

AWICS Housing News

September 2017



Bramble Court, Brampton, Cumbria.
An extra care elderly scheme opened recently by Impact Housing Association.
Such schemes are now threatened by proposed changes to their funding.

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Grenfell Tower and Major Repairs Budgets

Last month it was claimed that the 'Grenfell refurbishment budget was limited by the borrowing cap'. Kensington & Chelsea Borough Council's borrowing cap of £221million left the Council with only £11.4million of headroom in 2014 and the Council took the decision not to use this borrowing capacity to fund maintenance. At that time, the Council calculated a need to spend £100million on maintenance while its resources totalled £70million leaving a shortfall of £30million.

The Council's accounts record that:

"Despite the aim of HRA's becoming self-financing, local authorities have been set a borrowing cap for their HRA which cannot be exceeded. The Royal Borough's cap is £221m – given our current debt, our headroom for borrowing is only £11.4m... Given, the limited scope for additional borrowing, the intention is to not use it to fund maintenance work... The estimated cost over the next five years to deliver the agreed investment standard is approximately £100m. There currently remains a funding gap of at least £30m."

The council planned to meet the gap through property sales and increasing rents but was forced to operate on a tight budget. The budget for the refurbishment of Grenfell Tower was set at £9.7million. The refurbishment that also included funding the construction of nine 'hidden homes' around the tower, was paid for largely through £6million raised from asset sales with the balance of £3.7million coming from council funds.

The £6million was raised through the sale of basements owned by the council in Elm Park Gardens – a residential street just off the King's Road in Fulham, where two-bedroom homes sell for more than a million pounds. The basement sales raised £8million, of which £6million was earmarked for the Grenfell renovation.

'Inside Housing' reports that two contractors declined to carry out the work because the budget was insufficient and has concluded that:

"(The Council) had saving money at the absolute forefront of its mind when it considered and approved the refurbishment."

The Kensington & Chelsea Tenant Management Organisation, that manages the housing on behalf of the Council as an Arms' Length Management Organisation had initially hoped to use Bouygues UK – the contractor building the school and leisure centre in the area surrounding Grenfell Tower. But this did not happen. Papers from July 2014 say that:

"As negotiations progressed, it became apparent that it would not be possible to agree a contract within the agreed budget with Bouygues UK."

'Inside Housing' reports that the Tenant Management Organisation, in negotiation with the council, therefore went out to tender, seeking a better price. It first attempted to find a contractor through a framework known as Improvement and Efficiency South East, designed to 'drive efficiencies' in local government in the South East. Nonetheless, this procurement framework was unable to get a provider willing to do the works to Grenfell within the £9.7million budget. Major contractor Leadbitter was originally selected but priced the refurbishment at £11.3million – £1.6million above the proposed budget. The Tenant Management Organisation therefore committed, in July 2013, to run an open tender under European Union rules to ensure 'value for money' was achieved. Following this process, the decision was taken to appoint Rydon. Papers from 2014 say it had submitted 'the most economically advantageous tender'.

Councillor Monica Press (Labour) told 'Inside Housing' that:

"The number one priority is price... They say they procure on quality and price, but the reality is they almost always select the contractor who puts the lowest bid in."

A report from the council in July 2013 concludes as follows:

"The refurbishment of Grenfell Tower is a large and complex project... Particular focus has been required to ensure that the project representing [sic] value for money."

'Inside Housing' concludes that:

"Thanks to stringent government rules on council borrowing, Grenfell's refurbishment was financed mostly through the receipts from the basement sales, and given to the contractor which could do it at the cheapest price. And, acting under this financial pressure, when the decision was made over which material to use to clad the building, the residents' preference for fire retardant zinc cladding was ignored, and the council opted to save £300,000 and install cladding which later proved to be highly flammable on the outside of the building.

"A relentless focus on value for money in procurement in social housing has been linked to problems before, particularly in the context of repairs and maintenance. Privately, contractors operating in the sector complain of a race to the bottom – where rivals effectively underbid in open procurement knowing it is the only way to secure work. This can lead to huge financial pressure and can mean under-resourcing and a pressure to cut corners during the work."

There are two things that concern me here.

First, there appears to be a total misconception about what 'value for money' is about. It is NOT about doing things as cheaply as possible and this is confirmed by looking at the Kensington & Chelsea Tenant Management Organisation's own definition of 'value for money' which is as follows:

"The correct balance between Economy, Efficiency and Effectiveness. Value for Money at Kensington and Chelsea Tenant Management Organisation is considered by the Tenant Management Organisation to be high when there is an optimum balance between all three, with relatively low costs, high productivity and successful outcomes in terms of service delivery to residents."

And even the 'economy' element is NOT about procuring goods & services as cheaply as possible. It is about procuring goods & services in such a way that the ratio between value and cost is maximised. It is about procuring good quality goods & services at a competitive price. It is NOT about procuring goods & services that are not fit for purpose because they are cheap.

Second, the financial argument seems to be based on a false analysis. The argument appears to be that if the borrowing cap did not exist or if it was higher, the Council would have been able to set a higher budget for the refurbishment and the fire safety measures may have been more effective. However, the self-financing settlement introduced by the Department for Communities & Local Government in 2012, never envisaged that major repairs would be paid for through borrowing because the financial model was supposed to include sufficient revenue resources to fund an adequate provision for major repairs. The financial settlement was based on a cash-flow model in which the provision for major repairs was set 29% above the level of the major repairs allowance that had been part of the housing subsidy system. At the time, this arrangement was welcomed by the Chartered Institute of Housing, the Chartered Institute of Public Finance & Accountancy and many in the sector as it was seen as having 'locked in' sufficient resources for major repairs.

However, the government's own report, commissioned from the Building Research Establishment, had calculated that the increase in the provision for major repairs when compared with the previous major repairs allowance should have been 43% rather than the 29% increase that was made. This meant that, major repairs have always been under-funded in the self-financing settlement by £187million a year at 2012 prices.

Then, the Welfare Reform & Work Act 2016 provided that from 2016 to 2019 there would be four successive years of 1% rent reductions that had not been provided for in the self-financing settlement. This reduced Councils' resources by £2.6 billion over the four years. It is these decisions, rather than the imposition of the borrowing cap, that has reduced the resources available to fund major repairs.

Councils should commission robust stock condition surveys and use these to inform their asset management plans and business plans. This should enable them to identify well in advance the expenditure that is required on major repairs and the resources available. Furthermore, if economies are required these should not be at the expense of fundamental aspects of asset management such as fire safety. I am not aware of any council that complained prior to the Grenfell Tower fire that they had insufficient resources to meet their fire safety obligations.

My conclusions are that:

- While the borrowing cap is an unnecessary constraint the real reasons why councils may have difficulty in funding major repairs adequately are the failure of the government to provide adequately for major repairs in the self-financing settlement in 2012 followed by the decision to legislate to reduce council rents in 2016. I think there is a need for government and local authorities to re-visit the self-financing settlement to ensure that it contains sufficient resources for essential major repairs.
- In putting together and managing asset management plans and capital programmes, councils should follow the principles of value for money and should ensure that adequate provision is made for fundamental aspects of asset management such as fire safety.
- I do not think that constraints on resources should absolve any Council from its responsibility to ensure that proper precautions are taken to protect tenants from fire.
- This is not just an issue for local authorities. Housing associations do not have to operate with the self-financing system or the borrowing cap, but are affected by the rent reductions and are under the same obligations to carry out necessary major repairs and to ensure fire safety.

I will be covering the funding of major repairs in our seminar on 'Housing Business Planning in an uncertain Environment' (see below).

Housing Business Planning in an Uncertain Environment

Last week we published my briefing paper on 'Housing Business Planning in an Uncertain Environment'. This briefing paper addresses 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?

Business Planning has been an important element of the management of 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.

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

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.

It is often considered that a business plan has two important elements:

- An analysis of the business and its environment that leads to the identification of a strategy
- The production of a financial plan

There are two important questions to ask in preparing a business plan strategy.

- First, what environment are you operating in? This question is often answered by carrying out a 'PEST analysis that looks at the political, economic, social & technological factors that influence the organisation and how these are likely to change in the future. At the present moment, a 'PEST analysis' for a local authority housing service would be likely to include changes to government policy (political), the increasing lack of affordability of housing (economic), demographic change (social) and developments in information technology (technical).
- Second, how prepared is your organisation? This question is often answered by carrying out a 'SWOT' analysis that looks at the strengths and weaknesses of the organisation and the opportunities & threats that it faces.

The new uncertain environment requires a different approach to business planning. In the past, it was usual to produce a single strategic plan and financial forecast that represented what the Council expected would happen. This is no longer sufficient. There is a need to treat this business plan as just one of several possible scenarios. There is a need to stress test this base business plan to establish how it would respond to changed assumptions; and then to develop contingency plans to address any issues that arise. To date, this approach has been developed further in housing associations than in local authorities with the Homes & Communities Agency promoting 'stress testing' through 'Regulating the Standards'.

Andrew Carlin of Procurement for Housing has suggested that local authorities should adopt a more commercial approach to business planning in the light of recent developments:

"Welfare reform, house building targets and the task of maintaining decent homes standards pose well-known threats. To cope, providers must accept that profit is not a dirty word. Their teams must become commercially astute, harvesting business value from every asset. This is key for communities to thrive, rents to be paid and homes to be built and maintained well."

The briefing paper concludes that Business Planning is not just about 'crunching the numbers'. It is also about: Strategy, responding to external challenges including changing government policy, Asset Management and Risk Management.

Now is not only a good time to revise and update business plans. It is essential that this be done so that local authorities can be responsive to changing government policy and other significant uncertainties in the environment in which housing services are provided.

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.

Your copy of the briefing paper can be freely downloaded from here:
http://awics.co.uk/files/module_document_pdfs/housing_business_planning_in_an_uncertain_environment.1.pdf

Government Delays cause 85% reduction in Supported Housing

The government's plans to cap housing benefit at the level of the local housing allowance and to introduce a new scheme for funding additional costs in supported housing have received much coverage including in the 'AWICS Housing News'.

The problem is that, while the government is going ahead with the cap on housing benefit in 2019 it has yet to come up with detailed proposals for what will replace it and, following the outcome of the 2017 general election, the government has made no further statements and it is not clear how they intend to proceed. The Green Paper that was planned for Spring 2017 has not been published and there are no indications of when it will be.

A major impact of the uncertainty is on the development of new supported housing schemes, with local authorities and housing associations being unwilling to commit to a long-term investment when it is not certain that funding will be available to support it. This affects England, Scotland and Wales.

A recent survey by the National Housing Federation has found that housing associations in England have reduced the number of supported housing homes that they plan to build by 85%.

The National Housing Federation's survey of 69 housing associations that together provide a third of supported housing revealed they had previously planned to build 8,800 units of supported housing but now had a total pipeline of just 1,350.

Those who provided additional detail in the survey said that 71 schemes representing 2,185 homes have been postponed, 19 have been cancelled outright, and 25 existing schemes are threatened with closure.

The main reasons given for these closures and delays are uncertainty about the government's proposed funding model and the withdrawal of funding for support services.

Where schemes are going ahead, two key reasons were cited: 24% estimate the local cap on housing benefits would be high enough in their area to cover their costs, and 18% believe their shortfall would be offset by government funding. It is more likely that schemes will go ahead in high value areas than in low value areas because the higher level of local housing allowance makes supported housing less unaffordable.

Housing associations previously called for the government to set up a separate supported housing fund that was backed by both the Parliamentary Communities and Local Government Committee and the Work and Pensions Committee, that concluded that the basis for the government's proposed system was not 'a competent starting point' because it is based on the private rented market.

David Orr, Chief Executive of the National Housing Federation, said that:

"These findings really bring it home: changes to supported housing funding are stopping building for the most vulnerable. Housing associations know first-hand that the proposed funding model will not work – a view backed by a joint select committee – and yet government has failed to heed warnings."

“With social care in crisis, the role supported housing plays in alleviating pressures on the NHS is ever more important. These changes have not even come in yet and they have taken 7,000 homes for vulnerable people out of the pipeline.

“The proposed changes in funding bear no relation to the real cost of providing this type of housing. It is time government put supported housing on a secure and sustainable footing.”

A Department for Work and Pensions spokesman told ‘Inside Housing’ that:

“We fully support and appreciate the valuable role supported accommodation plays in providing care in our local communities. Our new funding model will secure the future of supported accommodation and ensure help goes to those who need it the most. We have consulted fully on the new model and have been clear we will set out the next steps soon so that the supported housing sector has the certainty it needs to deliver in the future.”

This seems a fairly lame response to me.

‘Inside Housing’ has reported that Riverside is one of the housing associations with supported housing schemes on hold. It has paused a development of 50 homes for homeless veterans because it is facing a funding gap once housing benefit is capped at the level of the local housing allowance. The shortfall for people living in a one bed flat with high levels of support would be around £116 a week and almost £76 for those living in a flat offering a move-on facility. The local council cannot commit to funding the gap. The annual shortfall in rent in the first year of operation would be £260,000 representing 49% of total rental and service charge income.

I have written several briefing papers on this subject as follows:

- Funding for Supported Housing: Government Announcement - <http://awics.co.uk/htrack/awics.co.uk/dynamicdata/data/docs/funding%2520of%2520supported%2520housing%2520-%2520briefing%2520paper.pdf>
- Funding for Supported Housing Consultation - <http://awics.co.uk/htrack/awics.co.uk/dynamicdata/data/docs/funding%2520for%2520supported%2520housing%2520consulta-tion%2520%257E%2520briefing%2520paper.pdf>
- Service Charges and Housing Benefit in Supported Housing - http://awics.co.uk/files/module_document_pdfs/service_charges_and_housing_benefit_in_supported_housing_-_briefing_paper.pdf
- Report of the Parliamentary Select Committees on the Future of Supported Housing - http://awics.co.uk/files/module_document_pdfs/future_of_supported_housing_-_briefing_paper.pdf

I will also be covering the future funding of supported housing in our seminar on ‘Housing Business Planning in an uncertain Environment’ (see below).

Scottish Planning Bill and Affordable Housing

In 2015 Scottish Ministers commissioned an independent panel to undertake a review of the planning system. The review included opportunities for people to get involved through both written and oral evidence and an online discussion forum.

Since then the Scottish Government has been working with a wide range of stakeholders, including community representatives, public and private sectors, to explore potential changes to the planning system. Ministers signalled in the Programme for Government that a Planning Bill would be brought forward in 2017.

The Scottish Government is proposing four key areas of change:

- Making plans for the future. They want Scotland's planning system to lead and inspire change by making clear plans for the future. To achieve this, they intend to simplify and strengthen development planning.
- People make the system work. They want Scotland's planning system to empower people to have more influence on the future of their places. To achieve this, they intend to improve the way they involve people in the planning process.
- Building more homes and delivering infrastructure. They want Scotland's planning system to help deliver more high-quality homes and create better places where people can live healthy lives and developers are inspired to invest. To achieve this, planning can actively enable and co-ordinate development.
- Stronger leadership and smarter resourcing. They want to reduce bureaucracy and improve resources so Scotland's planning system can focus on creating great places. To achieve this, they intend to remove processes that do not add value, and strengthen leadership, resources and skills.

The Scottish Government is therefore making twenty specific proposals as follows:

- Aligning community planning and spatial planning. This can be achieved by introducing a requirement for development plans to take account of wider community planning and can be supported through future guidance.
- Regional partnership working. We believe that strategic development plans should be removed from the system so that strategic planners can support more proactive regional partnership working.
- Improving national spatial planning and policy. The National Planning Framework (NPF) can be developed further to better reflect regional priorities. In addition, national planning policies can be used to make local development planning simpler and more consistent.
- Stronger local development plans. We believe the plan period should be extended to 10 years, and that 'main issues reports' and supplementary guidance should be removed to make plans more accessible for people. A new 'gatecheck' would help to improve plan examinations by dealing with significant issues at an earlier stage.
- Making plans that deliver. We can strengthen the commitment that comes from allocating development land in the plan, and improve the use of delivery programmes to help ensure that planned development happens on the ground.
- Giving people an opportunity to plan their own place. Communities should be given a new right to come together and prepare local place plans. We believe these plans should form part of the statutory local development plan.
- Getting more people involved in planning. A wider range of people should be encouraged and inspired to get involved in planning. In particular, we would like to introduce measures that enable children and young people to have a stronger voice in decisions about the future of their places.
- Improving public trust. Pre-application consultation can be improved, and there should be greater community involvement where proposals are not supported in the development plan. We also propose to discourage repeat applications and improving planning enforcement.
- Keeping decisions local – rights of appeal. We believe that more review decisions should be made by local authorities rather than centrally. We also want to ensure that the system is sufficiently flexible to reflect the distinctive challenges and opportunities in different parts of Scotland.

- Being clear about how much housing land is required. Planning should take a more strategic view of the land required for housing development. Clearer national and regional aspirations for new homes are proposed to support this.
- Closing the gap between planning consent and delivery of homes. We want planning authorities to take more steps to actively help deliver development. Land reform could help to achieve this.
- Releasing more 'development ready' land. Plans should take a more strategic and flexible approach to identifying land for housing. Consents could be put in place for zoned housing land through greater use of Simplified Planning Zones.
- Embedding an infrastructure first approach. There is a need for better co-ordination of infrastructure planning at a national and regional level. This will require a stronger commitment to delivering development from all infrastructure providers.
- A more transparent approach to funding infrastructure. We believe that introducing powers for a new local levy to raise additional finance for infrastructure would be fairer and more effective. Improvements can also be made to Section 75 obligations.
- Innovative infrastructure planning. Infrastructure planning needs to look ahead so that it can deliver low carbon solutions, new digital technologies and the facilities that communities need.
- Developing skills to deliver outcomes. We will work with the profession to improve and broaden skills.
- Investing in a better service. There is a need to increase planning fees to ensure the planning service is better resourced.
- A new approach to improving performance. We will continue work to strengthen the way in which performance is monitored, reported and improved.
- Making better use of resources – efficient decision making. We will remove the need for planning consent from a wider range of developments. Targeted changes to development management will help to ensure decisions are made more quickly and more transparently.
- Innovation, designing for the future and the digital transformation of the planning service. There are many opportunities to make planning work better through the use of information technology. The planning service should continue to pioneer the digital transformation of public services.

The Scottish Federation of Housing Associations has responded to the Scottish Government's consultation on their Planning Bill to argue for an increased focus on delivering affordable homes. They argue that not enough is being done to ensure that housing needs are met, referring to the report of 2015 'Affordable Housing Needs in Scotland' that identified a need to build 60,000 new homes a year in Scotland and to the Scottish Government's target of building 50,000 homes a year of which 35,000 will be affordable.

The Scottish Federation of Housing Association's proposals to increase the delivery of affordable housing in Scotland include the setting of national and regional targets and to allow local authorities to transfer land at existing value to address the lack of affordable land that is available for housing development. They also recommend that national or regional bodies should be set up to deliver infrastructure up front to unlock key sites.

Sarah Boyack, Head of Public Affairs at the Scottish Federation of Housing Associations, told the 'Scottish Housing News' that:

"A key driver behind the Planning Review was the concern that Scotland wasn't building enough houses and its remit was to find solutions to this major problem. The Scottish Federation of Housing Associations is concerned, however, that proposals for a new Planning Bill do not focus enough on delivering more quality affordable homes.

“We are proposing a number of actions that we believe will increase the delivery of affordable housing in Scotland, create jobs and meet outstanding. We look forward to engaging with the Scottish Government, and with politicians at Holyrood, as the bill goes through parliament.”

There is clearly a need for the planning system to support the provision of housing if sufficient new homes are to be built.

Welsh Government to Review Social Rents

The Welsh Government has brought forward a review of its social housing rent policy as it looks for ways to offset the impact of the capping of housing benefit at the level of the local housing allowance from 2019 that is based on the lowest 30% of market rents in an area.

However, in Wales social rents can be higher than this benchmark, especially in areas with low local housing allowance rates. The country has 110 local housing allowance rates, with 64% of them set below the 30% threshold according to government figures. This means that tenants’ housing benefit will not cover rents when the cap is introduced, with several Welsh sector leaders previously warning that hundreds could be unable to pay.

Under the Welsh Government’s current rent policy, social landlords can charge differing rents across their portfolios within ‘target rent bands’ based on factors including the location, size and quality of homes. Each is given a ‘high end’ and ‘low end’ figure, but these flexibilities have rarely been used, with councils and housing associations tending to prefer to stick to ‘mid-point’ levels.

A spokesperson for the Welsh Government said that:

“Our policy for social housing rents was due for review in 2019/20 but this has been brought forward for a number of reasons, not just to consider the impact of local housing allowance... The rent review will examine the various components of the rent policy, how it is being applied by social landlords, how well it is working and how it could be improved... The review will also consider external influences such as the application of Local Housing Allowance to the social sector, the supported accommodation review and potential implications including those for the under-35s and older persons.”

The Welsh Government has established a working group involving housing sector leaders to examine potential ways to manage the impact of the housing benefit cap.

Meanwhile, ‘Inside Housing’ has reported that Pobl Group, the largest housing association in Wales, is considering a pilot scheme to utilise flexibilities in the current policy.

Clarissa Corbisiero-Peters, Deputy Chief Executive of Community Housing Cymru, told ‘Inside Housing’ that:

“We’re pleased Welsh Government is looking at the rent policy. It has certainly got a part to play to manage the impact of welfare reform. Housing associations are independent businesses which don’t have any real influence over their income stream. To help them manage those impacts they need flexibility to help them to invest in building new homes.”

It is not easy to see what solutions the Welsh Government could consider as part of its review. If it continues with the current rent policy, there will be tenants whose housing benefit will not fully cover their rent and service charges and the problem will be especially acute in supported housing where service charges are significant.

However, a policy that reduces rents to the level of the local housing allowance would result in a significant loss of income to local authorities and housing associations. A 'third way' that resolves the problem satisfactorily is not easy to see.

This issue demonstrates one of the problems with the present devolutionary settlement in Wales. Housing policy is a devolved matter; yet as long as welfare is reserved to the United Kingdom government, the Welsh Government will not have a free hand to determine rent policy and without that it doesn't have a free hand to determine other aspects of housing policy.

Housing in the Isle of Man

The Isle of Man is a self-governing British Crown Dependency with its own parliament, government and laws. It is not, and never has been, a part of the United Kingdom. The Queen, who is 'Lord of Mann', is the Manx Head of State and is represented on the Island by the Lieutenant Governor. The United Kingdom government, on behalf of the Crown, is ultimately responsible for its international relations including defence, but all other matters are the responsibility of the government of the Isle of Man.

The Manx Parliament is the 'Tynwald'. The political head of the Manx Government is the Chief Minister who is nominated by Tynwald from amongst its own Members and appointed by the Lieutenant Governor. The Chief Minister selects the Ministers who have responsibility for the major Government Departments and, with the Chief Minister, form the Council of Ministers, the Manx Cabinet.

The Manx government has eight departments and the Manx housing service is part of the Infrastructure Department.

The Housing service helps to meet the Island's affordable housing need, while also helping eligible private home owners and vulnerable people to remain in their homes. It does this by:

- Setting Housing Policy on the Island and monitoring compliance by all the Housing Authorities
- Managing its own stock of over 1,200 public sector properties including allocations, maintenance and dealing with a range of tenancy related issues
- Maintaining a Register of First Time Buyers and providing financial assistance to First Time Buyers to purchase homes through the Shared Equity Purchase Assistance Schemes
- Assisting vulnerable people on low incomes in acquiring specialist equipment and adaptations to their homes by providing financial assistance.

Eligibility for the Department's public sector housing is dependent on meeting certain criteria. Among other things, applicants need to have been resident on the Island for at least ten years, and have been resident in an area in which the Department has houses for at least five years.

Public sector housing in the Isle of Man is provided by a variety of local housing authorities that manage different areas of the Island. These areas include: Braddan, Castletown, Douglas, Onchan, Peel, Port Erin, Port St Mary and Ramsey. The Department of Infrastructure provides public sector housing in areas where there is no functioning local housing authority.

Douglas is the capital of the Isle of Man and its largest borough. It owns and manages 2,386 housing properties. The Council's Corporate housing objectives are:

- To ensure the Council is fair and transparent in allocating the tenancy of properties and that all applications are dealt with in a professional manner;
- To provide the best possible service to tenants within available finance and to minimise the turnaround time of empty properties;

- To extend the life of each property through proactive maintenance and to improve the standards of maintenance of Douglas Borough Council properties through the use of planned maintenance schemes;
- To work in association and co-operation with the Department of Infrastructure to set housing policies and plan forward capital projects which are in the best interests of the Council to reduce the waiting list;
- To work within the policies and financial parameters set by the Council's budget and the Isle of Man Government.

The Council's Strategic housing objectives are:

- For 100% of the Council's housing stock to be centrally heated, double glazed and insulated;
- The completion of the Upper Pulrose improvement scheme;
- To commence and complete a sheltered housing scheme at Lower Pulrose;
- To undertake improvements at the Ballanard Court and Waverley Court sheltered accommodation complexes;
- To maintain a rent collection of 99% of amounts outstanding during the year by 31st March each year;
- To Review tenant liaison services and their implication on the Council's resources and structures
- To support the Isle of Man Government's first-time buyer policy by applying suitable sales conditions to the disposal of land at Pulrose Farm and Lake Road.

Local housing authorities maintain a housing revenue account that includes transactions relating to its role as a landlord. The latest published accounts for Douglas Borough Council are for 2015/16 and show the following for the housing revenue account:

	£,000	£,000
Dwelling rents (inclusive of rents)	11,027 Cr	
Housing Deficiency Grant	327 Cr	
Charges for Services & Facilities	127 Cr	
Other Income	17 Cr	
Total Income		11,498 Cr
Repairs & Maintenance	2,739	
Supervision & Management	841	
Rates and Other Charges	1,863	
Depreciation & Impairment	7,360	
Total Expenditure		12,803
Net Cost of Housing Revenue Account Services		1,305
Interest Payable & Similar Charges		2,812
Net Housing Revenue Account Deficit		4,117
Reversal of Depreciation & Impairment	7,360 Cr	
Loans Fund Principal Repayments	3,334	
Adjustments		4,026 Cr
Decrease in Housing Revenue Account balances		<u>91</u>

In accordance with a Tynwald resolution under the Housing Act 1955, the Department of Social Care pays the Council a Housing Deficiency Grant that generally meets the excess of the cost of housing provision over rents received.

The balance of the management costs of the housing function that is not met by the allowance (being subject to an upper limit), remains as a rate-borne cost. The rate-borne element of the housing management function that is not met by the allowance and totals £366,000, is excluded from this statement. Average rent is about £89 a week.

Housing issues in the Isle of Man include affordability with house prices and private sector rents increasing faster than incomes and demographic change resulting in a need for more housing for the elderly and disabled.

Editorial Note

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

AWICS 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>

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 – 27th 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%7E%202017.pdf>

Other AWICS Seminars

Our next seminars are as follows:

- All You Want to Know about Local Authority Housing Finance.
 - London – 27th September 2017
- All You Want to Know about Service Charges in Social Housing
 - London – 10th October 2017
- All You Want to Know about Housing Association Finance.
 - Leeds – 24th October 2017
- Housing Business Planning in an Uncertain Environment
 - London – 7th November 2017
 - Leeds – 21st November 2017
- All You Want to Know about Local Authority Finance
 - Leeds – 21st November 2017
- All You Want to Know about Service Charges in Social Housing in Wales
 - Cardiff – 14th February 2018

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>

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 - <http://www.awics.co.uk/seminars2017.asp>
- In-House Training - <http://www.awics.co.uk/inHouseCourses.asp>
- Webinars - <http://www.awics.co.uk/webinars.asp>
- Independent Residents' Advice – <http://www.awics.co.uk/IndependentTenantAdvice.asp>
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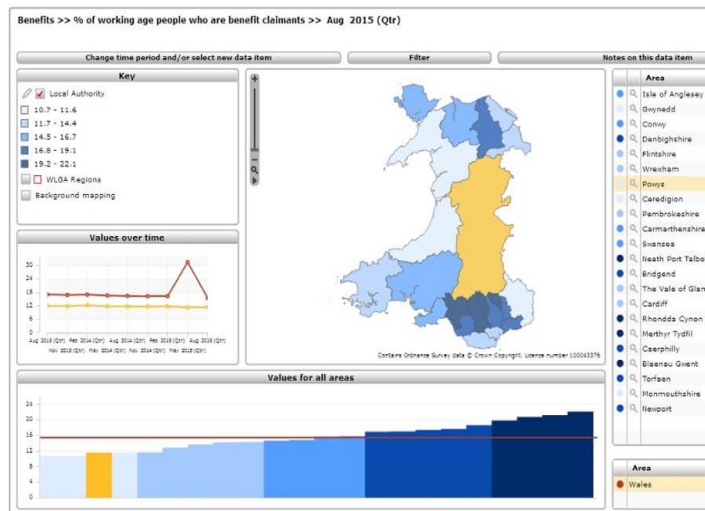
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- is a freely available, national information system displaying publically available data about Wales from local authority level to a local area (lower super output area) level
- provides easy access to a wide range of data for Wales. The data covers 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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