters as follows:

- Chapter 1 – Ensuring homes are safe and decent
- Chapter 2 – Effective resolution of complaints
- Chapter 3 – Empowering residents and strengthening the Regulator
- Chapter 4 – Tackling stigma and celebrating thriving communities
- Chapter 5 – Expanding supply and supporting home ownership

The Social Housing Green Paper is available on the Ministry for Housing, Communities & Local Government website at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733635/A_new_deal_for_social_housing_print_ready_version.pdf

The government also published a consultation paper alongside the Green Paper on 'The use of receipts from Right to Buy sales'. This is also available on the Ministry for Housing, Communities & Local Government website at: <https://www.gov.uk/government/consultations/use-of-receipts-from-right-to-buy-sales>

The Social Housing Green Paper addresses a range of housing issues but from the point of view of housing finance the main implications are the proposed changes to the way in which new council housing is supplied and the proposed new flexibilities in the use of capital receipts from 'right to buy' sales.

Local authorities have welcomed most of the proposals, not least the abandonment of the policy of obliging local authorities to dispose of high value council homes and the additional flexibilities around the use of capital receipts. However, local authorities also complained that the Social Housing Green Paper did not address the fundamental problems that prevent them from building more council homes and increasing the stock of social housing.

Since 2012, local authorities have consistently argued that the 'borrowing cap' should be either raised significantly or abolished thus allowing them to borrow to fund the building of new council homes. The government's response in the Green Paper was to offer a limited scheme to raise the 'borrowing cap' for specific schemes that address housing need only in areas that the government consider to be under significant housing pressure'. However, under pressure from the sector the government later relented and the 'borrowing cap' was abolished completely in October 2018.

Ever since the introduction of the 'Right to Buy' in 1980, local authorities have been unable to replace the homes that have been sold with new council homes. In 2012 when the reinvigorated 'right to buy' scheme was introduced the government stated that it would ensure that the additional council homes that would be sold would be replaced on a 'one-for-one' basis, but in practice this has not occurred (see above). Many in the sector would like to see the 'right to buy' reformed so that it would no longer lead to a net loss of council housing stock, but the Social Housing Green Paper did not include any proposals of this nature.

Neither did the Social Housing Green Paper propose any increases in the affordable housing programme. Consequently, the Social Housing Green Paper is seen by many in the sector as a missed opportunity.

While the consultation closed in November 2018 the government has yet to respond to the consultation.

I have prepared a briefing paper that focuses on those aspects of the Green Paper that have implications for local authorities and for finance, especially those that relate to expanding supply and supporting home ownership; and on the consultation on the use of receipts from Right to Buy sales. This briefing paper also summarises those issues and the reactions of the sector as well as providing some commentary.

Your free copy of my briefing paper can be viewed or downloaded by clicking here: [https://awics.co.uk/files/module_document_pdfs/social_housing_green_paper - the financial implications for local authorities - briefing paper.pdf](https://awics.co.uk/files/module_document_pdfs/social_housing_green_paper_-_the_financial_implications_for_local_authorities_-_briefing_paper.pdf)

I was among those who responded to the consultation. In my response, I suggest that:

- The role of tenants in the management of local authority and housing association housing should be enhanced. They should be stakeholders rather than customers with a meaningful role in decision-making.
- Complaints processes should be focused on empowering front-line staff to resolve both complaints and the underlying issues that cause repeat complaints.
- Regulation should become more transparent.
- Housing Association Boards should become more accountable.
- Procedures should be put in place to ensure that housing association mergers follow a more transparent process with meaningful tenant engagement.
- Performance Indicators should focus on tenant satisfaction.
- Community-based housing associations should be encouraged to take over the ownership and management of existing local authority and housing association stock as appropriate.
- The balance of government funding for housing should be changed to provide more support for below-market rented housing and grants to support new social housing should be increased.
- Local authorities should be given more flexibility over the management of 'right to buy' and 'right to buy' receipts should be localised.
- The self-financing settlement should be revisited to take account of reduced rents, the need to spend more on major repairs and to provide 'headroom' to fund new development.



The Impact Housing Association Annual General Meeting

My observations on the role of the regulator are largely based on the example of the recent take-over of Impact Housing Association by the Riverside Group that I thought exposed weaknesses in the current approach to regulation, accountability and mergers.

I also comment that:

“It is generally agreed that government and housing providers should support home ownership. However, at present the government devotes 80% of its budget to supporting people into home ownership and only 20% on providing social and affordable rented housing and tackling homelessness. In my view the balance of funding should be shifted towards providing social and affordable rented housing and tackling homelessness and government statements that this may happen should be welcomed. If house-building could be increased to the 300,000 to 350,000 a year that the government has suggested that would benefit those who aspire to own a home as well as those who aspire to rent a social or affordable home.”

To view or download a copy of my response, please click here: https://awics.co.uk/files/module_document_pdfs/social_housing_green_paper_-_awics_response.pdf

Brexit and Housing Associations

The European Union has never involved itself in housing policy and there are NO European regulations affecting housing in Britain or any other member state. The UK government makes housing policy in England and it is a devolved responsibility in Northern Ireland, Scotland and Wales. However, the impact that Brexit will have on housing associations and their ability to provide affordable homes will be negative and significant in all parts of Britain.



The European Commission in Brussels

The Regulator of Social Housing is giving advice to housing associations about what they should do about Brexit. Speaking to the Social Housing Annual Conference in January, Simon Dow, the Chair of the Regulator, referred to the Bank of England’s forecasts about the effects of a ‘disorderly Brexit’ on the economy. These include a fall in Gross Domestic Product of 8%, an increase in unemployment to 7.5%, an increase in inflation to 6.5%, a reduction in house values of 30% and an increase in interest rates to 5.5%. These would all have an adverse impact on housing associations. He then advised that:

“Providers must be stress testing for Brexit and ensuring that they have the mitigation strategies in place that they can implement.”

Following this, Paul Hackett, Chief Executive of Optivo Housing Association told the ‘Inside Housing’ magazine that they had stress tested a scenario where property values fell by 35% resulting in a 25% reduction in the number of new homes developed.

He concluded that government would have to mitigate this by more than doubling what it was prepared to provide in grants:

“We would need to have a conversation with government about using grant in a counter-cyclical way... On rented homes, we would need around 50% of cost on new builds (in grant) ... This would be higher if shared ownership was taken out of the picture.”

However, Jeanne Harrison of Moody’s told ‘Inside Housing’ that:

“Government support for associations (through grants) ... could also decline if the public finances are stretched as the government attempts to mitigate the broader impacts of... Brexit.”

Another credit rating agency - Standard & Poor’s - has warned that a no-deal Brexit would lead to the downgrading of the credit ratings of about half the housing associations in Britain with associations that provide market sale housing being downgraded the most. They told ‘Inside Housing’ that:

“We can reasonably expect certain negative shocks to the UK social housing sector... Sharp declines in house prices and the higher average inflation in... 2020/21... would shrink operating margins which, in turn, would reduce earnings before interest, tax, depreciation and amortisation margins. Moreover, we forecast a reduction in social housing lettings while we consider housing associations will increasingly struggle to increase social housing rents in 2020/21.”

Lower credit ratings would make it more difficult for housing associations to raise loans and would increase the interest rates at which they could borrow. Many housing associations are borrowing extensively in advance of Brexit to mitigate the risk of not being able to borrow afterwards.

The construction industry is dependent on imported components and labour. The UK imports £10billion of construction materials a year and the proportion of construction workers from outside the UK is 20% nationally and 56% in London. A falling pound, tariff and other barriers at ports and the ending of Free Movement is likely to result in increased construction prices and shortages of materials and labour.

To assess the possible impact on housing associations I have selected one at random – The Liverpool based Riverside Group – and done some rough calculations of the effects of Brexit based on their accounts for 2017/18 and the forecasts identified above. They include:

- Increase in inflation to 6.5% - increased management costs £2.8million, increased support costs £4.5million, increased maintenance & major repairs costs £3.8million. Total increase £11million a year.
- Increase in interest rates to 5.5% - increased capital financing costs of £80million a year.
- Reduction in property values of 30% - reduction in property values resulting in an Impairment charge of £543million in the first year.

In 2017/18, the Riverside Group’s surplus on ordinary activities was £60million. My simple stress test suggests that Brexit Riverside could face a deficit of £574million in the first year of Brexit and a deficit of £31million in subsequent years. This would end the association’s ability to build new homes and would call its financial viability into question.

Government controls the rents that housing associations can set. In 2015, it was decided that rents in England would be reduced in cash terms by 1% a year from 2016 to 2019. These reductions were designed to reduce government expenditure on housing benefits but have squeezed housing association finances making it more difficult for them to build new homes.

Government has announced that from 2020 housing associations in England will be able to increase rents by inflation plus 1% each year. However, if inflation rates increase to 6.5% as predicted by the Bank of England, that would result in rent increases of 7.5% a year. This would cause a corresponding increase in government expenditure on housing benefits and would make rents less affordable for tenants who are not eligible for housing benefit. In these circumstances it is likely that any government would return to a policy of below inflation rent increases that would put further financial pressure on housing associations.

Even though Britain has not yet left the European Union, these problems are already becoming apparent. London & Quadrant Housing Association, the largest in London, told its staff in an email in January that its financial performance during 2018/19 has been disappointing. The email said that:

“A weaker, more uncertain economy has led to a downturn in the property market... We expect to make a surplus of about £170 million this year, rather than the £342million we based our plan on.”

And a spokesman for the Association told ‘Inside Housing’ that:

“The United Kingdom is in an unprecedented period of political and economic uncertainty... We must look at our short-term priorities, adapt where necessary and act prudently.”

In 2016, many people voted for Brexit because they wanted to protest about poorer communities being marginalised – including not having enough affordable homes. There is widespread agreement that this issue must be addressed. However, Brexit will make it significantly more difficult for housing associations to provide the increased number of affordable homes that are needed. If we really want to address the housing crisis I think that we should remain in the European Union.

Budget 2018 – The Implications for Housing

Phillip Hammond presented his 2018 budget on Monday 29th October. In it he announced the government’s spending, tax and borrowing plans from 2019/20 to 2022/13. It is of even more interest than usual to those of us who are involved in housing.

In his introduction to the budget, Philip Hammond said that the budget reductions that have been made since 2010 were necessary and not ideologically driven and that:

“The era of austerity is finally coming to an end.”



Dark skies over Westminster where Philip Hammond delivered his budget

AWICS Ltd., PO Box 17, Appleby in Westmorland, Cumbria. CA16 6YL. Tel: 017683-51498.
Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk

Managing Director: Adrian Waite MA CPFA CIHM FInstLM. Registered office: c/o Butterworths Solicitors, 3 Walker Terrace, Gateshead, Tyne & Wear, NE8 1EB. Company Number: 3713554. VAT Registration Number: 721 9669 13.

There is an additional £500million for the housing infrastructure fund taking the total budget to £5.5billion to unlock a further 650,000 homes. Philip Hammond also announced support via Neighbourhood Planning to build homes for sale discounted in perpetuity for local people in 500 neighbourhoods. The 'Help to Buy' Equity Loan scheme will be extended for two years to 2023 and will be limited to first-time buyers

The government has allocated £653million to nine housing associations. These allocations come from the existing funds in the Affordable Homes Programme and follow Homes England's announcement in July that it had signed eight partnerships with associations to deliver 14,280 homes. The deals will run until 2021/22, when the current programme ends. The prime minister has already announced £2billion for the following programme in 2028/29.

Philip Hammond also allocated £291million of previously announced money from the Housing Infrastructure Fund to a scheme in East London proposed by the Greater London Authority. It has proposed improving the Docklands Light Railway to unlock 18,000 new homes in the area.

It had already been announced that the cap on borrowing by local authorities in the housing revenue account was to be abolished on 30th October. Prior to the budget, the Local Government Association has calculated that this could generate £320billion of economic growth over fifty years. On the HM Treasury website, it is stated that:

"From today in England the government is lifting the cap on the amount of money local authorities are able to borrow to build housing. Local authorities fund housing through a separate Housing Revenue Account (HRA). The Welsh Government is also taking immediate steps to lift the cap in Wales."

Lord Gary Porter said that:

"The last time we built enough homes councils built 40% of them. We need to get back to those levels if we're to tackle our housing crisis, which is why we need to look towards delivering a new generation of 100,000 high quality social homes a year."

"The gains are enormous. Investments in social housing could generate returns up to £320billion over fifty years, helping countless families along the way by creating local jobs and building homes people need and can afford.... The chancellor has a real opportunity to deliver a once-in-a-lifetime change that could benefit thousands of people across the country. We encourage him to take it."

According to the Office for Budgetary Responsibility's estimates, councils will build 20,000 extra homes between now and 2023/24 because of the abolition of the cap. This is a lower estimate than those that have been published by the Local Government Association and by consultants. The Office for Budgetary Responsibility also calculates that this increase will be partly offset by a decrease in housebuilding by private housebuilders and housing associations, leading to a net increase of just 9,000 homes over the next five years. According to government estimates in the Budget, abolishing the cap will cost £4.7billion over five years, starting at £95million this year and rising to £1.2billion by 2023/24.

Philip Hammond described Universal Credit as a:

"Long overdue and necessary social reform (that will) help to drive growth and employment in the years ahead... but I recognise the genuine concerns."

Philip Hammond announced a package of measures costing £1billion over five years to fund additional protections as exiting claimants move onto Universal Credit.

Work allowances will be increased by £1,000 a year at a cost of £1.7billion, benefitting 2.4million working families with children and people with disabilities. The government calculates that working parents and people with disabilities claiming Universal Credit will be £630 better off each year. People will also receive extra help as they move from their existing benefits to Universal Credit at a cost of £1billion and there will be targeted support for people repaying debts.

Philip Hammond said that:

“Universal Credit is here to stay, and we are putting in the funding it needs to make it a success, because on this side of the house we believe that work should always pay.”

This budget provides for increased public expenditure and reduced taxation funded by continued government borrowing. The government’s macro-economic policy appears to be based on running a permanent government deficit as a way of compensating for low levels of demand in the economy caused by low exports and investment; coupled by encouraging households to borrow and spend rather than to save.

Most of the planned increases in public expenditure are in the National Health Service. The increases for other public services including local government, housing, the police and welfare are more modest and are increases when compared with previous plans. The planned reductions in welfare budgets of £17billion are apparently still to be implemented. Whether this represents an end to austerity is probably a matter of opinion rather than a matter of undisputed fact! What is an undisputed fact is that balancing the budget over the term of the economic cycle (which was the ‘Golden Rule’ of public finance from 1997 to 2008) is no longer an objective of the United Kingdom government. However, there are fears that continuing to accumulate public debt that is already at record levels is unsustainable.

I have prepared a briefing paper that summarises the implications of the budget for public services including housing, the reactions to it from the sector and provides some commentary. To view or download your free copy, please click here: [https://awics.co.uk/files/module_document_pdfs/budget_2018 - the implications for public services - briefing paper.pdf](https://awics.co.uk/files/module_document_pdfs/budget_2018_-_the_implications_for_public_services_-_briefing_paper.pdf)

The Sheerwater Regeneration Scheme in Woking

Since August 2018, AWICS has been the Independent Tenants' Advisor for the tenants of Sheerwater in Woking where there is a regeneration scheme. Plans to transform Sheerwater were approved by Woking Borough Council in April 2017. By using the existing sense of community, the regeneration provides an exciting opportunity to create a thriving, balanced and sustainable community for the future that meets the housing needs of residents.

The regeneration will allow local people of all ages to benefit from high quality new homes, excellent leisure and retail facilities, open green spaces and improved transport links, as well as a local centre that blends social, retail, recreation and community uses. It will also provide economic benefits for local people and businesses by offering local job opportunities and ensuring that much of the money spent on the scheme is spent with local companies. A wide range of house types will ensure a choice of modern, spacious, energy efficient homes that are economic to maintain, and flexible enough to satisfy diverse and changing needs.

In April 2019 the revised hybrid planning application received planning consent. Work is now expected to start on site within a matter of weeks. A newsletter was sent to residents during the week commencing 15th April 2019.



Flats at Sheerwater

Any secure council tenant who lives in the regeneration area and who has questions or concerns about the Sheerwater Regeneration scheme may contact the Independent Tenants' Advisor for advice. We can be contacted free of charge by telephone or email as follows:

- Freephone helpline number: 0800-321-3461
- Email address: sheerwater@awics.co.uk

For further information about our work at Sheerwater, please click here: <https://awics.co.uk/a-new-vision-for-sheerwater>

Housing in Scotland

The Scottish Government has published a report 'Social Tenants in Scotland' that provides interesting statistics about social housing and tenants in Scotland and makes interesting comparisons between social housing in Scotland, Wales and England.

Interesting conclusions include:

- In 2017, 23% of homes in Scotland were social rented, compared with 17% in England and 16% in Wales.
- 34% of social rented households in Scotland spent more than 30% of their net income on housing costs in the period 2015/16 to 2017/18, lower than the equivalent figures of 49% for England and 48% for Wales.
- In 2017/18, the £70.73 average weekly local authority rent in Scotland was around 18% lower than in England (£86.71), and around 16% lower than in Wales (£84.65).
- The £82.28 average weekly housing association rent in Scotland was around 14% lower than in England (£95.59), and around 6% lower than in Wales (£87.10).
- Between 2007/08 and 2017/18, the supply of affordable housing in Scotland was a third higher than in England, and within this the rate of supply for social rented housing was even higher – more than double that in England.

I think these differences can be explained by a combination of factors. The Scottish Government has given a higher priority to affordable and social housing in its budgets than has the United Kingdom government, the 'right to buy' has been suspended; and the financial arrangements in Scotland have always been simpler and more flexible than those in England. However, I think there is also an important cultural difference that was recently explained to me by a Chief Executive of a Scottish housing association who had previously worked in England. In their view, Scottish housing associations enjoy a constructive and co-operative arrangement with the Scottish government in which their efforts are valued. In their experience this is not the case in England.

**AWICS Ltd., PO Box 17, Appleby in Westmorland, Cumbria. CA16 6YL. Tel: 017683-51498.
Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk**

Managing Director: Adrian Waite MA CPFA CIHM FInstLM. Registered office: c/o Butterworths Solicitors, 3 Walker Terrace, Gateshead, Tyne & Wear, NE8 1EB. Company Number: 3713554. VAT Registration Number: 721 9669 13.

The Freedom of Information Act has applied to housing associations in Scotland from November 2018. A Scottish Government spokesperson said that:

“We are committed to extending coverage of the Freedom of Information (Scotland) Act 2002 and following extensive consultation and discussion with key stakeholders., a draft order has been laid in parliament that will extend the coverage of the Act to registered social landlords and their subsidiaries.”

Sean Clerkin, co-ordinator at Scottish Tenants Organisations, told *Inside Housing*:

“This is a major victory for us in campaigning for the extension of (the) Freedom of Information (Act) to all tenants across Scotland, and should be a clear signal to tenants elsewhere in the United Kingdom to champion their right to freedom of information from their housing associations.”

In February 2019, the British information commissioner said that housing associations in England should also be made subject to the Freedom of Information Act. She said that in the case of housing associations, the transparency gap is ‘emphatic and clear’ especially in the wake of the fire safety concerns that have arisen after the Grenfell Tower fire.

Those with experience of managing Freedom of Information Act requests will confirm that while the Act has increased transparency it is also often very onerous to comply with. It will be interesting to see whether and when the Freedom of Information Act will be extended to English housing associations.

Housing in Berlin

Those of us who are concerned about the housing crisis and the loss of affordable housing that has been caused by the ‘right to buy’ scheme, may be interested in a scheme that is being proposed in Berlin, a city that has familiar problems with shortages of housing and unaffordable rents. In the past there has also been a policy of selling council-owned flats to private landlords.

A civic campaign has started a petition that calls for a referendum to be held on a proposal for 200,000 of these former council-owned flats to be renationalised. All corporate landlords with a stock of over 3,000 homes would be affected. However, they do not want to return to the former model of municipal ownership that was considered too authoritarian, centralised and inefficient. Instead they propose a democratic form of social ownership. The proposal is to create a new organisation to own and manage the homes; with a governing body including representatives of tenants, employees, the wider community and the Berlin senate. Opinion polls suggest that 55% of Berliners agree with this proposal.

The homes would be repurchased at below market values. This would be possible because article 15 of the German constitution provides that state and local governments can take land, natural resources and / or the means of production into public ownership at below market values for purposes of ‘socialisation’ and to prevent the ‘misuse of economic power against society’. In Berlin rents are often set with reference to a ‘rent mirror’ that is based on market rents. It is considered that corporate landlords have been able to manipulate this system to ensure a regime of perpetual rent increases.

I think this is an interesting proposal and wonder whether the concept would be applicable in Britain. Legislation would be needed to empower local authorities to compulsorily purchase housing units from private landlords at below market values if they considered that this would be in the public interest; and to manage them through a socially accountable housing association. Such a policy could not only return former council homes to the social housing sector but could also be used to bring empty homes into use through social ownership.

I am sure such a proposal would be contentious, but perhaps we do need to think 'outside the box'.

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.

All feedback from readers is welcome and should be sent to adrian.waite@awics.co.uk

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 surveys about our seminars and our webinars. Whether or not you have attended one of our seminars or webinars recently, I would be grateful if you could assist us by completing one of our short surveys.

The survey on seminars can be found at: <https://form.jotformeu.com/71926426584364> and the survey on webinars can be found at: <https://form.jotformeu.com/73325960384360>

Developments in Local Authority Housing Finance - Seminar

We are holding seminars on 'Developments in Local Authority Housing Finance' in June 2019. This seminar looks in depth at current developments in local authority housing finance in England – especially the implications of government policies, public finances, rent policy, welfare reform including universal credit, the reinvigorated 'right to buy', the homelessness reduction act, the flexible homelessness reduction grant, the affordable housing programme (including the new funding for social housing), the abolition of the borrowing cap, local housing companies (what they can offer, how to establish them and how to set one up) and new development. It also looks at potential future developments including those that may be caused by Britain leaving the European Union, whether the self-financing settlement should be revisited and the future of 'right to buy'.

AWICS Ltd., PO Box 17, Appleby in Westmorland, Cumbria. CA16 6YL. Tel: 017683-51498.
Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk

Managing Director: Adrian Waite MA CPFA CIHM FInstLM. Registered office: c/o Butterworths Solicitors, 3 Walker Terrace, Gateshead, Tyne & Wear, NE8 1EB. Company Number: 3713554. VAT Registration Number: 721 9669 13.

If you want to be up to date with the world of local authority housing finance, this is the seminar for you!

The seminar will address the following questions:

- What is the Political, Economic, Social and Technical Context?
- What are the implications for local authority housing finance of the government's policies on housing and welfare?
- How can councils address the housing crisis by developing new homes?
- How can councils develop effective self-financed business plans?

Who should attend?

All those with an interest in developments in local authority housing finance in England, including Managers in Local Authorities and Arm's Length Management Organisations, Elected Members, ALMO Board Members, Housing Accountants and Tenant Representatives. The session will assume a basic knowledge of local authority housing finance but will not assume that delegates are experts.

The session is accompanied by a very useful book entitled: "Developments in Local Authority Housing Finance 2019"

Venues and Dates:

- London: Novotel Hotel, Waterloo – Tuesday 11th June 2019
- North: Novotel Hotel, Leeds – Tuesday 18th June 2019

Delegate fees: The cost of this seminar in London is £260 plus VAT making a total of £312. However, there is a £20 discount for people who book a month or more in advance making the cost £240 plus VAT making a total of £288. The cost of this seminar in Leeds is £210 plus VAT making a total of £252. However, there is a £20 discount for people who book a month or more in advance making the cost £190 plus VAT making a total of £228.

For more information or to make a booking, please click here: <https://awics.co.uk/developments-in-local-authority-housing-finance>

Other AWICS Seminars

Our next seminars include:

- All You Want to Know about Housing Association Finance
- All You Want to Know about Local Authority Housing Finance
- Universal Credit and the Management of Rent Arrears
- All You Want to Know about Scottish Local Authority Housing Finance

Information about all our seminars can be found at: <https://awics.co.uk/seminars-2019>

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

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 or contact Adrian Waite at 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 - <https://awics.co.uk/seminars-2019>
 - 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>
-