AWICS Independence.....Integrity.....Value
Adrian Waite (Independent Consultancy Services) Limited

AWICS Housing News
April 2015

Cressingham Gardens, a Lambeth Borough Council estate where controversial options for refurbishment and regeneration are being considered.

Table of contents

Homes & Communities Agency Regulatory Framework

Changes to the regulatory framework for social housing came into effect on 1st April 2015. The regulatory framework consists of 'standards' that are mandatory provisions for all housing providers, codes of (good) practice, as well as additional regulatory guidance. According to the Homes & Communities Agency, regulatory standards 'contain the outcomes that providers are expected to achieve and the specific expectations of the Homes & Communities Agency as regulator'.

Since the collapse of the Cosmopolitan Housing Group (CHG) in 2012, and criticism that previous government requirements for providers were too vague, the standards seek to enhance the regulator's oversight while not trying to be prescriptive over housing providers' processes. The regulator said amendments were made 'against the continuing backdrop of a changing operating environment and an increased level of risk faced by registered providers' in an effort to enhance the accountability of providers and improve their accounting practices.

The revised ‘economic standards’ include standards on governance and financial viability, value for money, and rent standards. Governance and financial viability standards call for:

- **A robust business planning, and risk framework:** The standard calls for systematic risk assessments to be conducted by housing associations. The outcomes will be forwarded to the regulator to judge the health of individual providers. Housing associations now need to show that they have access to sufficient liquidity. They also have to show that their financial forecasts are based on prudent assumptions.
- **Financial stress tests**: The requirements call for housing associations to ‘assess, manage and where appropriate address risks to ensure (their) long term viability’. Providers need to undertake thorough stress tests and maintain an up-to-date account of their assets and liabilities.
- **Ring fencing social housing**: Profit-making providers of social housing need to *ring fence* their social housing operations. Any activities that do not relate to social housing but involves social housing assets should only ‘form a very small part of (their) activities’ and should not put social housing stock into “undue risk.”

Matthew Bailes, Director of Regulation at the Homes & Communities Agency, commented on the changes:

> *“Effective risk management will enable the sector to deliver a lot more over an economic cycle. The new requirements reflect what any well-run business with complex risks should be doing. We will be seeking assurance that providers are up to the mark under a new approach to engagement, which will be introduced alongside the new framework. Where providers don’t give us the assurance we need this will be reflected in public judgements, and if necessary prompt further action.”*

The regulator asks all housing providers with more than 1,000 homes to submit their compliance reports at least once a year. Non-compliance of smaller providers may be flagged in the Homes & Communities Agency’s Regulation of Small Providers page. Compliance of council-owned housing will not be published. The regulator preserves the right to conduct in-depth spot checks with suppliers who are seen to be in risk to breach the governance expectations.

The Homes & Communities Agency’s new regulatory standards for Governance and Viability will strengthen the expectations on providers to manage risk actively in a more complex and risky operating environment; and provides a significant challenge to housing associations. The required outcome on financial viability is:

“Registered providers shall manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk.”

There is a specific expectation that registered providers shall ensure that they have an appropriate, robust and prudent business planning, risk and control framework and that the framework shall ensure:

- There is access to sufficient liquidity at all times
- Financial forecasts are based on appropriate and reasonable assumptions
- Effective systems are in place to monitor and accurately report delivery of the registered provider's plans
- The financial and other implications of risks to the delivery of plans are considered
- Registered providers monitor, report on and comply with their funders' covenants

Registered providers are also required to assess, manage and where appropriate address risks to ensure the long term viability of the registered provider, including ensuring that social housing assets are protected. Registered providers shall do so by:

- Maintaining a thorough, accurate and up to date record of their assets and liabilities and particularly those liabilities that may have recourse to social housing assets
- Carrying out detailed and robust stress testing against identified risks and combinations of risks across a range of scenarios and putting appropriate mitigation strategies in place as a result
- Before taking on new liabilities, ensuring that they understand and manage the likely impact on current and future business and regulatory compliance

The regulatory standard will also be referred to in the AWICS seminar and workshop: 'All You Want to Know about Housing Association Finance' (see below)

The Homes & Communities Agency's regulatory standard for governance and financial viability can be downloaded from their website by clicking here: Link.

Homes & Communities Agency Global Accounts

On the 18th of March, the Homes & Communities Agency published the annual global accounts for the social housing sector. The executive summary starts with the statement that:

"The 2014 Global Accounts demonstrate that the sector, in aggregate, remains financially robust. The sector recorded a strong financial result in the year ending March 2014, turnover increased by 5% to £15.6billion and the operating margin also increased from 25.9% in 2013 to 26.5% in 2014. Surpluses for the sector have continued to rise and total £2.4billion for 2014, an increase of 22% compared to 2013.

"Historically, the surplus generated by registered providers remained relatively constant between 2003 and 2009. The increase in surplus recorded by the sector since 2009 is in part attributable to favourable macroeconomic conditions. The sharp increase in surplus post 2009 corresponds with a period of historically low interest rates and permitted rent increases linked to retail price index (RPI) significantly outstripping wage inflation.

"The increase in surplus in recent years is also partly attributable to the growing maturity of the stock transfer sub-sector. In their early years, typically over a 5 to 12 year period, stock transfer providers undertake high levels of improvement works. This is reflected in high deficits and low levels of interest cover. Over 75% of stock transfers took place before 2006. Prior to 2010, the surplus from the sector as a whole was reduced by deficits in the stock transfer sub-sector. In 2014 the stock transfer sub-sector contributed £818 million (35%) to the total surplus."

I was once told that recessions are usually good for housing associations and this evidence supports this theory. The recession has depressed inflation in staffing costs and repairs and maintenance costs and reduced rates of interest to very low levels. However, rents have continued to increase with the result that many income and expenditure accounts are buoyant and surpluses have increased.

Furthermore, many housing associations have confounded the pessimists who predicted that the reductions in social housing grant that were made in 2010 would lead to the end of housing association development. They have been innovative in finding ways of developing without grant and in finding ways to increase their borrowing capacity.

However, there are those who criticise the sector for making unnecessarily large surpluses (also suggesting that this may lead to insufficient pressure to control costs) and who argue that the sector could do more to 'sweat its assets' and provide more social and affordable homes without the need for any additional resources.

Even though some of this criticism comes from prominent people I believe that it is largely misconceived and is based on a misunderstanding of how housing associations fund their assets. As the Homes & Communities Agency points out in the global accounts:

"The entire surplus generated is taken to reserves, which are not held as cash but are reinvested in providers' businesses. At March 2014, the sector had reinvested £12.7billion of its reserves in the acquisition and development of new supply and improvements to the existing stock base and the balance is retained within the balance sheet as working capital. The gross book value of the sector's assets (total housing properties at cost and valuation) has increased by £6.8 billion to £132.7 billion.

"The sector has forecast that it will generate a surplus of approximately £2billion per year for the next 5 years and that it will continue to reinvest its reserves in the acquisition and development of new stock. The sector is forecasting that it will increase the level of development activity. It is expecting to develop 285,000 units between 2014/15 and 2018/19. The sector developed 34,500 units during 2013/14."

The sector's increasing dependence on market housing is also highlighted in the global accounts. One way that housing associations ensure that development is financially viable is by including market housing for sale or rent and shared ownership housing in schemes but this strategy can expose housing associations to risk. This issue exposes the tension between the investment and regulatory functions of the Homes & Communities Agency. As the body responsible for investment it wants housing associations to be innovative and commercial and to 'sweat' assets to maximise the number of homes supplied; but as the body responsible for regulation it frets about the risks that this approach presents to resources that have already been invested in social and affordable housing by the government and the financial sector. The global accounts comment that:

"The sector's exposure to the housing market is likely to increase in the next 5 years when sales income is projected to be £17.9billion which equates to 18% of the sector's forecast turnover. There are a number of additional risk factors that could affect the volatility of the sector's cashflow:

- *From April 2015, providers will be required to ensure that all rent increases are linked to consumer price index (CPI) inflation + 1% rather than RPI +0.5%; providers will no longer be permitted to increase rents in excess of this where rent levels are below target rents.*
- *The variety of changes brought in by welfare reform pose a risk to income collection*
- *The Bank of England base rate has remained at 0.5% throughout the current year, as it has the previous 3 years. Providers are susceptible to increases in the base rate which could significantly increase interest costs. As at March 2014, the sector's fixed rate debt is approximately 67% of its total debt (2013: 65%, 2012: 70%)*

"Total debt raised in the year was £5.6billion (up from £5.5 billion in 2013). This was split between approximately £2.3 billion of incremental growth in debt, and £3.3 billion of refinancing or restructuring existing facilities. During 2013/14, providers issued £2.9 billion of bonds in the debt capital markets, similar to the amount raised in the previous year. The market for bond financing has continued to expand, with an increased range of institutions buying provider paper and a variety of structures being established.

AWICS Ltd., Unit 3, Shire Hall, The Sands, Appleby in Westmorland, Cumbria. CA16 6XN.
Tel: 017683-52165. Mob: 07502-142658. Twitter @AdrianWaite. E-Mail: adrian.waite@awics.co.uk. Web: www.awics.co.uk
Managing Director: Adrian Waite MA CPFA CIHM FInstLM
Registered office as above. Company Number: 3713554. VAT Registration Number: 721 9669 13.

"The sector remains an appealing lending prospect for both the banks and capital markets, with the strong asset base, predictable income streams and government support through Housing Benefit and regulation combining to produce favourable pricing. The ready availability of debt capital market finance has continued into 2014/15, with the fall in the gilt rate further decreasing the cost of capital."

Value for Money is an important concern of the Homes & Communities Agency but what the agency means by 'value for money' can be different from what housing association board members, staff and residents mean by 'value for money' and it is important for this distinction to be recognised – especially when preparing value for money self-assessments. In housing associations 'value for money' is usually thought of as involving improving services while reducing costs. In the Homes & Communities Agency it is all about 'return on investment'. Furthermore, this view of 'return on investment' is focused firmly on financial returns. I recently spoke with a Housing Association Finance Director who had returned from a meeting with the Homes & Communities Agency and had been disappointed to find that his enthusiasm for 'social return on investment' was not shared by the agency. The agency describes its approach to value for money and the relationship between the value for money and viability standards in the global accounts as follows:

"The Homes & Communities Agency's Value for Money (VfM) Standard has been part of the regulatory framework since April 2012. For the majority of providers, 2014 was the second year in which they were required to publish VfM self-assessments. The sector has increasingly got to grips with the requirements of the standard. In general, self-assessments were more detailed, with a greater number of providers transparently setting out their evidence of how they meet the specific requirements set out in the VfM Standard.

"On 30 January 2015, the regulator published its decision statement on the adoption of a new Governance and Financial Viability Standard. This new standard comes into effect from 1 April 2015, and will strengthen the expectations on providers to actively manage risk in a more complex and risky operating environment. The two standards complement each other, with the revised Governance and Financial Viability Standard setting out the requirements to understand and manage the risks to the social housing assets, and the Value for Money Standard setting the expectation that providers should understand the return on those assets and seek to optimise them.

Matthew Bailes, Director of Regulations at the Homes & Communities Agency, said:

> *"The accounts illustrate that the strong performance of the sector in 2012 to 2013 has continued into 2013 to 2014. The sector remains a compelling lending prospect for both the banks and capital markets, with the strong asset base, predictable income streams and government support through housing benefit and regulation combining to produce favourable pricing. The sector is also currently benefiting from favourable macro-economic conditions including low interest rates and a strong housing market in parts of the country.*
>
> *"Looking forward, the new Governance and Financial Viability Standard comes into effect from 1 April 2015 and will strengthen the expectations on providers to actively manage risk in a more complex and risky operating environment."*

The global accounts will also be referred to in the AWICS seminar and workshop: 'All You Want to Know about Housing Association Finance' (see below)

The Homes & Communities Agency's full global accounts can be accessed from their website by clicking here: link

Right to Buy for Housing Associations — will it happen?

Earlier this year, it was reported that the government was considering introducing regulations to extend the 'Right to Buy' to enable tenants of housing associations to buy their home at a discounted price. This proposal has now been included in the Conservative general election manifesto.

Currently tenants of housing associations can make use of the 'Right to Acquire' to take ownership of their home. Homes can be bought by tenants for a slightly discounted price, but compared to the right to buy scheme, which enables discounts of up to £ 77,000 across the United Kingdom (and £102,000 in London), Right to Acquire only provides discounts of up to £16,000. 'Right to Acquire' is also only an option if the home has been built or acquired by the housing association before 1997 and the tenant needs to have lived in the house for at least five years to be eligible. Tenants who have transferred from local authorities also have a 'preserved right to buy'.

Under the new proposal, tenants in housing associations would be given a similar deal to those in council housing. The Institute for Public Policy Research, that had already proposed the idea in 2012, saw the re-investment of income from the housing sales as a way to tackle the housing crisis. Given that housing associations across the United Kingdom provide over two and a half million homes to five million people, proponents hope that the step could help families on lower income bands onto the property ladder.

If homes were sold for significantly less than their market value the capital receipts would be unlikely to be sufficient to repay debt let alone build replacement homes and this is a major concern in the sector. David Orr, Chief Executive of the National Housing Federation, is also concerned that extending the 'right to buy' to tenants of housing associations could convert housing associations' £60billion net borrowing into a public debt. Housing associations also use their housing stock as security for these loans with binding covenants committing them to maintaining a healthy ratio between the value of their assets and the level of their debts. If homes that are used for security were to be sold at a substantial discount the asset values would reduce while the debt would remain. If covenants were broken the banks would be entitled to increase interest rates and / or demand the return of their money. This could seriously affect the financial viability of housing associations. However, the latest proposal is that this problem could be overcome by obliging local authorities to sell their more valuable housing stock to generate resources with which to compensate the housing associations.

Katie Davis, chief executive at Notting Hill Housing, said:

> *"The discounts for housing associations are very small at the moment, so our tenants are not in a position to use the Right to Acquire. The very big discounts available on council houses make them affordable, but it would be important to ensure that housing associations were able to replenish housing stock,"*

David Orr, Chief Executive at the National Housing Federation, said the current legal regime prohibits housing associations, as established charities, to sell homes under their present market value. The regulation, if introduced, would thus require amendments to the legislation that governs the charitable status of housing associations.

Following the publishing of the Conservative party manifesto that includes a commitment to extending ‘right to buy’ to housing association tenants Ruth Davison, Director of Policy and External Affairs at the National Housing Federation issued the following statement:

> *“We fully support the aspiration of home ownership but extending ‘Right to Buy’ to housing associations is the wrong solution to our housing crisis. Following forty years of successive governments’ failure to build the homes the country needs, soaring rents and house prices and the biggest baby boom since the 1950s, ensuring that there are enough homes today and tomorrow must be our nation’s top priority.*
>
> *“While extending ‘Right to Buy’ will see some people being able to buy their own home with help from the taxpayer, these are people already living in good secure homes on some of the country’s cheapest rents. It won’t help the millions of people in private rented homes who are in desperate need to buy but have no hope of doing so, nor the three million adult children living with their parents because they can’t afford to rent or buy. To use public assets to gift over £100,000 to someone already living in a good quality home is deeply unfair. Little wonder then that 60% of the public believe that it would be unfair for social housing tenants to get a discount to buy their home while private renters do not.*
>
> *“Beyond questions of fairness, the public simply don’t buy that it will help people struggling with their housing costs. Just 16% think extending ‘Right to Buy’ to housing associations is a good way to tackle the affordability crisis, in comparison to 46% who want the Government to give more public money to housing associations and councils to build more affordable homes that will benefit more people.*
>
> *“Housing associations are private social enterprises that exist for the benefit of the community, who already build homes of all types – for sale, private and social rent and shared ownership. As well as depriving future generations of decent affordable housing, the Conservative Party are planning to raise £17.5billion over the life of the next Parliament from the sale of high value properties to fund the discount – no paltry sum in times of austerity and a figure that could grow into the tens of billions as more become eligible. This £17.5billion is enough to finance nearly one million new shared ownership homes open to everyone, not just the lucky few already well housed in secure social homes.”*

In contrast to these proposals for England, the devolved governments in Scotland and Wales are bringing ‘Right to Buy’ to an end.

The proposals to extend the ‘Right to Buy’ to Housing Association tenants will be referred to in the AWICS seminar and workshop: ‘All You Want to Know about Housing Association Finance’ (see below)

Cressingham Gardens — Knocking it down or Building it up

Cressingham Gardens is an estate with 306 homes owned by Lambeth Borough Council next to the Brockwell Park. Build in the 1960s, it features an unusual low rise, low-density architecture that contains much green space. It is known for its distinct neighbourhood and low crime rates. Of the 306 homes, about ninety are privately owned having been sold to former tenants. Some of the private owners rent out their home. The remaining occupants rent from the council.

Adrian Waite recently met with a group of residents from the estate. The Council is currently carrying out an options appraisal for the estate that is looking at options for refurbishment and redevelopment. The Council particularly wishes to consider whether a regeneration scheme could increase the number of dwellings on the estate. However, the approach of the Council and residents has differed with the Council preferring regeneration and the residents preferring refurbishment. There has also been some dispute over the likely costs of refurbishment.

Like in many other places in London, social housing stock is running low in Lambeth. The Council has pledged to build 1,000 council homes over the next four years knowing that the waiting list for a council home is in excess of 21,000 households. Hence, Lambeth Council's inclination to consider whether the site on which Cressingham Gardens is built should be made available for redevelopment. As opposed to selling the land, the Council would undertake the re-development itself and would profit from any increased rental income once the estate was redeveloped. The redevelopment options under consideration aim to increase housing density and to have at least the same number of social housing as presently available on the estate.

The Council has presented five alternatives to residents ranging from a upgrading of the existing properties all the way to a complete redevelopment with three options that combine elements of each option. The council has offered to residents a new flat for the same conditions as they presently enjoy.

The Council's preferred option is for partial redevelopment with the blocks nearest Brixton being demolished (Chandlers Way, Papworth Way, Longford Walk, Scarlet Manor Way and Crosby Walk) and the rest of the estate refurbished. However, the residents' preferred option is for refurbishment, repairing and improving the entire estate including roof repairs to make homes damp free and watertight, and new kitchens and bathrooms for tenants.

A local resident campaign, Save Cressingham Gardens, has been organised. Local residents strongly favour the option to upgrade the existing low-rise housing stock and to preserve the neighbourhood in its physical character. Being worried about having to relocate into new flats on a redeveloped site, they accuse the Council of a decade of neglecting the issue of delivering social housing. However, Lambeth Council takes the view that the redevelopment of the estate is in the interests of the majority of the community.

The Council is now proposing to launch a formal test of opinion. Councillor Lib Peck, Leader of Lambeth Council, commented to the 'Brixton Blog' that:

> *"We are talking about people's homes, so it's completely understandable that the community feels threatened. There is a strong sense of community on the estate. However, this is something we want to strengthen, not destroy, by replacing homes that in some cases are in a very poor condition. We are also guaranteeing everyone a place back on the estate."*

Gerlinde Gniewosz, the Co-chair of the Tenants and Residents Association, said:

> *"The Council is misleading Lambeth residents when it states the regeneration is motivated by the need to build 1,000 extra council homes. This is just political, a veneer to cover up financial mismanagement in its decent homes major works program – Lambeth has demonstrated it has no interest in truly helping residents. The officers and councillors have ignored what residents are repeatedly saying about the really negative effects of what they are proposing."*

There is clearly a need for effective consultation and for robust financial information so that the Council and the residents can take informed decisions.

More information can be found on the website of the Tenants' & Residents' Association at: http://cressinghamgardens.org.uk/

United Kingdom Budget: The Implications for Housing Finance

On 17th March 2015, George Osborne presented the United Kingdom budget for 2015. The budget did not contain many surprises. Osborne will continue to cut public spending over the next three years with a further £30billion of cuts before 2019/20.

Supporting the housing sector was an important topic in Osborne's budget. The government announced a plan to develop up to 200,000 new homes by the introduction of housing zones outside of London. The other highlight was the introduction of a new help-to-by ISA that could cost up to £250million in the next fiscal year, to help first-time buyers.

The Help to Buy ISAs will apply to first-time buyers, and for every £200 they save, the government will top it up with £50. The maximum hand out is capped at £3,000. The value of the house is capped at £450,000 in London and £250,000 anywhere else in the United Kingdom. The scheme starts in autumn 2015 and will cost up to £250 million in the first year. Critics have questioned why the taxpayer should subsidise someone who can afford to spend up to £450,000 on buying a house.

Twenty housing zones for construction will be introduced outside London to contribute towards the goal of delivering 200,000 new homes. Housing zones are areas of land for which the central government provides funding for infrastructure and acquisition of the site. The local authority and its developers commit to provide an agreed level of social and private housing to a certain deadline. The announced zones are expected to provide up to 45,000 homes.

About £1million will be invested into the London Land Commission to pay for the development of a database of major brownfield and public sector land.

The government will commission a study into some of the largest midlands estates to look at the challenges they face, future interventions and successful approaches.

The government will establish a Housing Finance Institute as an independent financial intermediary to support investment into government-owned land and building projects and help local councils deliver more housing.

Given the increase in employment figures, the Chancellor forecasts that expenditure on welfare will decrease by £3million in the next fiscal year. Some commentators were surprised that the budget speech featured few announcements on welfare related matters. It was also not immediately clear how the savings in welfare spending will be achieved.

Compared to the autumn statement, the welfare bill is expected to be £3billion a year lower. Together with the already budgeted £21billion welfare reductions, the Chancellor thus expects a further £12billion reductions in welfare spend until 2017/18.

Much welcomed was the announcement of a new £1.25billion investment into mental health services. Osborne announced a 'major expansion; of spending on mental health services for children and those suffering from mental health issues.

Commenting on the Help to Buy ISA, Jennet Siebrits, Head of Residential Research at CBRE, (a commercial and real estate investment company) told Yahoo Finance that:

> *"Under this ISA, first time buyers need to save £200 per month over 4 years to get the maximum benefit of £3,000. However, over this period house prices could have risen by circa £40,000. Overall, we would have preferred to see more supply side initiatives as part of today's Budget."*

Nick Barns, Senior Analyst at Chestertons (a residential estate agent), said on the new Help to Buy ISA:

> *"The money can only be used towards the purchase of a house up to the value of £450,000 within London and £250,000 outside London. Moreover, there is an initial cap of £1,000 which can be saved with a monthly cap thereafter of £200. In other words it would therefore take 56 months to accumulate the £3,000 maximum Government contribution"*

AWICS has prepared a briefing paper that summarises the United Kingdom Budget for 2015 and focuses on its implications for Housing and Local Government. It can be freely downloaded by clicking on this link.

Rolling out Universal Credit: A brief update on progress

Universal Credit, introduced in April 2013 with an initial three pilot schemes, merges six existing benefit payments (including housing benefit, job seekers allowance, employment and support allowances, child tax credit, and working tax credit) into one single payment. Once operational, the system will oversee £70billion benefit payments annually. It is heavily reliant on Information Technology systems to calculate benefit payments based on the most up to date information at hand. This way, the system can respond to changes in the recipient's income level and for example reduce benefit payments gradually. The final system will be solely accessible to claimants online and similarly to a salary follows a monthly pay-out schedule. Through the dynamic payment of benefits, the government hoped to boost the economy by £7billion annually based on improved work incentives and reduced benefit payments.

Since it is initial announcement in 2010, legislation contained in the Welfare Reform Act 2012 and the subsequent introduction of pilots in 2013, the programme has suffered from a number of setbacks. Partly those were attributable to the complexity of the programming efforts to create an online service that merges the different benefit payment systems and merging it with the claimant's entitlements.

In October 2014, Iain Duncan Smith, the United Kingdom Secretary for Work and Pensions, announced that Universal Credit was finally rolled out to job centres across the country and that it will then be accessible to new claimants who would otherwise have applied for Job Seeker's allowance. Commenting on progress of the roll out, he said:

> *"Universal Credit has now rolled out in the northwest of England – to couples, shortly to families, to more than one in eight job centres by Christmas – safely and securely as we always said. I can announce that we are going to accelerate the delivery of Universal Credit from the New Year, bringing forward the national roll-out through 2015/16 to every community across Great Britain."*

However, the National Audit Office has been critical saying that only £34million of the invested costs for the technical development of the system would be reusable should the system fail. Late last year, it also found it impossible to judge the system's value for many since two years into the program only 50,000 people have accessed the new service — far fewer than initially expected. The chair of the Public Accounts Committee, Margaret Hodge, said:

> *"As the department has justified this spending on the promise of benefits in the future – such as from higher employment – rather than on the actual delivery of benefits to date, we simply cannot judge the value for money of this expenditure at this stage.*
>
> *"The Information Technology infrastructure for Universal Credit continues to be of particular concern. The department has spent £344million with suppliers developing its 'live' service systems for claimants who have straightforward initial claims which do not involve all six benefits, yet it expects to re-use just £34million worth of this Information Technology in the longer term."*

While Universal credit is now supposedly available in over 150 employment centres around the United Kingdom, more recently, central government recognised that the programme is significantly delayed. Iain Duncan Smith now aims for the service to be available in all job centres by 2016, but critics dispute whether this is achievable saying that it would take much longer given the current speed of adoption. Since the programme was restarted in 2013, the government has opted for a slower rollout to avoid further problems. This means that the service is rolled out one claimant type after another in a staggered manner.

A change of government in the United Kingdom may lead to a changed approach to Universal Credit in England and Wales. In Scotland it is proposed to devolve responsibility for welfare to the Scottish Government who are also likely to have a different approach.

Briefing papers on welfare reform are available on the AWICS website at: http://www.awics.co.uk/Housing.asp

---

L&Q announces ambitious development programme

L&Q, one of the United Kingdom's largest providers of social housing and London's largest developer, has announced the aspiration to build 50,000 new affordable homes within a generation. Inside Housing described the move as the 'biggest housing association building drive in the sector's history'.

Instead of relying on government subsidies for the building programme, L&Q said that it plans to use financial surpluses from its existing rental operations. Currently, the organisation said that it holds sufficient land for an initial 15,000 homes. Realising the full aspiration of 50,000 homes will be subject to the future availability of land.

As part of its efforts, L&Q has signed an agreement with Lend Lease to manage affordable homes on their £1.5billion redevelopment of the Elephant Park site near Elephant and Castle. The development plans foresee building 550 homes. Before that, L&Q entered a similar agreement with Lend Lease at the Trafalgar Place site.

Lend Lease project director, Rob Heasman, said:

> *"By working with L&Q in a master agreement for the Elephant & Castle scheme, we are forming a long-term partnership with an established and trusted registered provider. As an integral part of the delivery at Elephant Park, L&Q has already shown a deep understanding of our vision to create a place full of life in Central London's new green heart."*

L&Q considers that projects such as these are urgently needed as London experiences a serious housing crisis, rising rental prices, and trend towards gentrification in most boroughs. L&Q's plans to build without government support shows both the urgency of new affordable housing development and also the profitability of the model in current market conditions.

All You Want to Know about Housing Association Finance

We are holding our seminar 'All You Want to Know about Housing Association Finance' in May and September 2015. This seminar is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

Social and Affordable housing is becoming increasingly important at a time of rising demand and constrained resources. Housing Associations face significant challenges. The economic background continues to be one of recession with many tenants managing with reduced incomes. The government has reduced the Affordable Housing Programme, introduced rent reforms including intermediate 'affordable' rents and is 'reforming' housing benefits. The Homes & Communities Agency has made changes to financial regulation with an increased focus on viability, value for money and risk management. Local authorities have reduced Supporting People Grant. Terms on which loans are available are less favourable than in the past. Asset Management and Treasury Management are seen as being increasingly important.

However, housing associations are being remarkably innovative in their response with many developing new sources of income including increased service charges and having ambitious new build and regeneration schemes.

Do you think that a working knowledge of service charges would put you and your colleagues in a position of advantage?

Whether you are a Housing Manager, Board Member, Tenant Representative or even a member of the Finance Team; whether you are in a housing association or in a council that has partnerships with housing associations, you could benefit from one of our sessions at which you will learn: **"All You Want to Know about Housing Association Finance"**

We believe in quality rather than quantity and so numbers at each session are limited to twenty people to permit the maximum possible interaction and participation.

The session will answer the following questions:

- What financial environment are housing associations working in?
- How do the finances of Housing Associations work?
- How do housing associations fund new development?
- What are the financial opportunities available to housing associations?

Delegates will gain an overview of the finances of housing associations and will keep up to date with developments in housing association finance. The session includes a participatory case study and is accompanied by a very useful book that is designed for reference after the session entitled: **"All You Want to Know about Housing Association Finance 2015"**

Venues and Dates:

- **London:** Novotel Hotel, Waterloo – 19th May 2015
- **North:** Clough Manor Hotel, Oldham – 29th September 2015

Further information is available on our website at: http://www.awics.co.uk/hafin15.asp from where you can also book a place online.

Error correction: Severnside housing development in Morda

In the March edition of our newsletter, we reported on the Severnside housing development project in Morda. Unfortunately, we mistakenly stated that the development cost £21.3m. The actual development costs were £2.27m for 21 homes. We apologise for this error.

Editorial notes

This edition of the Housing newsletter was edited by Sebastian Weise. Sebastian is a freelancer and PhD student at the Centre for Digital Innovation at Lancaster University. He is knowledgable about participatory urban planning, local government, government reform, and geospatial services.

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

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/seminars2015.asp
- In-House Training - http://www.awics.co.uk/inHouseCourses.asp
- Independent Residents' Advice – http://www.awics.co.uk/IndependentTenantAdvice.asp
- Technical Books - http://www.awics.co.uk/publications.asp
- Free Information Service - http://www.awics.co.uk/informationservice.asp

Our next seminars and workshops will be:

All You Want to Know about Local Authority Housing Finance:
- Oldham - 7th July 2015
- London - 10th November 2015

For details please see http://www.awics.co.uk/lahfin15.asp

All You Want to Know about Housing Association Finance
- London - 19th May 2015
- Oldham - 29th September 2015

For details please see http://www.awics.co.uk/hafin15.asp

All You Want to know about Service Charges in Social Housing
- London - 20th May 2015
- London – 10th June 2015

For details please see: http://www.awics.co.uk/schs2015.asp

Developments in Local Authority Housing Finance in England
- London - 9th June 2015

For details please see: http://www.awics.co.uk/devts15.asp

Advertisements

IF YOU WOULD LIKE TO PLACE AN ADVERTISEMENT IN THE AWICS HOUSING NEWS PLEASE CONTACT Adrian.waite@awics.co.uk

CBH

Independent Living Service Manager

Salary Scale PE7, Salary band from, £32,131 to 37,332 (37 hours per week)

We deliver excellent services, so we need excellent people…. Would you like to work in an innovative, customer focussed organisation? Then join us!

Cheltenham Borough Homes manages and maintains homes on behalf of Cheltenham Borough Council. Our Vision is that our customers are able to improve their quality of life and live in good quality homes, in places where they choose to live.

As manager of CBH's new independent living service for older people, you will provide exceptional leadership, direction and support to a team providing high quality community based services to older people.

Skilled in managing costs, in delivering projects on time and on budget and in developing new business partnerships, this role will provide an opportunity to deliver a new, innovative service to older people to enable them to live independently and enjoy a high quality of life.

You will be based at Hester's Way Resource Centre, Cassin Drive Cheltenham**.** The successful candidate will have a proven track record in successfully securing funding and experience in supported and/or social housing

For an informal discussion please contact Caroline Walker on 01242 582350 or
e-mail:caroline.walker@cheltborohomes.org
Closing Date: Wednesday 15th April 2015
The interview date for this position will be **Friday 24th April 2015**
For an application pack please visit our website at www.cheltborohomes.org or alternatively call the HR department on 01242 775314 and ask for an application pack. Completed applications can be returned to:recruitment@cheltborohomes.org
Please note CVs are not accepted.
Any offer of employment will be subject to BPSS (identity check, vertification of criminal record, employment history and nationality/ immigitration status) and a medical assessment.

CBH is currently undertaking a 'Pay Harmonisation' project as part of our commitment to equal opportunity. Therefore all our posts are currently being re-evaluated using a new job evaluation scheme and this could potentially impact on some salary levels. The implementation date is aimed for July 2015.