

# AWICS Wales News

## May 2019



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### Wales, Devolution and the United Kingdom

In May 2019, Mark Drakeford, the Welsh First Minister addressed an Institute for Government event and expressed doubts about the future of a United Kingdom as a result of Brexit saying that there is a 'real prospect' that the United Kingdom may break up. He cited a potential second Scottish independence referendum and an Irish border poll as factors and said that:

*"While devolution in Wales and Scotland has been transformative, Westminster has stood still... For the first time in my political life, there is real prospect of the United Kingdom not surviving as a four-way nation."*

In his speech marking twenty years of devolution, Mark Drakeford criticised the United Kingdom government for its deep and profound ambivalence to devolution. He said that the Welsh government is 'fiercely devolutionist' but that Westminster had taken a 'grace and favour approach' whereby powers are devolved as long as the nations do as Westminster wishes. He said that evidence of this was provided by a recent speech by Michael Gove to the Scottish Conservative conference. In this speech Michael Gove outlined plans for Westminster to be allowed to spend Treasury funds in Scotland on traditionally devolved matters like education. Mark Drakeford compared these suggestions to the Scottish government announcing that they wanted to set up an army base in Hampshire.

Mark Drakeford said that the Whitehall of 2019 was unrecognisable compared to the Whitehall of 1999 that began the process of devolution. He called for a:

*"Fundamental rethink and repositioning of the way Whitehall's response to devolution is shaped in the future".*



**The Welsh Assembly**

Mark Drakeford mooted the idea of a common space for negotiation and agreement for the four countries and declared that the Welsh government must be in the room for any future trade negotiations that affect Welsh competencies. He warned that the point of devolution is not to enter into competition as to who can provide the best public services and complained that the United Kingdom government has often tried to portray the Welsh National Health Service as worse than that of England. He said that:

*"I am allergic to the idea of devolution where England is set out as the gold standard."*

An Institute for Government report from March 2019 also warned that Brexit would have a huge impact on the devolution process with the process of handing down powers to the regions continuing for over twenty years.

The report concluded that ministers from Scotland, Wales and Northern Ireland all showed dissatisfaction over their relationship with Westminster. Issues included United Kingdom ministers failing to brief devolved ministers on policy changes that primarily affected England but had some impact on devolved nations. The report also said that United Kingdom ministers often have discretion as to what information to share with the devolved governments that can be a further source of friction. Other interviewees claimed some English cabinet ministers were not greatly enamoured by the concept of devolution in general. Interviewees recalled feeling pressure to replicate policy decisions taken in Westminster.

The report concluded that:

*“Brexit has already severely strained relations between central and devolved governments, and the process is far from over. Devolved ministers are currently having to negotiate with United Kingdom counterparts over the future of the devolution settlements and the constitution as a whole... Brexit will continue to have a huge impact on devolution and create new requirements for cooperation between central and devolved governments, for instance in areas where new United Kingdom ‘common frameworks’ will replace European Union law.”*

Akash Paun, senior fellow at the Institute for Government and author of the report, said that:

*“These interviews lay bare the extent to which decisions taken at Westminster impose constraints on the Scottish and Welsh Governments. Sometimes deliberately but sometimes just because the UK government is often bad at remembering the devolved nations. To be effective, Scottish and Welsh ministers need good relationships with their United Kingdom counterparts but must also learn to stand their ground to defend their interests.”*

Further information about Mark Drakeford’s speech to the Institute for Government is available on their website at: <https://www.instituteforgovernment.org.uk/events/future-devolution-uk-after-brexit-keynote-speech-mark-drakeford>

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## **Review of Housing Supply leads to new Rent Settlement**

Julie James AM, the Welsh Minister for Housing & Local Government has announced that the Welsh government will issue the new rent settlement when responding to the Independent Review of Affordable Housing Supply before the end of July. This follows their surprise decision to restrict rent increases in 2019/20 to inflation only.

The final report from the affordable housing review panel was published in early May. It recommended that ministers introduce a five-year social housing rents policy from 2020/21 with added flexibilities and emphasis on cost efficiency. The panel said there was ‘little justification’ for the government to set anything above Consumer Price Index plus 1%. There should be a new five-year rent policy from 2020/21, with new flexibilities and a focus on landlords considering value for money as well as affordability.

The review lasted a year, having been announced by then-housing and regeneration minister Rebecca Evans in April 2018 with the stated aim of finding ways to boost affordable housing delivery in Wales.

The review’s final report said that the existing fixed-rate, annual grant system for affordable housing development in Wales has a very weak focus on value for money and that reform is overdue. It called for the introduction of ‘grant partnerships’ that would see grants awarded based on promises by social landlords to deliver a target number of new affordable homes. Grants would be reformed to introduce a new ‘flexible, long-term, five-year affordable housing supply partnerships model’ that would combine existing funding pots and test ‘the contribution of private finance and alternative finance models’. The funding would be more flexible than current systems and would avoid a ‘race to the bottom’ on grant levels.

Other recommendations included:

- Councils should be required to provide regular, standardised Local Housing Market Assessments
- New “consolidated and simplified” standards for grant-funded and Section 106 homes should be developed, concentrating on minimum space standards, including for inside and outside storage

- All new affordable homes should be near zero carbon/Energy Performance Certificate ‘A’ standard from 2021, with all homes achieving the same standards by 2025 irrespective of tenure
- The Welsh government should develop a strategy for further use of offsite manufacturing and modern methods of construction
- Councils should be able to access grant and be encouraged to partner with housing associations
- A new arm’s-length body to act as a hub for public sector land management
- The Welsh government should commission an independent financial review of councils and large-scale voluntary transfer housing associations receiving Dowry and Major Repairs Allowance to help them meet the Welsh Housing Quality Standard (WHQS)
- Landlords should be required to demonstrate an accelerated programme of decarbonisation of existing homes” in order to continue receiving the funding once WHQS is achieved



**The offices of Pobl Housing Association in Swansea (Abertawe)**

Lynn Pamment, Chair of the Independent Review of Affordable Housing Supply said that:

*“We have put the needs of tenants and affordability at the heart of our recommendations. This review offers Wales a unique opportunity to make ground-breaking improvements to the supply and quality of affordable housing, recommending longer-term certainty for local authorities and housing associations, whilst balancing the continuing pressures on the public spending available to support house building. Importantly, it also offers flexibility and a greater level of self-determination for ambitious organisations.”*

Clarissa Corbisiero, Deputy Chief Executive and Director of Policy at Community Housing Cymru, said that:

*“Following the publication of the review we called on Welsh government to move swiftly to put in place a five-year sustainable rent settlement that will provide certainty for tenants and landlords... We continue to believe that the best way of setting rents that are affordable is by housing associations working with tenants at a local level... We hope that Welsh government will support this by publishing a sustainable and long-term deal quickly.”*

A Welsh government spokesperson said that:

*“We will respond to the recommendations made by the independent affordable housing supply review panel before the summer recess (mid-July) ... In considering our response to the recommendations, the minister and officials will talk to people across the housing sector to understand their views and how best to implement changes.”*

Recent years have seen real increases in social rents in England and Scotland as well as in Wales. This has provided additional resources for local authorities and housing associations that has enabled them to achieve the Welsh Housing Quality Standard and to develop new homes. It has been assumed that this would not cause tenants problems with affordability because of increasing real earnings and the availability of housing benefit. However, recent welfare reforms including the total benefits cap, the freezing of some benefits and the introduction of Universal Credit; and forecasts that earnings will not necessarily increase in line with inflation; mean that affordability is likely to become a more significant factor when considering rent increases.

To view or download a copy of the Independent Review of Affordable Housing Supply, please [click here](#).

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### **Cardiff City Council's Dumballs Road Scheme based on Västra Hamnen in Sweden**

Cardiff City Council has revealed when it expects the first of 2,000 homes will be built in the 37-acre Dumballs Road Regeneration scheme in the city centre, south of Penarth Road and between the River Taff and Dumballs Road. The scheme includes commercial and residential development and the concept is inspired by the successful Västra Hamnen scheme in Malmo, Sweden. Apartment blocks between six and eight storeys high will be centred around semi-private garden squares.



**Västra Hamnen**

Västra Hamnen – the Western Harbour – is one of Malmö's largest residential construction projects. When complete, it will have 20,000 residents and a roughly equivalent number of workspaces. Once a declining post-industrial area, Västra Hamnen has been transformed into an attractive and sustainable modern dockland development. It includes various projects. The first – Bo01 – was launched in 2001. The last is due for completion after 2030.

Built using fill material, the Västra Hamnen served as a dock and port area for the Kockums shipyard and other industries from the mid-1800s to the 1980s. Kockums was the world's largest shipyard in its heyday in the 1950s and 1960s, employing around 6,000 people. However, it went into decline following the oil crisis of the 1970s and closed in 1986.

The Västra Hamnen redevelopment project was launched in conjunction with the Bo01 European Housing Expo of 2001. The expo theme was urban development in an ecologically sustainable information and welfare society. Bo01 brought the construction of a new city district, featuring pioneering environmental solutions and innovative architecture, on these lines in Västra Hamnen.

Later construction projects in the harbour area, such as Flagghusen, Fullriggaren and Kappseglaren, have retained this focus on environmental high-tech and sustainability. The Fullriggaren development boasts Sweden's largest collection of energy-efficient buildings and has the country's most extensive system for collecting organic waste via kitchen waste disposal units.

Västra Hamnen attracts visitors from across Malmö and all over the world. The corkscrew-shaped 190-metre-high Turning Torso skyscraper, designed by Spanish architect Santiago Calatrava, is an unmistakable landmark, while the nearby Sundspromenaden throngs with local people during summer. Swimming in the sea here and off the nearby Ribersborgsstranden beach is popular in warm weather. Also close to the Turning Torso are the Stapelbäddsparken skateboard park and the Dockan marina.

Västra Hamnen is a multifaceted place today. Its former docks are home to Malmö University and assorted media, cleantech and construction companies. The Western Harbour has achieved its ambition of becoming a national showcase for sustainable urban development. The area is far from complete, however, and new challenges await as it completes its transition into a vibrant urban space built in harmony with nature.

Västra Hamnen covers 187 hectares, has 9.6km of coastline, has 6,835 inhabitants and a workforce of 11,397. There are seven pre-schools, two elementary schools and four high schools.

Cardiff City Council wants 450 of the homes at Dumballs Road to be council-owned and has agreed a delivery programme with the developer - Vastint – that intends to submit a planning application in Spring 2020. If planning is approved, work on the site could begin in autumn 2020 with house building starting in the summer of 2021. The first phase of the council-owned homes could then be delivered and occupied in autumn 2022 if the work all goes to plan. The council owns 8.5 acres of land on the site, but it is intended to sell this land to Vastint.

Neil Hanratty, Cardiff City Council's Director of Economic Development, told the Economy and Culture Scrutiny Committee that the site will have to deliver a significant number of houses, but there will be other uses too:

*"The intention is to deliver a mixed-use scheme... It will be a residential-led mixed-use scheme but there is a lot of opportunity for alternative uses, particularly on the ground floor, on the river frontage and throughout the scheme... (Vastint) will be looking for employment opportunities and cultural opportunities, as well as leisure and commercial office opportunities as well."*

A pedestrian and cycle bridge across the River Taff linking the development to Grangetown is also being planned. Cycle lanes and public walkways are also being proposed. Businesses such as Direct Storage Ltd, Snow White Laundry, A&T Waste and Biffa are in talks with Vastint to help with relocation. Vastint is working to finalise the purchase of the land and for all businesses to be re-located off-site before the works start.

Further information about Västra Hamnen is available on the Malmo City Council website at: <https://malmo.se/Nice-to-know-about-Malmo/Sustainable-Malmo-/Sustainable-Urban-Development/Western-Harbour.html>

## **Welfare Reform: Impact in Wales**

An impact assessment by the Welsh Government on the impact on households of the Department for Work & Pensions' welfare reforms shows nearly half of households are likely to have lost out once the reforms are put in place. The welfare and tax changes that include universal credit and the under-occupation penalty mean that:

- An extra 50,000 children will be pushed into poverty by the time welfare reforms are fully implemented
- Households in Wales will lose 1.5% of their net income - around £480 a year - from the overall package of tax, welfare and National Living Wage reforms announced since 2010
- Single parents in Wales will lose an average of around £3,720 a year
- Families with three or more children in Wales will lose around £4,110 a year on average
- Disabled people, certain ethnic groups, and women will be hardest hit

The report considers all the changes to the welfare system in the United Kingdom following the Welfare Reform Act of 2012 and the Welfare Reform and Work Act of 2016, and notes that further changes are planned. It analyses the effects that these changes have had in Wales. These include:

- Child Benefit is withdrawn where someone in the household has a taxable annual income of more than £50,000.
- Removal of the spare room subsidy (also known as the 'bedroom tax')
- Household benefit cap
- Replacement of Disability Living Allowance (DLA) with Personal Independence Payment (PIP)
- Rollout of Universal Credit (UC)
- Freeze most working-age benefits, tax credits and Local Housing Allowances (LHA)
- Remove family element in tax credits and UC, and the family premium in Housing Benefit
- Cut in the UC taper rate from 65 per cent to 63 per cent
- Limit child element of tax credits and UC to two children
- Employment and Support Allowance (ESA)
- Increase in some Universal Credit work allowances
- Policy reversals

The report is based on analysis undertaken by Landman Economics and Aubergine Analysis on behalf of the Equality and Human Rights Commission that was published in March 2018. This summarises findings on the cumulative impact of United Kingdom Government tax and welfare reforms, including at a Wales level. The report analyses tax and welfare reforms announced between May 2010 and January 2018 (and includes the impact of the National Living Wage). Any tax and welfare changes announced since then are not considered. However, more recent analysis by the Institute for Fiscal Studies at a United Kingdom level shows the tax and welfare changes announced in Budget 2018 make relatively little difference to household incomes, on average.

The Equality and Human Rights Commission commissioned analysis estimates that households in Wales will lose 1.5% of their net income on average (or around £480 a year) from the overall package of tax, welfare and National Living Wage reforms announced since 2010. Overall, these changes are regressive, with the largest impacts being felt by people on the lowest incomes. Households with children are estimated to experience much larger losses than households without children.

This is especially the case for lone parents in Wales who lose around £3,720 a year on average, and large families. Those families with three or more children in Wales lose around £4,110 a year on average. Relative child poverty in Wales is estimated to increase substantially, with the reforms pushing an extra 50,000 children into poverty by the time they are fully implemented.

There is also a disproportionately negative impact on the incomes of several protected groups, including disabled people, certain ethnic groups, and women, and particularly negative impacts on intersectional groups who experience multiple disadvantages (for example, lone parents with disabled children). These negative impacts are for the most part a result of changes to the benefit system, the freeze in working-age benefit rates, changes to disability benefits and reductions in Universal Credit rates.

Nearly half of all households in Wales are expected to lose out from the overall package of reforms to direct taxes, transfer payments and the National Living Wage as a whole.

Earlier analysis by the Welsh Government and research undertaken by Sheffield Hallam University shows that unsurprisingly, the South Wales Valleys, which include the areas in Wales with the highest working-age benefit claimant rates, are the areas in Wales estimated to be worst affected by the welfare changes.

Many of the benefits cuts announced since 2015 are only partly implemented. Analysis by the Institute for Fiscal Studies shows the benefit cuts still to come amount to around £4billion a year.

To view or download the Welsh Government's report, please [click here](#).

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### **Wrexham Borough Council uses Prudential Borrowing to build new homes**

Following the abolition of the housing revenue account 'borrowing cap', local authorities now have no limit on the amount of borrowing that they can do to fund major repairs and improvements to existing council housing, or to build new council homes. Wrexham Borough Council intends to take full advantage of the opportunities.



**Wrexham Borough Council's housing offices**

Wrexham Borough Council owns and manages 11,137 housing units, including 6,947 houses, 2,448 flats and 1,044 bungalows. In December 2018, there were 1,886 applicants registered on the Council's housing register.



The Council has the first building programme in thirty years underway as part of a 'Build and Buy Programme' that aims to deliver an increase in affordable housing. They intend to borrow significantly to invest in their housing stock and expand it by building and buying more property.

With the borrowing cap removed Wrexham Borough Council say their borrowing will be £302million in 2019/20 and will peak in 2023/24 to £361million, noting that:

*"Prudential borrowing requirements have been considered for this level of debt and it is considered to be prudent."*

The model anticipates a total capital spend of £1,098million (including inflation) over thirty years of which £77million will be used to reach the Welsh Housing Quality Standard by 2020. It is noted that total revenue from 'Rents and Other Charges' is expected to be £2.2billion over thirty years. The model includes planned expenditure of £22.3million for the building, development and acquisition of new Council Housing and £12.2million for sheltered accommodation review.

Since April 2018, Wrexham Borough Council has bought four former local authority properties that will be added to the Council's housing stock. For 2019/20, a budget of £3million has been allocated to the buy-back scheme, with it noted that the average price paid per property so far is £144,000 – that includes the expenditure needed to bring them up to the required standards.

Councillor David Griffiths (Independent), the Lead Member for Housing, said that:

*"The benefit we have had in the United Kingdom government's autumn budget is they said that the cap on borrowing is to be fully abolished and abolished in Wales also. So, if we can do that, then we can borrow more to invest. We don't borrow just to borrow what we borrow to invest. What we do with it is to invest in our property. This year we are investing more in build and buy, the build ones are slow at the moment because we have to find the land."*

*"This year we have invested £53million in housing stock, it is a million pounds a week. Who else is investing a million a week? I don't know if Barratt Homes are investing a million a week! We are doing that as the tenants really should have a home that they're proud of you know, and if Mrs Jones down the road got a new front door why can't I have?"*

*"We are more open to buying property and it has to be in areas where there's a big demand. Now we can give market values. We give market value exactly the same as what you would be doing if you had to buy them. If you went to buy it they said 'It is X amount of money I'm not buying that' so we step out of it. It is valued independently, and they come back. So, we're not trying to get anything on the cheap. We're not trying to be over-pay for anything, we are paying the going rate."*

*"I have to say that Welsh government is very supportive. I don't know what they do with others, but all I can say is they've been very supportive of us in Wrexham and they can see the good that we want to do, and then they can see the outcomes are good."*

The Council say they are limited to build new affordable homes in certain areas of the Borough since it does not own sufficient suitable land but says it is excited that for the first time in some thirty years it has now been able to commence a new build programme to deliver new Council-owned socially rented homes.

Sites have been identified with an expected 28 units coming forward in the first phase of building. Work started on site in April 2019, with Plas Madoc that will be a development of thirteen units and Nant Silyn that will be a development of fifteen units of mixed property types.

Ian Bancroft, the Chief Executive said that:

*“The quality of the work is about what’s right for those residents not just to comply with the (Welsh Housing Quality Standard) itself. It’s going beyond. £1.7million has been allocated for the ongoing programme of adaptation work which benefits tenants who are in need of adaptations to their home to enable them to remain in their own home for as long as possible and promote independence.*

*“There... is a significant investment for older people and we’re not clear where that investment is going geographically yet, but I think that’s really important given the demand pressures we face with the increasing demography with the importance of older people needing to live longer independently or settling independently. If you think about that it is probably the biggest pressure we face in terms of demand on services is when older people lose their ability to live independently. So that becomes a real priority.*

*“It is really easy to confuse the housing revenue account with our general revenue budget or our capital budget, it’s totally separate. There is no value in making savings or efficiencies in this budget, it needs to be spent and invested in a housing stock, it can’t help us out with our other budgetary pressures.”*

The Council is increasing rents to fund the additional borrowing. Rent was increased for 2019/20 in accordance with Welsh Government guidelines by 2.4% plus a maximum of £2 per week to bring rents up towards the Target Rent Level or a lower amount if this achieves the Target Rent in 2019/20. Properties where rents are above the target rent figure for 2019/20 had no rent increase.

We are holding our seminar ‘All You Want to Know about Welsh Local Authority Housing Finance’ in Cardiff in October (see below).

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### **Local Government Finance Settlement 2019/20**

In December 2018, Julie James AM, Minister for Housing & Local Government, announced details of the Final Local Government Revenue and Capital Settlements for 2019/20 for local authorities in Wales.

Local government core revenue funding for 2019/20 was set at £4.2billion. After adjusting for transfers, overall core funding for local government in 2019/20 has increased by 0.2% on a like-for-like basis compared to the previous year.

Compared with the provisional settlement announced in October 2018, the final settlement includes an additional £23.6million. This comprises an additional £13million allocated to local government through the final budget published in December 2018. It also includes a further £7million a year, recurrently, to support the increase to the capital limit in charging for residential care to £50,000, commenced from April 2019. Also included is an additional £2.4million funding to local authorities, for them to provide additional discretionary rates relief for local businesses and other ratepayers to respond to specific local issues.

Considering the additional resources included in the final settlement, the Welsh Government revisited the funding floor announced in October 2018 and provided £3.5million of funding to ensure that no authority sees a reduction of more than 0.3% compared to its 2018/19 allocation and top-up funding.

The non-hypothecated general capital funding for 2019/20 will be £193million (including £20million for public highways refurbishment grant) and £183million in 2020/21, in-line with the Government's announcement to boost the capital funding available to local authorities in Wales by a further £100million over three years.

The amount of Revenue Support Grant for councils in 2019/20 is £3,226,010,969. In addition, £3,203,000 is to be paid to specified bodies. Under the system of distribution, the amount of Revenue Support Grant to be paid to an individual council is determined by its standard spending assessment, taking account of the amount of business rates it will receive and assuming the amount of council tax it is able to raise. The distributable amount of business rates available for 2019/20 is £1,061million. Therefore, the figure for councils is £1,007.95million (that is the total business rates less 5% allocated to Police and Crime Commissioners).

The Welsh Government expects that the improved package of funding announced in November 2018 must be matched by a commitment from local authorities to regional working, for example with health boards and the education consortia, to secure improved outcomes and increased resilience, and a re-commitment to the spirit and the letter of the terms and conditions of the Working Group on Local Government.

The largest increase compared to 2018/19 is 0.9% in Cardiff and the largest decreases are 0.3% for five local authorities (Isle of Anglesey, Conwy, Flintshire, Powys and Monmouthshire). No authority will experience a decrease more than -0.3%, following the additional allocations made in the Final Budget. The five authorities where the funding decrease is -0.3% have received top-up funding totalling £3.5 million to ensure they do not experience a reduction beyond this level, allocated as follows: Isle of Anglesey – £269,000, Conwy – £691,000, Flintshire – £537,000, Powys – £1,214,000, Monmouthshire – £759,000.

According to the Chartered Institute of Public Finance & Accountancy, average council tax bills will increase by 6.5% in 2019/20 leaving households with £97 extra to pay each year. The institute's research revealed geographical differences in tax increases, with the average band D in South Wales facing an increase of 5.7% and mid and west Wales expecting a 8.1% rise. Welsh authorities are not required to hold a referendum on council tax rises over a certain threshold, as is the case for councils in England. However, the national assembly for Wales has the power to cap local authorities' council tax rises selectively.

In April 2019, the Welsh Government introduced measures designed to create a fairer and more equitable council tax system. They include:

- Removing the sanction of imprisonment for non-payment of council tax
- A consistent approach across all local authorities to applications for discounts and exemptions for people with a 'severe mental impairment'
- The adoption of the Council Tax Protocol for Wales – Good practice in collection of council tax, which outlines the commitment of the WLGA, local authorities and Welsh Government to take a more consistent and resident-focused approach to debt, arrears and enforcement

Council Tax raises over £1.3billion a year in Wales.

The Welsh Government's ongoing provision of information on provisional and final settlements in good time, and significantly ahead of the position in England, has helped Welsh authorities to engage meaningfully with local communities in their budget decisions.

## **United Kingdom Budget 2018 – The Implications for Wales**

Phillip Hammond presented his 2018 budget on Monday 29<sup>th</sup> October. In it he announced the government's spending, tax and borrowing plans from 2019/20 to 2022/13. It had implications for all parts of the United Kingdom. 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.”*

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.”*



**Dark skies over Westminster where Philip Hammond delivered his budget**

The United Kingdom Government says that an additional £550million will go to the Welsh Government, increasing its budget to more than £16.1billion by 2020, and its borrowing powers could be increased by £300million. In addition, £120million has been promised to support a north Wales 'growth deal'.

Mark Drakeford, Welsh Minister of Finance, described the Budget as ‘very disappointing’ and said there was no evidence that ‘austerity’ had come to an end. He said that the additional revenue funding of £486million included funding that was already expected as a result of a seventieth anniversary funding boost to the National Health Service in England and there were just ‘a few other crumbs from the table’. He said that:

“At the very best this is a ‘treading-water budget’ while we await the outcome of Brexit negotiations. It’s very disappointing as far as Wales is concerned. Anyone taking a sensible view of the United Kingdom economy would be planning to invest in our infrastructure to prepare for the future and yet, in 2019/20, our capital budget in Wales will increase by just £2.6million... The Chancellor has spoken today about the promise of more funding to come in the event of a good Brexit deal. As Finance Secretary, I can’t plan on promises of jam tomorrow – I have to work with the figures in front of me, which I can rely on... What is clear from today’s United Kingdom Budget is that all bets are off if the United Kingdom Government can’t deliver a Brexit deal.”

Stuart Ropke, of Community Housing Cymru, set out how he wanted the Welsh Government to use the resources it will receive as a result of spending decisions in England, saying that:

*“The new capital funding made available for Wales as a result of today’s budget presents an opportunity for Welsh Government to maintain consistent investment in building new affordable homes over the coming years. Doing so ensures we can reach our target of delivering 20,000 affordable homes in this Assembly term.”*

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.

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 in Wales, 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)

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## **Editorial Note**

The AWICS Wales 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.

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- 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 Welsh Local Authority Housing Finance 2019**

**October 2019**

Social housing is becoming increasingly important in Wales at a time of rising demand for affordable housing and constrained resources. Local Authorities in Wales are now self-financed, have been freed from the 'borrowing cap' and have committed to building new homes. Many are using prudential borrowing to fund new council homes; while some are still investing to achieve the Welsh Housing Quality Standard. The 'Abolition of the Right to Buy and Associated Rights (Wales) Act has ended the Right to Buy, Preserved Right to Buy and Right to Acquire in Wales. The Welsh Government has introduced a new rents policy. The United Kingdom government is rolling out Universal Credit and other welfare reforms. The potential impact of 'Brexit' on the finances of housing services is unclear. There are significant challenges and opportunities, and many are making innovative use of their housing revenue account and general fund powers and resources.



**Denbighshire County Council Offices in Denbigh. Denbighshire Council has retained its housing stock.**

In this context, do you think that a working knowledge of local authority housing finance in Wales would put you in a position of advantage?

This seminar is designed for people who are not experts in local authority housing finance, but who need to understand the basics and achieve an overview of what is going on. It is fully up to date with all developments. It refers to rents, service charges, development, sources of capital funding including grants and borrowing, housing benefit, welfare reform, business planning and much more. Many people have already benefitted from this seminar. Whether you are a Housing Manager, Tenant Representative, Elected Member or even a member of the Housing Finance Team, you could benefit from attending our seminar.

### **The Session answers 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?

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Mobile: 07502-142658. Twitter @AdrianWaite. E-Mail: [adrian.waite@awics.co.uk](mailto:adrian.waite@awics.co.uk). Web: [www.awics.co.uk](http://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 session is accompanied by a very useful 100-page book that is designed for reference after the session entitled: 'All You Want to know about Welsh Local Authority Housing Finance 2019'. Delegates will gain an overview of Welsh Local Authority Housing Finance and will keep up to date with developments.

The cost of this seminar 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. The fee includes lunch\* and book – 'All you Want to Know about Welsh Housing Association Finance 2019'

**Venue and Date - Wales:** Novotel Cardiff Central Hotel – 22<sup>nd</sup> October 2019

For further information or to make a booking, please click here: <https://awics.co.uk/all-you-want-to-know-about-welsh-local-authority-housing-finance>

To view or download a copy of our brochure, please click here: [https://awics.co.uk/files/module\\_document\\_pdfs/all\\_you\\_want\\_to\\_know\\_about\\_welsh\\_local\\_authority\\_housing\\_finance\\_2019.pdf](https://awics.co.uk/files/module_document_pdfs/all_you_want_to_know_about_welsh_local_authority_housing_finance_2019.pdf)

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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 - <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>
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## 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!

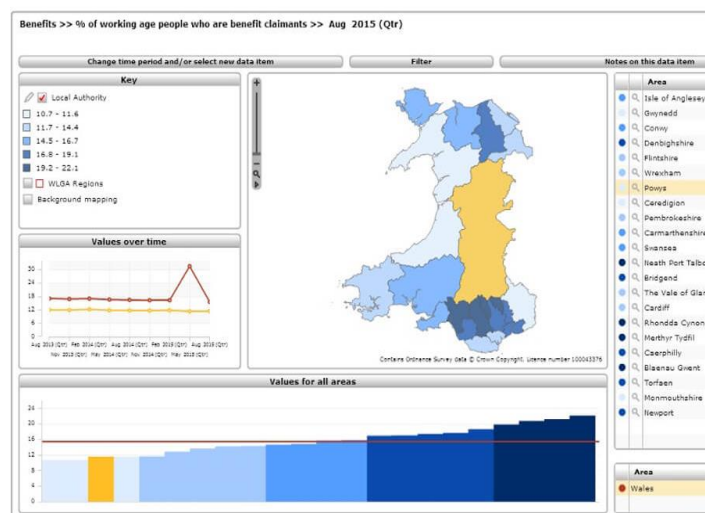
### InfoBaseCymru




- 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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