Housing Announcements – Help to Buy, Affordable Housing Programme and Social Rents Briefing Paper

October 2017

The Briant Estate in Lambeth.

Introduction

Theresa May, the Prime Minister of the United Kingdom, gave her 'keynote' speech at the Conservative Party Conference on 4th October 2017. She used the occasion to make several announcements about housing policy especially regarding 'Help to Buy', the affordable housing programme and social rents; sometimes drawing on earlier announcements made by colleagues. Further detail on some aspects was provided afterwards.

She told the Conservative Party conference that she wishes to renew the 'British Dream' and that the corner stone of this is to mend the 'broken' housing market. To this end, she has promised an extra £10billion for 'Help to Buy'; £2billion for the affordable housing budget, increasing it to £9.1billion; and has announced that from 2020 social rents will increase by the consumer prices index plus 1% each year. She said that councils and housing associations would be able to bid for grants from the affordable housing programme, and that this will include new homes for social rent and new council houses. She told the conference that:

"For 30 or 40 years we simply haven't built enough homes. As a result, prices have risen so much that the average home now costs almost 8 times average earnings. And that's been a disaster for young people in particular.

"I will dedicate my premiership to fixing this problem … to restoring the British dream… We will encourage councils as well as housing associations to bid for this money … And in those parts of the country where the need is greatest, allow homes to be built for social rent, well below market level… Getting government back into the business of building houses. A new generation of council houses to help fix our broken housing market."

Teresa May did not identify how the additional £10billion for 'Help to Buy' would be funded. The announcement followed analysis by the Chartered Institute of Housing that showed that 79% of the United Kingdom government's housing budget is already spent on subsidising home-ownership.

The announcement that social rents would be allowed to increase by the consumer prices index plus 1% each year from 2020 to 2025 returns to the policy that was announced in 2014 but reversed in 2015. I had expected the government to announce a lower increase and the announcement has been welcomed in the sector. However, this approach may create its own problems as discussed below.

Sajid Javid, the Secretary of State for Communities & Local Government announced a package of measures to protect the rights of tenants in the private rented sector. These included requiring landlords to register with an ombudsman scheme and all letting agents to be regulated as well as incentivising landlords to tenancies of at least twelve months. Some critics consider that these are timid measures and more needs to be done to protect tenants in the Private Rented Sector.

It was also confirmed that Universal Credit would continue to be rolled out.

Some important issues that are required to sustain housing services have not been mentioned since the election and were not mentioned in the speech.

One of these is Adult Social Care where there is a need to provide sufficient resources and effective integration with health, housing and other services. Another pressing issue is supported housing where the government has decided to cap housing benefit at the level of the local housing allowance but has yet to specify how the additional funding required to sustain supported housing will be provided. I had a letter published on this subject in 'Inside Housing' in June. In the letter I conclude that:

"If confidence is to be restored, housing is to be provided for vulnerable people, and unmanageable pressure on health and social care services is to be avoided, the new government will have to act with urgency to address the funding of supported housing."

This briefing paper focuses on 'Help to Buy', the affordable housing programme and social rents. It outlines the government's policy, the response of the sector and provides some commentary and conclusions.

Help to Buy

The Announcement

The 'Help to Buy' scheme was launched in 2013 to help first-time buyers to buy houses. It is an equity loan scheme that has been used by 285,000 people. The government lends the buyer up to 40% of the purchase price in London and up to 20% elsewhere to reduce the size of the deposit that the buyer requires. According to analysts at 'Liberum' 38% of private completions now benefit from 'Help to Buy'.

The government has announced that it will be extended to 2021 at a cost of £10billion. Theresa May said that:

"We will help over 130,000 more families with the deposit they need to buy their own home by investing a further £10billion in Help to Buy."

Reaction of the Sector

Many analysts consider that the scheme helps to inflate house prices and benefits the developers rather than the buyers. The announcement was followed by an increase in the value of shares of house-building companies including Barratt and Persimmon of between 2% and 4%. In contrast, speculation earlier in the year that the scheme would be abandoned led to a 5% reduction in the value of the shares of house-building companies.

The Adam Smith Institute has criticised the scheme because increasing subsidies for home-ownership while doing nothing to increase supply, in their view, simply increases house prices making home-ownership less affordable. Sam Bowman, their Executive Director, said that:

"The property market is totally dysfunctional because supply is so tightly constrained… and adding more demand without improving the supply of houses is just going to raise house prices and make homes more unaffordable for people who don't qualify for the Help to Buy subsidy.

"Reviving Help to Buy is an astonishingly ill-judged move that may prove economically and politically disastrous for the government."

Angela Jameson, a business journalist writing in the 'New European' said that:

"By allowing people to buy homes they could not afford to save the deposit for, the Government is merely helping to push already unaffordable house prices higher. The Conservatives are increasing demand for homes, without taking any steps to increase their supply – in a country where property prices are the second highest in the world, behind only Monaco.

"Government schemes like 'Help to Buy' are merely tinkering with the market – and like many knee-jerk Government 'solutions' to the housing market – are merely making matters worse. 'Help to Buy' has simply driven up the prices of existing stock."

Others have suggested that, in view of the chronic shortage of affordable housing to rent and increasing homelessness, the government's priority should be affordable housing to rent – preferably social housing.

Conclusions

The government's commitment to reversing the decline in home-ownership continues to be the focus of its housing policies and budgets – despite the additional resources that are being provided for rented housing. However, there are serious doubts about whether its chosen approach of subsidising home-buyers is effective. Since 'Help to Buy' was introduced levels of home-ownership have reduced. In my view, the announcement that a further £10billion is to be allocated to the 'Help to Buy' scheme raises the following issues:

- How is the scheme to be financed? Is it to be through increased public borrowing or through reductions in other budgets?
- The government does not appear to have evaluated the effectiveness of the scheme to date? Despite the weight of expert opinion being that the scheme is counter-productive the government has carried out no assessment of its effect on house prices, the number of new homes built or the number of additional people who have been helped into home-ownership.

- The government does not appear to have prepared a business case for the extension of the scheme that would have identified the outcomes that it could be expected to deliver, compared it with alternative ways of delivering home-ownership, and considered whether it would deliver value for money.

Additional Affordable Housing

The Announcement

Following Theresa May's speech that announced an additional £2billion for the affordable housing programme, the government issued a press release that confirmed plans for a new generation of council and housing association homes. Funding for affordable homes will be increased by a further £2billion to £9.1billion.

The Department for Communities & Local Government statement includes the following:

"Government has confirmed plans for a new generation of council and housing association homes. Funding for affordable homes will be increased by a further £2billion to more than £9billion.

"The numbers of homes will be determined on type and location of housing, and bids received for funding. With a typical £80,000 subsidy, this £2billion investment can supply around 25,000 more homes at rents affordable for local people.

"The funding will further support councils and housing associations in areas of acute affordability pressure, and where working families are struggling with the costs of rent and some are at risk of homelessness.

"The government's Affordable Homes Programme will increase from £7.1billion of public funding to £9.1billion, and the £2billion additional funding for affordable housing could lever in total investment by housing associations and councils of up to £5 billion.

"Since April 2010, around 333,000 affordable homes have been delivered, including 240,000 for rent. More than twice as much council housing has been built since 2010 than in the previous 13 years.

"Previously, the government's affordable housing policy primarily supported 'affordable rent' – rents of up to 80% of local market level – and low-cost home ownership. This announcement now extends support for 'social rent' – which are lower rents, set according to national guidelines."

The number of homes will be determined on type and location of housing, and bids from local authorities and housing associations will be required for funding. With a typical £80,000 subsidy, the government estimates that this £2billion investment can supply around 25,000 more homes at rents affordable for local people; and will lever in total investment by housing associations and councils of up to £5billion.

The funding is intended to support councils and housing associations further in areas of acute affordability pressure, and where working families are struggling with the costs of rent and some are at risk of homelessness.

In her speech, Theresa May suggested that the additional funding would only be made available in areas of greatest need, saying that:

"We will encourage councils as well as housing associations and provide certainty over future rent levels. In those parts of the country where need is greatest we will allow social rented housing to be built, at well below market levels, getting the government back into the business of building houses."

However, no definition has yet been produced of 'areas of greatest need'.

A spokesperson for the Department for Communities & Local Government later confirmed that the exact number of new homes to be built will depend on the bids that are submitted by councils and housing associations. The money is likely to fund several affordable rented homes and properties at other tenures as well. Social rented homes require a higher subsidy than affordable rented homes, so if a provider bids to build affordable rented homes they could build more homes overall. The spokesperson also said that the £2billion funding will be focused on:

"Supporting council housebuilding and housing associations in areas of greatest need and councils and housing associations will need to demonstrate that bids for social rent provide additionality".

A date for when the funding is open for bids is expected to be announced shortly.

It is not clear how much of this funding will be allocated to Greater London and how much to other parts of England; nor the extent to which the Greater London Mayor and Authority will be able to influence how the money is spent.

It is not clear whether new homes built with the additional funding will be subject to the 'right to buy'. However, most commentators are assuming that they will be.

The government's calculation that the £2billion will provide £80,000 grants for 25,000 homes assumes that the whole sum would be used for social housing. However, it is clear from Theresa May's statement that this is not the intention. Perhaps it is significant that the government said that £2billion 'can' fund 25,000 and not that it 'will'.

Reaction of the Sector

Sector leaders had hoped new flexibilities would be given to councils to help them build more homes, such as a relaxation of the Housing Revenue Account borrowing cap and over the use of Right to Buy receipts. However, in response to a request for more detail on any new flexibilities by 'Inside Housing', the spokesperson only cited the new rent policy (see below).

It is expected that the local government and housing sectors will press the government to allow greater flexibility in the way that the affordable housing programme is managed.

Lord Gary Porter (Conservative), Leader of South Holland District Council and Chair of the Local Government Association called for councils to be able to borrow more to invest in council housing, keep 100% of Right to Buy receipts and have certainty over future rents and said that:

"The only way councils will be able to invest in housing that meets the needs of communities in every town and city across the country is if they are given genuine powers to invest in housing."

Graeme McDonald, Director of the Society of Local Authority Chief Executives & Senior Managers, told the Local Government Chronicle that:

"It (the £2billion) is a drop in the ocean in terms of what is required. Because it is so insignificant in terms of the challenge it is not significant enough for local authorities to respond (to the bidding process) as aggressively as they might have done to a more significant announcement. Bidding for the potential to build a small part of perhaps 25,000 homes over five years is not enough for local authorities to significantly change the way they build housing.

"An awful lot of time and energy is going to be wasted by local authorities bidding for this money who are not going to get it while some who have a considerable housing need probably won't bid for it because this [funding] is just not considerable enough."

Councillor Peter John (Labour), Leader of Southwark Borough Council told the Local Government Chronicle that the government's proposals would not be enough:

"In Southwark that (£2billion) equates to about 10,000 new council homes at our current build costs… The government is still not facing up to the economic disaster that is housing at this current time… £80,000 is not enough. If you're going to change economics you're going to have to give us the resources to build and the entire build costs. We can build on our land so we can absorb the land costs but we can't build out of fresh air and councils do not have the resources to do this at scale like they did in the fifties, sixties and seventies."

Terrie Alafat, Chief Executive of the Chartered Institute of Housing said that:

"We have been calling on the government to invest more in genuinely affordable homes for rent so the Prime Minister's announcement of an extra £2 billion for affordable housing is very welcome. As we have been saying for some time, social rents, which are significantly cheaper than market rents, are the only truly affordable option for many people on lower incomes, so the recognition that we need more of these homes is a vital step forward. It's also encouraging to hear that Theresa May agrees councils have a central role to play in building the homes we need at prices people can afford.

"The details of exactly how these new homes will be funded and just how many will be for the lowest social rents will be crucial. The number of homes for social rent funded by the government collapsed from 36,000 to just over 1,000 between 2010/11 and 2016/17. Reversing this trend will be a significant task – how much of this new funding will be dedicated to building these kinds of homes?

"There is much to welcome in these announcements and they are certainly an important step in the right direction, but we still need to do more if we are to finally build the number of truly affordable homes we need."

David Orr, Chief Executive of the National Housing Federation, described the announcement as a 'watershed moment for the nation' and told 'Inside Housing' that:

"In the aftermath of the tragic fire at Grenfell Tower, the prime minister said that we as a nation have not paid enough attention to social housing. Today, she is right to make a bold break with the past and commit to building the homes we need most – genuinely affordable homes for those on the lowest incomes. The additional £2billion will make a real difference to those let down by a broken housing market. Building homes for social rent will make work pay and help bring down the housing benefit bill in the long run by moving people out of costly private lets.

"Today's announcement is a testament to the strong relationship we have built with government – one of partnership, trust and collaboration. We are pleased to see the prime minister's commitment to building homes that are genuinely affordable for those on the lowest incomes. This injection of money will take the brakes off the sector and enable it to unleash its full potential. Housing associations have been unequivocal about their ambition to deliver the homes our nation desperately needs – this will help them go even further."

John Bibby, Chief Executive of the Association of Retained Council Housing, said:

"While any additional resources are to be welcomed, we would have liked to see much more resources allocated to social rent homes, certainly in comparison to £10billion for Help to Buy. We'll wait to see the detail as to how much of the money will be available to local authorities who want to build."

Polly Neate, Chief Executive of Shelter, said that:

"The reality is that with over 1.2 million households on waiting lists already, this is only a fraction of the long-term investment required. It will need to be the start, rather than the end."

And John Marais, a tenant of Cambridge City Council, posted on the 'Inside Housing' website that:

"Housing professionals ought to stop trying to be so diplomatic and get out there and fight for more council housing, There's too much at stake to respond with the timidity we're seeing from the Chartered Institute of Housing and the National Housing Federation."

Clearly, most people in the sector would like to see an even greater increase in the affordable housing programme and a renewed focus on social housing. In local government, there is also a wish to see the 'borrowing cap' either raised or abolished and the local retention of capital receipts. It should be remembered that in 2010 the affordable housing programme was reduced by over 60% and that the funding that remained was focused on 'affordable' housing and low-cost home-ownership rather than social housing. Social housing numbers in England also continue to be depleted by the 'Right to Buy'.

<u>Conclusions</u>

While the Government has allocated an additional £2billion to the affordable housing programme it has provided very little information about how the money will be spent. It has been established that the suggestion that grants of £80,000 a dwelling would be available to fund 25,000 new social homes was only illustrative. It is expected that the additional funding will support a range of housing products including, but not confined to, social housing. It is possible that the funding will be linked to 'deals' with individual housing associations and local authorities in which additional funding and flexibilities are made available in return for building additional new homes – principally affordable housing – as envisaged in the Conservative manifesto of 2017. It is also possible that there will be changes to the existing affordable homes programme but further announcements must be awaited.

Rent Policy

The Announcement

Under the proposal set out on 4th October 2017, increases to social housing rents will be limited to the Consumer Price Index plus 1% for five years from 2020.
The Department for Communities & Local Government issued a statement on social rents on 4th October 2017 that said:

"Ministers also confirmed plans to create a stable financial environment by setting a long-term rent deal for councils and housing associations in England from 2020.

"As set out in the Housing White Paper, to help encourage more investment in social housing, government will create a stable financial environment by setting a long term rent deal for councils and housing associations in England.

"Under the proposal set out today, increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for five years from 2020. This will give social tenants, councils and housing associations the security and certainty they need."

Alok Sharma, Minister for Housing told the Home Builders Federation's Housing Market Intelligence conference on 6th October 2017 that new rent policy gave:

"Certainty and security to social tenants, councils and housing associations".

The policy of increasing social rents at a higher rate than inflation that existed prior to 2016 assumed that tenants would be receiving real increases in their incomes. Consequently, a policy of increasing rents in real terms would result in rents increasing in line with tenants' incomes while also providing housing associations and local authorities with a buoyant income. The new policy will mark a return to real increases in rents at a time when it is expected that prices will increase more rapidly than incomes. This will be disadvantageous for tenants – especially those who are not eligible for housing benefit.

Furthermore, it is not clear how this rent policy will relate to welfare reform.

It has been calculated that the new policy will lead to an increase in social rents of £13.6billion over five years and that this, all other things being equal, will result in an increase of £10.0billion in housing benefits. The balance will be funded by tenants.

Reaction of the Sector

Terrie Alafat, Chief Executive of the Chartered Institute of Housing, said that:

"This new rent settlement is good news for social housing – it provides the stability and certainty landlords need to build more desperately-needed new homes and to invest in their existing homes and services for tenants. We need to make sure that rents are genuinely affordable for people on lower incomes. In our recent 'Building Bridges' report we proposed that rents should not take more than a third of net earnings for people on below average income, and should not normally see working households needing to claim housing benefit."

John Perry, Senior Policy Advisor at the Chartered Institute of Housing, said that:

"The announcement that social rents will rise one per cent ahead of inflation for five years from 2020 has been widely welcomed.

"The most important aspect of the announcement is the timescale – a five-year settlement, with no further cuts in rents, offers the stability in their incomes that landlords need to plan their investment, in particular new build. This combined with the £2billion boost to social housing investment means there really will be a step change in the amount of building and – even more welcome – a significant part of that should be at social rents. Of course, this is not enough to compensate for the loss of genuinely affordable rented homes over the last six years, nor will it make much more than a dent in demand for them, but a few months ago no one could have predicted such a shift in direction.

"Inevitably though there are several caveats. The policy won't kick in until the sector has completed four years of compulsory cuts in rents, which started in April 2016. These cuts began after the coalition had made similar promises on rents which were then broken. In July 2013 it said '…when we say rent increases of up to CPI + 1% from 2015/16 onwards, that is what we mean,' but the new policy had barely begun when George Osborne ditched it in his 2015 Summer Budget. Clearly the sector expects the Conservative government not only to promise stability but to ensure it happens.

"A second, crucial issue is affordability. Earlier policies based on inflation-linked increases were set in an era when real incomes were increasing ahead of inflation. So rents could rise slightly ahead of prices while maintaining essentially the same level of affordability. Now that real incomes are stagnant, and in some cases even falling, there must be a real affordability concern. Whether this policy makes affordability worse will depend on how it is implemented, and whether the government and landlords seriously address the affordability issue, as we have urged in our recent report Building Bridges: A guide to better partnership working between local authorities and housing associations. This would mean setting a 'local housing affordability framework' which would ensure that rents stay within the means of those on low incomes in each housing market area.

"A third point is about welfare reform. Again, earlier policies assumed (to use a much quoted phrase from the 1980s) that housing benefit would 'take the strain' of higher rents. This is no longer the case. The roll-out of universal credit and its impact on rent arrears is only the latest example of welfare policy affecting tenants' ability to pay their rents. A raft of other changes over the last three to four years, starting with the bedroom tax, have stretched tenants' incomes, pushed up arrears and reduced landlords' capacity to invest. Lack of joined up thinking between welfare changes and social housing finances can't continue if the government is serious about landlords investing more.

"Finally, the focus of attention since the announcement has been on housing associations but of course the new policy affects councils too, and they have much more limited control of their finances than associations. They face a range of additional pressures affecting their investment plans – the limitations on recycling right to buy receipts, the continued threat of the government's 'high value sales' policy, caps on their borrowing and – most recently – the need for urgent investment in fire precautions following the Grenfell Tower tragedy, for which the government is offering little help.

"The announcement is excellent news for housing associations and for investment in social housing. Whether it is also good news for tenants and for local authorities depends not only on the announcement itself but on how it is now implemented – and government can't ignore the other factors that will determine whether their new policy is truly a success."

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

"This is excellent news. We welcome today's settlement on rents. It will give our housing association members the certainty they need to leverage in private finance and build the homes the nation so desperately needs."

John Fuller, Chairman of the District Council Network, said:

"It is helpful that the Government has recognised that long-term certainty around housing finance is necessary if the sector is to build more homes. The announcement of social housing rents increases to be set at CPI+1% from 2020-2025 will go some way towards councils playing their part in delivering the extra homes needed by 2022 and will help repair housing balance sheets in the longer term."

However, Joe Halewood, a social housing campaigner has asked:

"Do you really think this Tory Government will simply allow the housing benefit bill to increase by over £2 billion per year which is what yesterday's CPI+1% announcement means?"

<u>Conclusions</u>

It has been calculated that the new policy will lead to an increase in social rents of £13.6billion over five years. This has been welcomed by the sector because it will increase the resources available to housing associations and local authorities enabling them to spend more on management, maintenance, major repairs, improvements and new development.

It is estimated that £3.6billion of this expenditure is to be funded by tenants who are not eligible for housing benefit, and £10.0billion is to be funded by housing benefit.

The original justification for increasing rents by more than inflation was that incomes were also expected to increase by more than inflation. Therefore, tenants' rents would increase at a similar rate to their incomes while landlords would experience real growth in their resources enabling them to develop the service and build new homes. However, this situation is no longer the case with prices expected to increase faster than incomes. A policy of increasing rents by the consumer prices index plus 1% will therefore increase the proportion of tenants' incomes that is required to pay their rent making rents less affordable and potentially increasing the number of tenants who live in poverty.

It appears that the government has not carried out an assessment of the impact that this policy will have on tenants who are not eligible for housing benefit. This appears to me to be a major omission, especially as many of those tenants are already facing reduced incomes in real terms and increased costs including energy and utility costs.

It may be more appropriate to link increases in rents to increases in the incomes of those in the lowest quartile, rather than to increases in the consumer prices index.

The Government has not said how it intends to fund the increase of £10.0billion in housing benefits. Will it be funded by increasing the public sector borrowing requirement, or by making reductions in other public budgets and, if so, which? Alternatively, will there be changes to the benefits system to ensure that the increased rents will not result in increased expenditure on benefits? It has been calculated that paying all housing benefits at 87.5% of actual rent levels would ensure that the new rent policy had a neutral effect on the government's housing benefit budgets. Is this an option that the government is considering?

Housing Benefit is already being capped at Local Housing Allowance rates that are being frozen. If social rents were to increase above the level of the Local Housing Allowance (which is quite possible, especially if inflation increases), it is not clear what would happen. It appears to me to be a serious omission on the government's part not to have considered this. Would Housing Benefit be increased to social rent levels if they exceeded the local housing allowance? Would social tenants not be eligible for full housing benefit? Or would social landlords find their rents capped at the level of the local housing allowance and unable to increase rents in line with the consumer prices index plus 1%?

Again, it appears that the government has not carried out an assessment of the impact that this policy will have on tenants who are eligible for housing benefit in view of the inter-relationship between the government's policies on social rents and on welfare reform. This appears to me to be a serious omission.

Conclusions

These announcements represent a significant shift in government housing policy – and not only because of the new rhetoric on social housing. The government has decided to put an additional £26billion into housing - £14billion in increased social housing rents; £10billion in 'Help to Buy' and £2billion into the affordable housing programme. Of this, £4billion is to be funded by tenants who are not eligible for housing benefit and the remaining £22billion is to be funded by the taxpayer.

While the allocation of more resources to housing is to be welcomed there are several aspects of these announcements that are a cause for concern.

First, the government has not said how this increased expenditure is to be funded. Doubtless, this will become clearer when the budget is announced in November. However, unless Philip Hammond has discovered the 'magic money tree' the additional expenditure will either be funded from increased public borrowing or reductions in expenditure on other budgets. There are already serious concerns about the extent of government borrowing and fears have already been expressed that further restrictions on welfare entitlements may be forthcoming. Similarly, the government has not said what it intends the additional resources in the affordable housing programme to be spent on.

Second, it appears to me that the government's approach shows a lack of strategic thinking and poor financial administration in that:
- There has been no evaluation of the effectiveness of the existing or proposed 'Help to Buy' scheme. Indeed, independent analysis suggests that 'Help to Buy' is counterproductive in that it has accelerated rather than reversed the decline in home ownership.
- There has been no impact assessment of the effect of increasing rents in real terms either on tenants who are not eligible for housing benefit but whose incomes are not expected to increase in real terms, or on tenants who are eligible for housing benefit but whose entitlements are being restricted by welfare reform.
- There has been no evaluation of exactly what benefits could be gained through providing housing associations and local authorities with increased resources through increased rents.
- There has been no assessment of whether (if the objective is to increase the supply of housing – which is itself not clear), it would be more effective to allocate increased resources to the affordable housing programme or to provide them to housing associations and local authorities through housing benefit and increased rents. Neither has there been any consideration of the potential impact of abolishing or increasing the 'borrowing cap' or the localisation of capital receipts in the local authority sector.

- There has been no consideration of 'value for money'.

I would suggest that the government should take a step back; gather and evaluate some evidence; do some strategic thinking and then give its housing policies some further consideration. More specifically, I would recommend that they consider the following options:

- Replacing 'Help to Buy' with an alternative approach to promoting home ownership.
- Increasing the affordable homes programme to significantly more than £9.1billion and re-focusing it on social housing.
- Increasing social rents by no more than increases in the incomes of people in the lowest quartile.
- Empowering local authorities to deliver more new homes through the abolition of the 'borrowing cap' and the localisation of capital receipts.
- Reviewing the 'Right to Buy' scheme to ensure that homes that are sold are always replaced.

In the meantime, housing associations and local authorities need to prepare and update housing business plans in an uncertain environment.

Adrian Waite
October 2017.

Housing Business Planning in an Uncertain Environment - Seminar

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

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 - including reform of housing benefit - 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.

The seminar will address the following questions:

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

Who should attend?

- All those with an interest in business planning in local authority housing, including Managers in Local Authorities and Arm’s Length Management Organisations, Elected Members, ALMO Board Members, Housing Accountants and Tenant Representatives.

The session is interactive, includes specific practical examples and is accompanied by a very useful book entitled: “Housing Business Planning in an Uncertain Environment”

Venues and Dates:

- London: Novotel Hotel, Waterloo – Tuesday 7th November 2017
- North: Novotel Hotel, Leeds – Tuesday 21st November 2017

The price of the seminar in London is £250 plus Value Added Tax, a total of £300. The price of the seminar in Leeds is £195 plus Value Added Tax, a total of £234. However, there is a £20 discount for people who book a month or more in advance making the cost £230 plus Value Added Tax in London and £175 plus Value Added Tax in Leeds.

For further information or to make a booking, please click here: http://awics.co.uk/housing-business-planning-in-an-uncertain-environment

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- Welfare Reform 2017: The Implications for Housing
- All You Want to Know about Service Charges in Social Housing in Wales.
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Information about all our seminars can be found at: http://awics.co.uk/seminars2017 and http://awics.co.uk/seminars-2018

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- 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
