AWICS Housing News
September 2013

Contents:

Family Fun Day at Eden Rural Foyer

Family fun day at the Eden Rural Foyer in Penrith

Eden Rural Foyer has been recognised nationally as a centre of excellence by the Foyer Federation, for its work with young people and the local community. Part of Impact Housing Association of which Adrian Waite is Chair, the foyer was the first in the county and provides housing with support to young people between the age of 16~25. It offers young people a springboard into independent living, learning and work, using a holistic approach to meet their needs and aspirations.

The foyer also houses a dynamic cyber café open to the general public and offers Information Technology training for beginners and advance users, a young parents group, meeting rooms and offices hire and through working in partnership a multi-cultural drop in service.

On Saturday 3rd of August families from across Eden, came together at Eden Rural Foyer to join the fun and enjoy the following activities:

- Bouncy Castle
- Face Painting
- Messy Play
- Animal Show
- Jewellery Making
- Karaoke
- Bicycle check
- And many more fun activities

All members of the local community including young people, children and families had fun. There were long queues at face painting and jewellery making stalls. Children could check their bikes for safety and learn a lot about animals such as bearded dragons, blue-tongued skinks, snakes and parrots.

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During the action packed day money was raised for the North Air Ambulance Charity. The event was kindly funded by: Eden Rural Foyer, Impact Housing Association, Penrith Lions, Barnardo's North Children Centre, Penrith Multicultural Group and Eden Young Parents.

Update on Rent Convergence

In the August edition of the 'AWICS' Housing News I reported the letter that Graham Duncan had sent to various housing bodies (but not all local authorities or housing associations) describing how the government planned to end rent convergence, and stating that when the government said that rents would increase by consumer prices index plus 1% that is what they meant.

Following this I wrote to Communities & Local Government to ask whether the government intended to introduce the policy through legislation or guidance and, if guidance was to be used, how the guidance would be enforced. I am grateful to Communities & Local Government for their response that is as follows:

"We are intending to bring in a regulatory limit for annual rent increases (for both social rent and affordable rent) of consumer prices index plus 1% from April 2015 until March 2025… Our current intention is that this is applied through guidance and the limit on housing benefit expenditure as currently.

"Our intention is that, for social rented sector tenants, the housing component of Universal Credit will build on the support currently provided by the housing benefit system and be based on actual rents. We are considering how to proceed with a housing benefit expenditure control mechanism in universal Credit and will set out further details in due course."

From this it appeared that the government intended, following consultation, to replace the current policy of limiting rent increases to Retail Price Index plus 0.5% plus £2 a week with a policy of limiting rent increases to Consumer Price Index plus 1% enforced through the rent rebate subsidy limitation mechanism. This method of enforcement obviously only applies to local authorities but does not appear to prevent those authorities whose rents are below the formula from ignoring the guidance and continuing to increase their rents towards formula rent as originally planned. Without any sanctions there also appeared to be nothing to stop housing associations from increasing their rents to formula rents plus 5%. On this basis the policy change may not be as disadvantageous to local authorities and social landlords as was first thought!

However, the government then contrived to face in two directions at once! At the end of August, they told 'Inside Housing' that they were talking to local authorities with problems and would be flexible; but also told the 'Local Government Chronicle' that 'ministers are preparing to take a hard line on enforcing the rent policy as the Treasury is concerned that councils will refuse to comply. This includes the option of central regulation of council rents for the refuseniks'. No mention was made of the position for housing associations.

So – what legal status will the government's rent policy have, and how will it be enforced? We are still awaiting a convincing answer and in the meantime the best advice may be to increase rents by as much as possible in 2014.

I will continue to make enquiries and will keep people informed through the 'AWICS Housing News'.

A View of Housing Policy by Paul Lusk

I write on behalf of those who have noticed that the housing policy emperor has no clothes and are increasingly concerned at the consequences for the real world.

Fifty years ago Britain had 16.3million dwellings serving a population of 51.3million - one home per 3.2 of population. Now there are 26.5million dwellings for nearly 61million of us - one home per 2.3 of population. Fifty years ago an average house cost three times income. Now, even after the slump, it is over six times. During this period the proportion of owner-occupied homes roughly doubled from one third to two thirds of the stock. Supported by tax relief, home ownership became the default form of mass provision for the working middle class. For a couple of generations, home buying more than paid for itself as growth in value exceeded outgoings. Someone who used their savings for a ten percent deposit on an average home in 1981 and sold it in 2006 earned 17.5% p.a., compounded and tax free, on that investment, while paying 1981 prices for the use of the dwelling. As the actual cost of housing was in reality more or less nil or negative (people were pretty much paid to sit and watch the paint dry), the only constraint on price was lending policy, and the bubble duly burst in 2007. By that time, nearly half of owner-occupiers had two or more 'spare bedrooms', compared with just over one in ten of social renters.

Now we fret about 'affordable housing' without asking why housing should be 'unaffordable' at all. We allow the debate about 'welfare housing' to be about the benefits paid to the very poorest workers and job-seekers, without reminding ourselves that the main form of housing welfare provision has been for middle-class owner-occupiers. We let property and construction interests control the discussion by persuading us (as they persuaded Kate Barker) that the affordability problem is explained by lack of new construction - and then, having strained planning and land use policies to enable them to build, we find that 75% of new build in central London is sold off plan to international investors seeking not somewhere to live or even let out, but somewhere to store and grow cash generated (at least in part) by the low interest rates put in place to manage the fallout of the last housing bust. We allow housing associations to be reshaped as vehicles for borrowing to be funded by flows of housing benefit.

We can't blame business people for trying to make money where they can, or politicians or the media for failing to speak truths about our dysfunctional housing market. The social housing industry is being asked to take the strain of the crisis, and it is the best, and possibly the only, arena for this debate. More of us need to stick our heads over the sandbags.

Paul Lusk, Associate Consultant.

Welfare Reform

We have published a series of briefing papers on Welfare Reform that can be freely downloaded from our website. They cover the under-occupation penalty, total benefits cap and universal credit.

Under occupying social housing tenants of working age face a benefit deduction of up to 14% of their housing credit if they have one spare room and up to 25% for two spare rooms. The reduction is taken off the whole eligible rent and any eligible service charges and the housing benefit is then based on the proportion of the rent that the claimant is liable to pay. This is known as the under occupation penalty, social sector size criteria or 'bedroom tax'. The government estimates that this measure will save £490million. The measure came into effect in April 2013. The government considers that the policy will help to reduce housing benefit expenditure and will encourage tenants to either seek work or move thus freeing up social homes. However, critics describe the measure as a 'bedroom tax' that will adversely affect 660,000 social tenants. This comprises 31% of existing working age housing benefit claimants in the social housing sector – most of whom have one spare bedroom.

Of the affected claimants, 420,000 are disabled, 200,000 claim Disability Living Allowance and 100,000 live in properties that have been adapted for disabled residents.

There are exemptions including for pensioners, people who need round-the-clock care, people with severely disabled children, foster carers and members of the armed forces.

The total benefits cap is a cap on all benefits receivable by a household of £500 a week for couples and single parent households and £350 a week for single people. There are exclusions for some household types including war widows and those receiving working tax credits. It is estimated that 67,000 claimants will be affected and that they will lose an average of £83 a week. The estimated savings are £305million by 2014/15 although a budget of £130million has been made available for discretionary payments. The measure came into effect in April 2013. The government considers that as well as making savings the reform will bring fairness to the benefits system as workless households will not be able to receive more in benefits than the average working household receives in wages & salaries.

Ministers announced in March 2013 that the national roll out of the benefit cap would begin on 15th July 2013.

Universal Credit will combine several means-tested benefits, tax credits and housing benefit into one monthly payment paid directly to tenants. It will be administered by a large information technology system using real time tax information to update calculations of claimants' entitlements. The government calculates that savings of £2billion a year will be made although the costs of implementation are estimated at £4billion. The government considers that this will simplify benefits and make it transparent that people would be better off in work rather than being on benefits. Claimants will be encouraged to take responsibility for their finances as they will receive a single direct payment. It is estimated that 2.8million people will see their benefit entitlement increase while 2million will see it reduce. Critics argue that many claimants will find difficulty in managing their money as they are not used to doing this; that using an information technology based system will reduce face to face contact and advice; and that social landlords will face increased costs of income collection and increased arrears and bad debts.

It is difficult to escape the conclusion that the welfare reforms are principally motivated by a wish to save money in the short-term. While the government states that it wishes to promote fairness, encourage people to work and make better use of the social housing stock; close examination of the policies themselves suggests that they may not be the best ways of achieving these objectives. Fairness is, of course, a subjective concept and has been discussed in the pages above – but, for example, is it fair that the total benefits cap reduces incomes in households where there is already child poverty?

While there are many tenants who under-occupy their homes the principal reason for this is that there is a lack of one-bedroom flats for single people as a result of the policy of successive governments. A policy aimed at eliminating under-occupation would therefore include funding for the development of one-bedroom flats for social rent but no such policy exists. The largest group of under-occupying tenants is the elderly but they are excluded from the policy. Ministers assert that they 'believe' that out-of-work claimants are not in employment because the existing welfare system provides incentives for them to remain out of work. However, there is a lack of evidence that this is the case and a lack of consideration of other barriers to employment faced by out-of-work claimants such as a lack of employment opportunities, training or aspiration. Government support for schemes aimed at addressing these barriers is being reduced and all hope is being placed on the 'stick' of reduced benefits. However, the government's choice of rhetoric has ensured that it has retained widespread public support for its reforms.

Yet welfare reform may not even succeed in its objective of reducing government expenditure. New costs are likely to be created as increased numbers of people move into poverty and make increased use of services such as health, social services and housing. Local authorities and housing associations face increased administrative costs and costs of the non-collection of rents, council tax and other charges. The government's information technology systems are also very expensive. If people are forced out of social housing and into the private sector that would actually be likely to increase welfare expenditure.

And then there are the unintended consequences including people moving out of central London, an excess supply of three-bedroom social homes and increasing numbers of people dependent on pay-day loans and 'loan sharks'.

The briefing papers can be freely downloaded as follows:

- Under-Occupation Penalty – http://www.awics.co.uk/bedroomtax.asp
- Total Benefits Cap – Implementation – http://www.awics.co.uk/benefitscap.asp
- Universal Credit – http://www.awics.co.uk/universalcredit.asp

We have also published a book 'Welfare Reform: The Implications for Housing & Local Government'. It runs to 100 pages, is fully up to date and contains the following sections: Introduction and Overview of Welfare Reform; Under-Occupation Penalty (Bedroom Tax); Total Benefits Cap; Universal Credit; Other Welfare Benefits; Discretionary Housing Payments and Other Welfare Support; The Impact of Welfare Reform on Claimants, Landlords and Local Authorities; Case Study: Impact Housing Association; Specific Implications in Scotland and Wales; Practical Steps to Manage the effects of the Reforms; and Potential Future Reforms. The price is £30 plus £3.25 postage and packing. Details are posted on our website at: http://www.awics.co.uk/welfarebook.asp

The book accompanies our seminar on 'Welfare Reform: The Implications for Housing and Local Government' that will be held in London on 9th October. For details please see http://www.awics.co.uk/welfareseminar.asp . The seminar is also available in-house, to make enquiries please email Adrian.waite@awics.co.uk .

Scottish Local Authority Housing Revenue Accounts

In Scotland, as in England and Wales, the Housing Revenue Account records expenditure and income relating to council houses and the provision of services to tenants. This includes management and the repair and maintenance of stock and the rent and income from other sources. The Housing (Scotland) Act 1987 came into force on 1st April 1988. This defined what transactions should be recorded in the Housing Revenue Account

Authorities maintain Housing Revenue Account balances – made up of surpluses that have been carried forward from previous years. An authority can make a deficit in a particular year, but cannot make a cumulative deficit. The Act specifies what a local authority can charge to its Housing Revenue Account and what income can be credited there. This requirement creates the 'ring fence'.

Local authorities produce accounts that are based on a set of accounting rules that are contained in the Statement of Recommended Practice (SORP) that is issued by the accountancy profession and that leads to accounts being prepared in a similar way to private sector bodies. This includes an 'Income and Expenditure Account' for the Housing Revenue Account. However, there are some differences between the requirements of the Statement of Recommended Practice and the provisions of the Housing (Scotland) Act 1987 regarding what should be credited or debited to the Housing Revenue Account. These mainly relate to the treatment of 'non-cash' items that are chargeable to the Housing Revenue Account under the Statement of Recommended Practice that are disregarded by the Housing (Scotland) Act 1987; and the treatment of cash transactions that are chargeable to the Housing Revenue Account under the Housing (Scotland) Act 1987 that are disregarded by the Statement of Recommended Practice.

Our briefing paper that provides more details about the Housing Revenue Account in Scotland can be freely downloaded from: http://www.awics.co.uk/hrascotlandbp.asp

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Perth and Kinross - £19million Social Housing Investment

A £19million plan for the provision of over 630 new social housing units across Perth and Kinross over the next five years was approved by Councillors in August 2013 when the Housing and Health Committee discussed its Strategic Housing Investment Plan (SHIP) for 2013/14 to 2017/18.

All Scottish councils are required to supplement their Local Housing Strategy (LHS) with the inclusion of a SHIP that shows how affordable housing investment policies are to be delivered in practice. The SHIP analyses housing need in Perth and Kinross, and lays out priority housing projects that will be taken forward over the next few years.

The sites of proposed council housing builds and developments by registered social landlords (RSLs) right across Perth and Kinross are included in the new plan. The council will work closely with RSL partners to maximise the delivery of social rented housing using the collective resources at their disposal. At present, building is due to start on 177 units in 2013/14. In future years 58 units are programmed to start in 2014/15, and 401 in 2015-18. This amounts to 636 units in total.

Several of the proposed developments are to be part-funded by money from the council's Council Tax Income on Second Homes Earmarked Reserve. In 2005 the council agreed that additional money collected by reducing the council tax discount on second homes could be used to support the development of affordable housing throughout the area. The council has reduced the 50% second home discount to 10%. The reduction covers around 1,800 properties and has brought in significant additional income.

Housing and Health Vice Convener, Councillor Kate Howie, said:

"I am delighted to be able to bring this paper before committee. It shows that as a council we are delivering on our commitment to provide additional modern, affordable housing to our residents. All of these proposed new projects, which we will work hard to take forward over the next few years, will make a positive difference to the lives of local people.

"The provision of affordable housing is still one of the major challenges we face in Perth and Kinross, but all of the projects outlined in this plan will represent another major step forward. As well as making more social housing available, they will expand the housing choice available to our residents.

"The enhanced role of the council through the requirement to develop and implement a Strategic Housing Investment Plan is helping us expand our affordable housing stock by giving priority to the local authority's perspective on local housing needs. We very much value the efforts and commitment of our affordable housing partners in local RSLs in delivering affordable homes, particularly in these difficult financial times."

Perth & Kinross Council is a long-standing client of 'AWICS'.

Work starts on new Oldham affordable homes

Construction has started on 78 new affordable homes at Keswick in Oldham. The properties are being built as part of the £113 million 'Gateways to Oldham' PFI contract. Oldham Borough Council and the Inspiral Oldham consortium that consists of John Laing**,** Great Places Housing Group and Wates Living Space, officially entered into the 25-year PFI contract in November 2011.

The new homes, on the site of the long-demolished Fitton Hill Junior School, will be built to Level three of the Code for Sustainable Homes meaning that they will be high quality and eco-friendly and have A-rated gas boilers.

In addition, the 10% on site renewable energy requirement of the planning condition will be met by providing solar thermal equipment to heat the hot water in all the properties. The three, four and five-bed homes will be managed by Great Places and maintained by Wates on behalf of the council.

Councillor Dave Hibbert, cabinet member for environment and housing, said:

"These new builds will provide much-needed family homes and the start of work is another milestone in the regeneration of Fitton Hill. Once construction is finished families will be moving into modern new accommodation and saving money on their energy bills as their new homes have been built to the highest eco-standards. Oldham Council and our partners are building or refurbishing around 700 homes at four sites across the borough over the coming years, which shows how we are providing high quality housing for residents."

All of the homes at Keswick Avenue will be made available for rent through the Choice Based Lettings Scheme, operated on the local Authority's behalf by First Choice Homes Oldham (FCHO).

Oldham Borough Council is a significant client of 'AWICS'

Charities are working together with local authorities

Charities are working together to map out which local authorities are handing out emergency loans to vulnerable people to help them with housing costs. Homelessness charities have had difficulty securing 'crisis loans' since the government transferred the £178million fund for these and community care grants to councils in April 2013.

One of the main uses for these loans for homeless people, which were previously handed out by job centres, was to pay for deposits or rent advances to secure private rented sector accommodation. Lisa Doyle, advocacy and influencing manager from the charity Refugee Council, said:

"We are working with other voluntary and statutory agencies to try to ensure that our clients are not left penniless, particularly at the point when they have just been granted refugee status. People who have been living on asylum support will not have been able to save for a deposit or rent in advance.' She said crisis loans had been a 'vital source of support that helped them meet their basic needs and secure accommodation during the short 28-day transition time between the asylum support and mainstream benefits systems".

Helen Mathie, head of policy for umbrella-group Homeless Link, said the crisis loans 'offered a lifeline' to many homeless people and said:

"We are monitoring local welfare assistance schemes (as the crisis loans are now called) throughout England to gather intelligence on the types of schemes on offer, how support is being allocated and the extent to which assistance is meeting demand… The information will then be used to inform the sector to help them secure loans for their clients."

Ms Doyle and the Director of the London mayor's No Second Night Out scheme, which aims to stop people spending a second night on the streets, Petra Salva both highlighted the issue presented with different local authorities administering different schemes.

Ms Salva said:

"We have to deal with 33 different schemes… My staff have stopped trying to apply and looking for alternative routes (to deposits and rent in advance)."

The NSNO service has not managed to secure a single crisis loan since April 2013 for any of the people in its 34 bed spaces, which are separate to its two hubs. Different criteria had presented a real problem for people who have had their asylum claim processed quickly, Ms Doyle said:

"Destitution is a serious issue when mainstream benefits are not processed in time and without any other means of support."

The Department for Work and Pensions said that crisis loans were previously too 'complex, over-centralised and poorly targeted'. Umbrella-group London Councils said that there had been an increase of referrals to councils from job centres for the loans and local authorities were 'not always able to provide the type of assistance these clients need'.

Climate Change and Green Deal

Sustainability experts say the government's target for making all homes zero carbon by 2016 can still be reached despite a six-month delay in the implementation of amendments to building regulations.

The government confirmed in August that buildings must be 6 per cent more efficient than under current regulations in the delayed publication of long-awaited changes to part L of the 2010 Building Regulations.

The change falls short of the government's original proposals to tighten carbon emission standards by 8% for new homes. The consultation on part L closed in April 2012 and a detailed plan was supposed to be set out by May 2013, with the new standards being implemented by October 2013.

However, Baroness Joan Hanham, under-secretary of state at the Communities and Local Government department, said there would now be a six-month delay on the implementation of the changes to give the industry 'enough time to prepare' – a move that had sparked fears zero carbon will not be implemented by 2016.

Tessa Hurstwyn, projects director at the Zero Carbon Hub, said:

"The timescale for zero carbon new homes from 2016 remains feasible, but it is vitally important that government provide clarity on the full definition of zero carbon as soon as possible and provide the tools to allow its calculation."

Joanne Wheeler, a senior policy advisor at the UK Green Building Council, said: 'It should still be achievable.'

A freedom of information request has shown that green deal administration costs from April 2011 to the end of July 2013 were £12.7million.The request, sent in July 2013, asked the Department of Energy and Climate Change how much the administration and marketing costs were, how much had been budgeted and signed off for future administration costs and the amount budgeted and signed off for future marketing costs.

The Department's response was that £3.7million was spent on marketing campaigns in the same period, and £5.22million had been budgeted for this financial year. Figures for future administration budgets could not be identified as they 'have not yet been finalised and are subject to agreement following Department for Energy and Climate Change business planning processes'.

The latest green deal figures showed that up to the end of June 2013, there had been 44,479 assessments of properties undertaken since the scheme launched in January. This was up from 30,962 at the end of May.

A study by Newcastle University has praised the councils in three Scottish cities for turning their climate change plans into action. The report considered thirty cities across the United Kingdom, with development and urban planning as a key considerations, and compared councils on their climate change plans and implementation of these. It then assessed and rated the overall performance of these councils using the methodology: plan, do, check and act.

Assessment of the climate preparedness of thirty urban areas in the United Kingdom, published in August 2013, found that 28 of the thirty cities compared had created strategy documents to reduce emissions but most had a lack of target, figure or timescale that rendered them meaningless.

However, the three Scottish cities were praised by the report and it said progress in implementing the policy in Scotland was driven by the Scottish government's legislation on climate change. Research leader Dr Oliver Heidrich said:

"Clearly the three cities in Scotland - Edinburgh, Aberdeen and Glasgow - are well prepared and following up their climate change policies which is very good… Obviously that comes from the legislation in Scotland (under which councils have to play their part in meeting tough national targets on reducing carbon emissions)."

The report produced a score for each council by considering four key areas within two topics: mitigation and adaption. Dr Heidrich believes this score can be used to help manage changes in housing provision or refurbishments by assessing risks or emissions, planning, implementing, reviewing and monitoring of changes.

The report found that 61% of the thirty councils included are considering urban planning and development as a climate change adaption measure. Along with the three Scottish cities, two in Wales, two in Northern Ireland and 23 cities in England were investigated in this report.

Impact's Living Well scheme chosen to launch pioneering dementia care pilot

Impact Housing Association's 'Living Well' scheme has been launched at Rowan Court in Ambleside and has just been awarded funding from central government to make the scheme and surroundings a better place to live for people with dementia.

Health Secretary Jeremy Hunt has just announced details of the successful projects across England that will form part of the first national pilot to showcase the best examples of dementia friendly environments across the country, demonstrating the types of physical changes that have the most benefit for people with dementia.

The scheme will see something of a refurbishment. Replacing reflective sanitary ware and surfaces and installing clearer signage using distinctive colours and pictures has been shown to help those with a dementia illness manage their condition better by helping to reduce confusion and agitation. Impact Housing Association will also be designing a sensory garden area which will provide safe outside space to enjoy.

Tenants at Rowan Court will be fully involved in the design and have formed a steering group to oversee the project. For more information, please visit the Impact Housing Association website:

http://www.impacthousing.org.uk/living-well-impact-homes-over-55s

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AWICS Seminars – Autumn 2013

Our Autumn 2013 seminars are listed below:

- Value for Money and Procurement in Local Government and Housing – London – 17th September 2013
- Welfare Reform: Implications for Local Government and Housing – London – 9th October 2013
- All You Want to Know about Local Authority Housing Finance – London – 12th November 2013

All these seminars are proving popular but there are still some places available. For details please see http://www.awics.co.uk/regionalSeminars.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 are available from 'AWICS' include:

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Adrian Waite has a blog at http://www.awics.co.uk/Blog.asp and a Twitter feed at @AdrianWaite