AWICS Housing News
October 2014

Contents:

Green Towers Community Centre in Edmonton where Adrian Waite presented a session of 'All You Want to Know about Local Authority Housing Finance' to staff of Enfield Council and Enfield Homes in October 2014.

Affordable Homes Programme funding - £800million available

Housing providers across England (outside London) are being invited to bid for a share of around £800million of Affordable Homes Programme funding, through the Homes and Communities Agency's Continuous Market Engagement approach.

The second phase of bidding under the Homes & Communities Agency's £1.7billion Affordable Homes Programme opened in October 2014, following confirmation in July of £886million of initial allocations for 2,697 firm schemes that will deliver 43,821 new affordable homes.

The £1.7billion total investment will make a significant contribution to the United Kingdom Government's ambition of 165,000 new affordable homes by March 2018, while boosting overall housing supply and local economic growth.

As with the initial phase, schemes brought forward for consideration under Continuous Market Engagement will be subject to rigorous assessment, based on fit with local priorities, value for money and deliverability.

Opening up to bids under this approach will allow housing providers further opportunities to bring forward schemes for delivery during the 2015-18 period. These will include specialist, supported or rural housing that can often require a longer lead time, and these, along with schemes making use of advance housing manufacture, are especially encouraged under Continuous Market Engagement.

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Andy Rose, Chief Executive of the Homes & Communities Agency said:

"We have already set in place a solid delivery programme that puts us on track to make a significant contribution towards the Government's aspirations for up to 165,000 new affordable homes by March 2018, while supporting overall housing supply and local people and places. It will also help ensure a smooth transition from our current Affordable Homes Programme, delivering firm schemes that can start on site promptly.

"Opening for bidding for the remaining funding under Continuous Market Engagement will give new and existing partners the opportunity to bring forward bids to meet their future development aspirations. We will use our strong relationships with local authorities to ensure that allocations under the Affordable Homes Programme continue to support local priorities."

Brandon Lewis MP, Minister for Housing said:

"The Government is delivering on affordable housing for the communities and people of this country with more than 200,000 new affordable homes since 2010.

"Our latest investment is a clear sign of the Government's continued commitment to increasing the overall housing supply and affordable housing in particular. As well as building homes this funding is also a key part of our long-term economic plan, creating construction jobs as we deliver a further 165,000 new affordable homes from 2015."

Kevin Willetts, Executive Director of Development with WM Housing said:

"The Continuous Market Engagement approach means we can develop further schemes in detail before asking for grant, so we can not only react to the changing economy but also present schemes with a higher chance of successful delivery at a cost which we can be more certain of achieving."

In its original prospectus the HCA said it would allocate 75% of the funding in the first round.

Local Authorities, New Build and the Borrowing Cap

The Self-Financing system in England, introduced in 2012, includes a 'borrowing cap' that places significant constraints on the ability of English local authorities to borrow to fund investment in either improving existing homes to the decent homes standard or constructing new homes. Many in the sector have argued for these borrowing caps to be lifted or abolished altogether on the grounds that they offend the principles of 'localism' and that they are preventing councils from addressing the severe shortages of social and affordable housing. So far the government has refused to make more than minor concessions (in the form of an additional £300million borrowing power with 'strings attached' announced in the 2013 autumn statement) while many local authorities have not even used the limited borrowing powers that are available to them.

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In October 2014, Housing minister Brandon Lewis revealed that £178million of Housing Revenue Account borrowing allocations remained available to support council house building after too few authorities came forward with proposals to use the £300million of extra borrowing powers that the government has provided. He announced that 22 councils had been awarded the right to borrow an additional £122million over the next two years to deliver some 1,700 homes. This is additional to what they could borrow by using their entitlements under the original Housing Revenue Account self-financing settlement and the £62million of additional borrowing powers that had already been given to sixteen local authorities to enable them to build 1,000 new homes. He said:

"I'm giving borrowing powers to 22 councils who over the next two years will use that to build over 1,700 new affordable homes for their communities. It's one of the many things we've done that have got Britain building – with house building levels now at their highest since 2007 and climbing. But with £178million additional borrowing still up for grabs I want more councils to do their bit, to follow in the footsteps of these 22, and bid for the very powers they asked for."

However, local authorities have stated that their reluctance to bid for the additional borrowing powers was due to the onerous conditions rather than a lack of ambition. Several local authorities said the lack of appetite for the government scheme is due to rigid conditions, such as the requirements to provide homes at affordable rents and meet a tight application timetable.

Councillor Richard Livingstone (Labour), Cabinet Member for Housing at Southwark Borough Council, told 'Inside Housing' that:

"Committing to affordable rent levels is very difficult in inner London, where in some parts it would mean households being on £70-80,000 a year to afford [their rent]. It's not suitable."

Councillor Warwick Payne (Labour), Cabinet Member for Housing at Southampton City Council, said:

"It seems as if the government was trying to make a complicated situation even more complicated."

Matthew Warburton, Policy Advisor for the Association of Retained Council Housing, said:

"We need a strategy for growing the capacity. You don't create that by chucking two year pots of money at the problem - we need a longer term solution."

Many councils with a lack of borrowing headroom, such as Birmingham and Harrow, did successfully bid. But concerns remain that a longer-term flexible solution is needed.

The Department for Communities and Local Government said the additional borrowing powers offered were 'a responsible way' to meet demand from councils to borrow more for house building, but said there were no plans to remove borrowing limits in general as doing so would create additional public debt.

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This policy approach appears to be shared by all the 'Westminster parties'. Shadow Housing Minister Emma Reynolds MP (Labour) said in September that the Labour-commissioned review of housing supply, led by Sir Michael Lyons, would recommend pooling borrowing capacity while retaining the 'borrowing cap' and this was later confirmed at the party's annual conference.

Meanwhile, it has been revealed that a government-commissioned report into council house building will recommend councils form companies to build off-balance sheet and increase joint working.

The review, launched in January, will also examine ways to get institutional investors - including local authority pension funds - better engaged in funding council schemes.

Councillor Keith House (Liberal-Democrat), Leader of Eastleigh Borough Council and co-author of the report, told 'Inside Housing' that it would recommend ways councils could access further borrowing power without the government lifting caps on the housing revenue account. He suggested council-owned companies could be one way of achieving this. Setting up a company would allow the council to borrow from the public works loan board at low rates without breaching its 'borrowing cap'. He said:

"Our terms of reference were clear that we couldn't recommend changes to the government's policy on housing revenue account caps. The view from the side was that restriction might make what we could say limited, but we have come to the view that even if terms of reference had been wider, we wouldn't have said anything different. Councils that have stepped into the development space have found ways of doing things - whether through joint ventures or council-owned companies… Another key question is going to be, how do we get the financial institutions doing more. We have not yet got serious investment from institutions, and that is an area (where) we will have some recommendations."

The review that is also being prepared by Natalie Elphicke - Chair of not-for-profit consultancy Million Homes Million Lives - is likely to be published before Christmas.

Eastleigh Borough Council has set up a joint venture along with Fareham Borough Council and housing associations First Wessex and Radian, with its first two sites - due to be built on council land - currently in the planning permission stage. The councils own a 49% stake in the venture.

Croydon Borough Council became the latest authority to announce the launch of a company in September - following Newham, Southwark, Greenwich, Ealing and a number of authorities outside London. The Council is looking at setting up its own housing company to get round the limitations of its housing revenue account borrowing capabilities and build more homes across all tenures.

The building of new homes has previously been financed by the council through its housing revenue account and this has provided 100 affordable homes for rent. A further 200 are set to be built by 2018, but due to government restrictions on the level of borrowing within the housing revenue account, this is now at its limit.

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However, the supply of new homes needs to be dramatically increased to meet current and future demands for all types of housing in Croydon. So the council is proposing to set up a 'wholly-owned housing company' that will enable it to set the tenure and rent. It would also be able to build homes exempt from right-to-buy and have freedom to borrow more money.

Councillor Alison Butler (Labour), Cabinet Member for Homes & Regeneration told 'Housing News' that:

"Given the housing crisis in Croydon and the number of families needing a home to rent or buy, we have to explore every opportunity to boost supply… As a council we are committed to increasing housing supply across the borough and given the borrowing cap limiting the amount we can borrow to build new homes, we are keen to pursue other avenues such as the creation of a wholly-owned housing company… It would liberate the council from the government-imposed housing revenue account borrowing cap and mean that we could work with partners or on our own to accelerate the building of homes for local residents."

Croydon Borough Council is a long-standing customer of 'AWICS' and a major supporter of our regional seminars and workshops.

Matthew Warburton, policy advisor at the Association of Retained Council Housing told 'Inside Housing' that:

"While joint ventures are easy for a large urban authority, they are not so easy for small district councils (due to the cost and complexity)"

These matters will be considered at the 'AWICS' seminar and workshop 'All You Want to Know about Local Authority Housing Finance' that will be held in London on 18th November 2014. Further information is available at http://www.awics.co.uk/lahfin.asp

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Rent Increases in 2015

With the September consumer prices index announced in mid-October and with budgets for 2015/16 being prepared, councils and housing associations will soon be calculating their rent increases for 2015/16.

Rents are increased each April based on the indices of inflation for the year ended the previous September. So, rent increases in April 2015 will be dependent on inflation during the year October 2013 to September 2014.

Increases in the retail price index and the consumer prices index during recent years have been as shown below:

	Consumer Prices Index	Retail Prices Index
September 2011	5.2%	5.6%
September 2012	2.2%	2.6%
September 2013	2.7%	3.2%
September 2014	1.2%	2.3%

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It is interesting to note that the gap between the consumer prices index and the retail prices index is tending to increase, from 0.4% in 2011 and 2012 to 0.5% in 2013 and 1.1% this year. This means that the change from using the retail prices index plus 0.5% to using the consumer prices index plus 1% will lead to lower increases in rents than would otherwise have been the case. This is contrary to the expectations of some commentators who considered that the change would not be significant as the difference between the two indices could have been expected to remain at 0.5%.

As the increase in the consumer prices index is 1.2%, the increase in social and affordable rents in 2015 is likely to be around 2.2%. This will be a lower level of rent increase than many social landlords have anticipated in their business plans where forecast increases have usually been between 2.5% and 3.0%. This has led some commentators to argue that landlords will have to make serious budget reductions and improvements in value for money if they are to continue operating.

The government's all construction tender price index for all repairs and maintenance shows an increase of 4.5% from July 2013 to June 2014 (the latest data that is available) which suggests that social landlords are facing more significant increases in repairs and maintenance costs than they are likely to receive in rent increases. However, the latest data from the office for national statistics on average weekly earnings shows that these increased by 0.7% during the year August 2013 to July 2014 suggesting that increases in salaries and wages are currently lower than the expected increases in rents. With interest rates also remaining low, the relatively low level of rent increases that is expected in 2015 may not pose such a significant threat to business plans.

Matthew Warburton, Policy Advisor at the Association of Retained Council Housing said:

"Most councils will go for the full consumer prices index plus 1% formula because it is low in comparison to the uplift in construction costs and wages. It's not the best news, but it should be within the bounds of what people have planned for."

In August 2014, Medway Borough Council agreed a new rent policy for 2015 in the light of the revised government guidance as follows:

- Rents for existing stock will be based on the social housing rent formula of the consumer prices index plus 1%.
- Newly built or acquired Council Housing rents will be based on the Social Housing Rents formula of the consumer prices index plus 1%.
- For households with a yearly income of £60,000 or more, their rent will be set based on affordable rents from April 2015.
- To continue to move properties to formula rent when void.

Impact Housing Association that operates in Cumbria and Lancashire has increased its rents to target levels in 2014 so that it would not lose income as a result of the ending of rent convergence. From 2015 it plans to increase rents by the consumer prices index plus 1% in accordance with government policy. It does not plan to charge higher rents to tenants whose annual incomes exceed £60,000.

These matters will be considered at the 'AWICS' seminar and workshop 'All You Want to Know about Local Authority Housing Finance' that will be held in London on 18th November 2014. Further information is available at http://www.awics.co.uk/lahfin.asp

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Government considers Centralisation of Housing

In October 2014 it emerged that Chief Secretary to the Treasury Danny Alexander has asked officials to examine what role Whitehall could have in commissioning new homes, to ensure national targets for construction can be met. Speaking at a Local Government Association fringe event at the Liberal Democrat conference, he said there was a need to put measures in place to meet the target of building 300,000 homes a year. He said:

"An idea I've asked people in the Treasury to work out is – if you want to get to that 300,000 homes a year we need housing associations to be doing their bit, we need local authorities to be doing their bit, we need developers to be doing as much as possible. But we can't just leave it to chance as to whether those three things add up to 300,000 in any given year. So I think we have to be looking more radically at the idea of the state – central government as well as local government – to act as a commissioner to make sure that we build that number of houses… The idea I am floating is one where we don't just say we've got a bunch of ideas from the bottom up that we think will give us 300,000… 'I think we need to look from the top down and say 'how do we make sure that we get to our 300,000 a year?', so this is essentially a sort of backstop. We're doing some work about this idea in more detail and there are some challenges, not least the fiscal challenges, not least the role local authorities can play.'

"If we are to address the cyclical nature of the market and the structural undersupply of housing, then we need to look at whether the government should operate as a comissioner of housing.I think a truly radical approach would be for the government to have a role in house building - not just affordable house building but in the private market also. The government could form a view of the amount of housing needed at any point in the cycle and if this number was less than the amount expected… then you would have a capacity for the government to step in, to place orders, to pay contractors and to build houses.

"It would be an unprecedented change in housing policy, guaranteeing numbers of house-building not seen since the post-war era."

The idea is that the government set a target for the number of homes to be delivered and commission them directly if it appeared targets were going to be missed. Danny Alexander said the idea was at an 'early stage' but Treasury officials were considering its practicality. He stressed the idea would be an 'unprecedented change' and was not current government or Liberal Democrat policy.

It would be a departure from decades of housing policy in the UK, which has seen government take a back seat to the market and local councils.

One housing chief executive, also at the fringe session, described the proposal as 'the best thing I have heard at any of the three party conferences'. It follows the Liberal Democrats adopting a motion to build 300,000 homes annually and give councils the power to suspend the right to buy.

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However, I am not sure whether this approach would be consistent with 'localism' or with the government's new found enthusiasm for devolution. I also find it inconsistent for the government to constrain the ability of local authorities to borrow and reduce social housing grant while complaining that fewer new homes are being built!

Scottish Housing Budgets announced

In October 2014, John Swinney MSP, the Scottish Finance Secretary, announced the Scottish Government's budgets including those for housing. It included measures to assist first time buyers, new tax rates, plans to deliver 6,000 affordable homes and £125million of additional financial support for the housing sector.

John Swinney said that the plans will also provide £81million to mitigate against Westminster's welfare reform including the 'bedroom tax', maintain a council tax freeze across Scotland and continue the Scottish Government's social wage commitments including free prescriptions, concessionary travel and free personal care.

The draft budget proposed a new Land and Buildings Transaction Tax to replace the existing United Kingdom stamp duty land tax paid when buying property over a certain value. The finance secretary said the tax-free threshold below which house buyers will not need to pay any tax, currently £125,000 under the stamp duty system, will benefit first-time buyers and those at the lower end of the housing market.

This new tax, as well as a Scottish Landfill Tax, are due to come into effect on 1st April 2015. The two devolved taxes will be collected by Revenue Scotland and are expected to bring in £558million in 2015/16.

John Swinney said:

"The old stamp duty was outdated - causing unfair tax hikes at set property prices. This led to the market being distorted and led people to try to avoid tax. Our proposed residential transaction rates will be more proportionate to the house price, and means that the tax is fairer as it is based more closely on the buyer's ability to pay. The increase in the level before paying tax will also benefit around 5,000 homebuyers a year – helping first time buyers and improving the affordability of starter homes. This new approach will benefit the majority of Scots, 90% of homebuyers will either pay less or the same amount as they would under current arrangements. For example, a couple buying their first home for £140,000 will pay £100 under the new system, £1,300 less than the stamp duty charge which applies now. A family buying a new home for £260,000 will pay £3,300 under the new transaction tax – that's a saving of £4,500 compared to stamp duty."

Over £390million will be invested to deliver 6,000 affordable homes and the housing sector will also benefit from £125million of additional financial support. A total of £79million has been set out to support improvements in domestic energy efficiency through the Home Energy Efficiency Programmes for Scotland.

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Highlighting measures in the budget that will help tackle inequality and deliver a more prosperous and fair society, Deputy First Minister Nicola Sturgeon said:

"We want to support our most vulnerable, encourage people into the workplace and work towards making Scotland a more equal country to live and work. We want to break generational cycles of poverty to ensure that Scotland is one of the best countries in the world for children to grow up. We are also maintaining our increased support for welfare reform mitigation at £81million in 2015/16, including funding to fully mitigate against the bedroom tax and support for the Scottish Welfare Fund. Investment in housing boosts the economy, improves the energy efficiency of housing stock and reduces fuel poverty. We will invest over £390million in 2015/16 to deliver 6,000 affordable homes, of which 4,000 will be for social rent."

The Scottish housing sector broadly welcomed the budget although many consider that John Swinney missed an opportunity to go even further to mitigate the effects of Scotland's housing crisis. David Ogilvie, Head of Policy and Public Affairs at the Chartered Institute of Housing Scotland, said the additional £125million for affordable housing was welcome – but it simply wasn't enough to deliver the new social rented homes that Scotland desperately needs:

"There are more than 150,000 people on housing waiting lists in our country today – we need a step change in housing investment to provide them with decent homes at a price they can afford. We welcome the Scottish Government's recognition that investment in housing boosts the economy, reduces fuel poverty and improves energy efficiency, but it is also vital to generate savings for other budgets that are under pressure such as health, social care and even justice and education."

Dr Mary Taylor, chief executive of the Scottish Federation of Housing Associations said the Scottish Government could have done more towards achieving its housing completion targets and reinstating the zero carbon homes relief:

"The Scottish Federation of Housing Associations welcomes the Scottish Government's continuing commitment to fostering prosperity and equality in Scotland and mitigating the worst impacts of the United Kingdom government's welfare reform policy. Housing and, specifically, housing provided by housing associations, has a vital role to play in meeting that commitment as a result of the employment, economic stimulus and energy efficiency impacts of high quality housing provision.

"The additional boost referred to in the Budget statement of £125million in financial support to the housing sector is welcome and we look forward to the detail of how this extra subsidy is to be allocated between new social rented homes, where the greatest need exists, and low-cost home ownership and market-rate initiatives. However, with more support to the sector much more could be achieved towards achieving the Government's housing completion targets.

"We note also the significant increase in the health budget. We would emphasise the potential here for some of this to be channelled into much-needed investment in good quality homely environments for older people. This would enable more people to continue to live independently with appropriate support and reduce the need for more costly hospital stays.

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"Whilst we welcome the more progressive Land and Buildings Transaction Tax, we remain disappointed that the opportunity was missed during the passage of the legislation to reinstate the zero carbon homes relief. We believe that its inclusion would have further strengthened the Scottish Government's message about its commitment to a low carbon economy."

The sentiments were echoed by Graeme Brown, Director of Shelter Scotland, who said:

"Ahead of this announcement we called on the Finance Secretary to invest an additional £200million in a budget for homes in order to start tackling Scotland's housing crisis. While £125million of additional funds is welcome, the commitment to deliver only 4,000 social rented homes is a missed opportunity and shows the Scottish Government's ambition falls well short of meeting the expectations of 150,500 people stuck on council house waiting lists. To bring real hope to these families and individuals, we need to deliver at least 10,000 social rented homes a year… Replacing Stamp Duty with the more progressive Land and Buildings Transaction Tax is a welcome move and we look forward to looking at the details."

Philip Hogg, Chief Executive of Homes for Scotland, said:

"We are pleased to hear that an additional £125million has been allocated to support Housing Supply but await to find out how exactly this will be allocated. The hugely successful Help to Buy (Scotland) scheme exhausted its funding earlier this year and would be an obvious suitable beneficiary for additional resource. We also hope that our calls for assistance for smaller homebuilders, who have struggled to access bank lending, will be answered, as they have a key role to play in delivering the many thousands of new homes that Scotland desperately needs.

"With all home purchases under £325,000 set to 'win' under the new system, the plans for Land and Buildings Transactions Tax set out by Swinney have the potential to support an active housing market. We are pleased to see support given to the lower end of the market to assist first time buyers and those on the lower rungs of the market, for example a buyer purchasing a home valued at £160,000 will pay only £500 in Land and Buildings Transaction Tax, a staggering £1,100 less than they would have paid under the current stamp duty system. However, we are yet to fully assess the impact that an increased tax take from higher value homes, and an increase in tax charged on land purchases, in meeting the Scottish Government's desire to be revenue neutral, will have on home building businesses."

At the same time a survey of Scotland's housing staff has exposed the reality of frontline staff trying to cope with the huge scale of Scotland's housing crisis. A report by UNISON: 'Open the door; housing staff on the homes we have and the homes we need' looks at the real experiences of members involved in all aspects of providing housing services: housing officers, housing assistants and lettings officers.

The majority of those surveyed (68%) said funding for their service had gone down, negatively impacting on the quality of service they can provide. Three quarters of respondents said changes in welfare and benefit legislation has contributed to the problem. At its bluntest, welfare changes have made life more difficult for tenants and this in turn has created problems for housing staff.

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Some of the comments included:

- "I work with homeless people. The pressure is increasing relentlessly. Demand is increasing as resources dwindle."
- "(Benefit changes) have impacted massively and it will only get worse. Rent arrears have risen and you cannot take what people don't have."
- "Due to bedroom tax and direct payments of housing benefit to tenants we are seeing an increase in rent arrears and homeless rising due to more evictions."
- "How is it possible for them to provide for the future of their housing with less staff and more homelessness? It's not possible."

More than half of respondents (55%) said they regularly work over their contracted hours while 58% said staff numbers are in decline, meaning they don't have as much time to spend with clients. Like other workers in public services, housing staff have been experiencing years of zero or minimal pay. Almost 70% of workers said their standard of living had dropped in the previous three or four years, with many struggling to make ends meet. Mark Ferguson, chair of UNISON's Housing Issues Group, said:

"This survey shows the shocking truth of Scotland's housing crisis. It goes beyond the raw statistics and shows the reality facing frontline staff who are struggling to maintain a quality of service against a background of declining resources and increased financial pressure, while their workload increases. We have a crisis with the availability, the cost and the quality of our housing and we urgently need a large scale investment to reverse Scotland's housing crisis. Any plan for social justice – and Scotland has had no shortage of talk of social justice in recent months – must have housing at its core."

Eden Council promotes Affordable Housing

Eden District Council in Cumbria has given the go-ahead to a £1million fund to ease the housing situation for low-paid workers by creating innovative affordable housing. An average home in the area costs £191,000, which is more than eleven times the average income of £17,000. Housing associations, the main supplier of affordable housing, are currently unable to meet all the increasing need and the Council does not retain any council housing.

The new Affordable Housing Innovation Fund will build on the Council's existing work to address the ever-increasing demand for this type of housing in the district.
Councillor Lesley Grisedale (Conservative), the council's housing portfolio holder, told the 'Cumberland & Westmorland Herald' that:

"With our partners who make up the Eden Local Housing Advisory Board, we have looked at the wider context for affordable housing to find an alternative solution. We recognise that lower paid workers in Eden, who don't qualify for social housing, also cannot afford the deposit for a mortgage. This means a big demand for two to three-bedroom private rented accommodation. We have to innovate to succeed. This means building low cost energy efficient housing. We also want better tenancies for low income families. This new £1million fund will help us to take more control over the development process for affordable housing by influencing the size and type of properties that are delivered as well as their location."

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Housing Associations will be invited to bid for a share of the funding, offered as a low rate loan over 25 years. Loan repayments will be re-invested in the fund. The housing associations will use the fund to deliver affordable housing in the area. The bidding process will be managed by Councillor Grisedale in consultation with the Eden Housing Advisory Board and their recommendations will then be considered by the Council's executive.

The Council is currently formalising the processes prior to the scheme being publicised to housing associations and bids invited.

Eden District Council's Scrutiny Committee has also been considering affordable housing and has reported to the Council's Executive. The Committee has recommended a close look at the type of housing being proposed under the local plan, and urged a focus on both affordable homes and properties that would reflect the growing elderly population. Specific recommendations include:

- The Council to do further work with developers to ensure the right housing mix for the area is delivered and that the Council continues to lobby the Department for Transport for improved road access from the A66 to the Cross Croft employment site in Appleby.
- The 'open spaces assessment' includes fields adjoining Battlebarrow, Bongate and Doomsgate in Appleby, and consideration is given to protecting these as amenity sites.
- The Council continues to strive to obtain 30% of affordable housing in developments and that further work should be carried out by the Council to define the type of affordable housing that is needed in Eden.
- That where a financial contribution is given rather than affordable housing then the money should be used to create affordable housing in the same area, or more widely if no local opportunity was available.
- Amendments should be made to the plan to include reference to the rich mineral resources in the Alston area.

Adrian Waite to Speak at Housemark Conference on Asset Management and Welsh Self-Financing

Adrian Waite is to speak at the Housemark Stock-retaining authorities' Conference in Coventry on 4th & 5th December 2014.

Adrian will speak at two sessions on Asset Management and on Self-Financing in Wales. Details of the two sessions are as follows:

<u>Getting a Grip on Asset Management</u>

In the light of the borrowing cap and tough conditions for acquiring social housing grant, this session will look at:

- What does the government expect on asset management from local authorities?
- Asset management plans and the impact on them of the borrowing limit and depreciation accounting
- Achieving the Decent Homes Standard with reduced or insufficient capital resources
- Achieving new build and the potential of delivery vehicles and joint ventures
- Developing sustainable investment programmes
- Asset Performance – sustaining demand, investment and disposals
- Performance Management – understanding and measuring return on investment

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Housing Revenue Account Self-Financing in Wales – expectations and implications

HRA self-financing is making its way to Wales. The English have had it for two years. Adrian tells us about his experience of working with both English and Welsh authorities preparing for self-financing. Coverage includes:

- The Welsh Self-Financing settlement – Debts, Borrowing Caps, New Build and what the Welsh Government expects from local authorities
- The new Welsh policies on rents and service charges
- The practical implications of self-financing including those for Treasury Management, Accounting, Business Planning, Asset Management, Risk Management and Governance
- The opportunities and challenges that are brought with self-financing

The new system will result in the abolition of the housing revenue account subsidy system, an increase in the level of housing revenue account debt and the imposition of 'borrowing caps' as in England. However, it appears that the Welsh settlement is slightly more generous than the English settlement was, providing significant additional revenue resources when compared with the current system and significant capital resources for new build as well as the completion of the Welsh Housing Quality standard programme in all authorities. Indeed, the Welsh Government has specific expectations of local authorities when it comes to new build.

At the same time the Welsh Government has introduced new policies on rents and service charges. These oblige Welsh authorities to introduce service charges where they have not already done so and (as in England) this often proves more complex than would initially be imagined.

Self-financing also has a large number of practical implications including:

- Treasury Management – deciding a borrowing strategy for the borrowing required to 'buy out' of the housing revenue account subsidy system and additional borrowing for the welsh Housing Quality Standard and new build; and deciding how to account for borrowing using one, two or three loans pools.
- Business Planning – preparing a business plan that incorporates the new rent policy, service charges, self-financing, new build and increased exposure to risk.
- Accounting, Asset Management and Governance implications.

Adrian Waite has been working with Denbighshire County Council on preparing for the implementation of self-financing in Wales. For further information on support that can be provided to Welsh local authorities in preparing for self-financing either through management consultancy or training please contact Adrian at Adrian.waite@awics.co.uk

Further information about the conference can be found in the Housemark advertisement at the end of this newsletter.

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.

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All You Want To Know About Local Authority Housing Finance 2014

February / November 2014

We are running our 2014 series of 'All You Want to Know about Local Authority Housing Finance' at venues in all parts of England from February to November. This seminar and workshop is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

This seminar and workshop is designed for people who are not experts in housing finance, but who need to understand the basics and achieve an overview of what is going on. It is suitable for councillors, housing managers, tenant representatives and finance staff who have limited experience of local authority housing finance and others who realise that an understanding of housing finance can place them at an advantage – especially when considering the financial opportunities that exist for local authority housing!

Do you think that a working knowledge of local authority housing finance would put you and your colleagues in a position of advantage?

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.

What the Session Covers:

The session will answer the following questions:

- How does the Housing Revenue Account work?
- How does the Housing General Fund work?
- What are the Implications of Self-Financing?
- What are the Financial Opportunities for Local Authority Housing?

The session includes a participatory case study and is accompanied by a very useful 100 page book that is designed for reference after the session entitled:

"All You Want To Know About Local Authority Housing Finance 2014"

The Programme includes:

How does the Housing Revenue Account work?

Accounting Basics; Revenue and Capital; Jargon Demystified; Ring Fencing; Income and Expenditure Accounts; Arms-Length Management; Management, Maintenance and Capital Financing Costs; Social Rents; Affordable Rents; Rent Reforms; Service Charges for Leaseholders and Tenants; Welfare Reform – including the Under-Occupation Penalty and Total Benefits Cap.

How does the Housing General Fund work?

Strategic Housing responsibilities; Housing Benefit; New Homes Bonus; Private Sector Housing; Homelessness; Supporting People; Working with Housing Associations.

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What are the Implications of Self-Financing?

The Redistribution of Housing Debt and Tenanted Market Value; the implications for Treasury Management; the treatment of Depreciation and Financing of Major Repairs; Implications of the government's policies for rent after 2015; Valuation of housing and the HRA balance sheet; the Decent Homes Standard; distribution of capital grants; Prudential Borrowing and the 'Borrowing Cap'; Capital Receipts; the Right to Buy initiative, Stock Transfer, Private Finance Initiative; the voluntary code for the self-financed housing revenue account.

Participative Case Study: An opportunity to look in depth at issues that arise in a Self-Financed Housing Revenue Account.

What are the Financial Opportunities for Local Authority Housing?

Localism; Self-Financed Housing Revenue Account Business Plans; Strategic Priorities and Options; Options for funding Investment; New Build; Risk Management; Value for Money; Procurement; Shared Services; Asset Management; What the future might hold; Further Welfare Reform including Universal Credit.

This course is also available in-house. For further information about in-house courses, please contact Adrian Waite on 017683-52165 or adrian.waite@awics.co.uk

Remaining Venue and Date:
London: Novotel Hotel, Waterloo – 18th November 2014.

For more information or to make a booking please visit our website at: http://www.awics.co.uk/lahfin.asp

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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 us and our services 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/seminars2014.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/TechnicalBooks.asp
- Free Information Service - http://www.awics.co.uk/informationservice.asp

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Housemark

Stock retaining authorities' conference

4 & 5 December, Scarman House, Warwick University, Coventry

This year's conference will look at policy, business performance and investing in new and existing property. There will be workshop sessions on the private rented sector, diversification and legal updates. Welfare reform and the economy are still at the top of the sector's agenda and this conference aims to provide delegates with expertise in these areas from within the sector, as well as a chance to network with other stock retaining chief officers.

Agenda

- The Policy Perspective: Local Authority Housing
- High Performance Business Planning
- Let's Build: The Practicalities of Setting up a Subsidiary
- Time Trial: Spending Right to Buy Receipts Quickly
- A Successful Social Enterprise
- Getting a Grip on Asset Management
- 2020 Vision: The Council of Christmas Future
- Universal Credit: Progress Report
- Housing Revenue Account Self-Financing in Wales: Implications and Expectations
- Too Good to be True: Better Private Rented Sector and a Return on Investment
- Legal Update incorporating Anti-Social Behaviour Changes
- World Class Customer Service

Who should attend?

The conference is open to chief officers, housing directors, assistant directors, heads of service and policy managers working in stock retained councils.

More information

For more information visit http://www.arch-housing.org.uk/events/stock-retaining-authorities-conference-2014.aspx . If you have any more questions, contact julie.morton@housemark.co.uk.

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