

AWICS Wales News

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The Offices of Valleys to Coast Housing at Bridgend

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Wales Bill

The Wales Bill was included in the Queen's Speech on 18th May 2016. This Bill is based on the draft that was published in October 2015 and provides for the clarification of the division of powers reserved to United Kingdom Parliament and those devolved to National Assembly of Wales. It includes devolving powers over energy, transport and elections (including the voting age) to the Welsh Assembly, and repeals the requirement for a referendum prior to devolution of income tax powers.

The Draft Wales Bill was introduced to the United Kingdom Parliament in October 2015. The Bill amends the Government of Wales Act 2006 and provides a number of changes that will strengthen the self-administration and authority of the Welsh assembly in a range of policy areas, such as energy and transport.

Housing policy is one of the areas in which decisions in Wales and England have differed most. While English rents have increased significantly before the mandatory cuts in social housing rents of 1% were announced in July 2015, rents in Wales have historically remained much lower than those in England. Additionally, the social rented housing market in Wales has been stronger and received considerable investment over the years. Wales has also differed to England in its plans for abolishing the Right to Buy for council homes. This policy is already in place in certain high pressure areas such as Swansea. Furthermore, the Welsh Assembly decided not to follow England in its extension of Right to Buy to housing associations.

The Welsh Budget

In January 2016 Jane Hutt, Finance Minister in the Welsh Government, launched the Welsh Government's budget for 2016/17, announcing an increase in spending in health of £278million that amounts to a 4.1% increase in the National Health Service budget following some criticism of the health service in Wales. The Welsh Government is facing a real term budget reduction of 3.6% over the next five years.

There is also almost £40million extra for schools – but there will be reduced budgets for local government and higher education. Jane Hutt said they couldn't afford not to invest in schools and health during austerity. But the higher education sector expressed significant concern at the news that the higher education body 'Hefcw' will face a budget reduction of £41million.

Headlines in the budget include:

- The Communities and Tackling Poverty department that covers housing, will see the overall revenue budgets fall from £336million to £333million.
- Help to Buy Cymru will get a £26million increase.
- The Economy, Science and Transport departments cash pot will be reduced from £612million to £587million, but capital spending on infrastructure will increase from £271million to £351million.
- The Natural Resources revenue budgets are reduced from £294million to £277million.
- The overall budget, including capital spending, stands at £15billion.

Jane Hutt told the Welsh Senedd that:

"I have listened carefully to what people and organisations across Wales have told me about what matters to them most. This dialogue has translated into additional funding for schools, for the National Health Service, for social services, for joint working in health and social care, for supporting vulnerable people and for further education. The clear message is that in a time of austerity, we simply can't afford not to invest in these services. The overall health budget is rising by 4.06% to £7.1billion, with the rise largely made up of a 4.06% increase of £245million extra for revenue spending in the National Health Service. The government has allocated an extra £293million for the National Health Service, but that is offset by £15million cuts being made elsewhere in the department. This means the increase comes to a net £278million... (However) the settlement that we have received from the United Kingdom Government does not allow us to fund the full range of (council) services on the basis that they are currently delivered."

The extra money will include £200million to support National Health Service services that will go towards hospitals and community and primary care. Older people and mental health services will receive £30million while an extra £33.5million will be spent on new infrastructure that includes new equipment and the maintenance of the National Health Service estate. The Intermediate Care Fund will grow from £20million to £50million. The Welsh Government says this fund will allow the National Health Service and social services to work together to support older and vulnerable people by helping them maintain their independence in their own home, prevent hospital admissions and allow them be discharged from hospital earlier.

The Welsh Government set out its commitment to supporting social landlords and increasing the supply of affordable homes in Wales. In the budget for 2016/17, the Welsh Government pledged an additional £21.7million to increase the number of social houses in Wales. This significant investment in housing associations is expected to support the construction of over 250 new affordable homes, providing a safe and secure place to live for hundreds of Wales' most vulnerable people. The Welsh Government said that:

"Investment in housing helps to stimulate the economy as well as providing funding for new affordable homes, and it is heartening to see Welsh Government's confidence in Welsh housing associations' ability to deliver. We will continue to work on behalf of our members to evidence their impact."

Meanwhile the overall local government budget that covers the fire service as well as councils, is to fall by 2% to £4.4billion. Within that, total council funding will fall by 1.6% to £3.3billion, reduced by £54million. However, the Welsh Government says it has allocated an extra £39.7million to schools that would be mostly delivered within the local government budget. An extra £21million has been allocated for social services.

The Welsh Government says that its commitment for additional schools' cash means it is keeping its promise to maintain schools funding at 1% above the block grant. Meanwhile the higher education body 'Hefcw' budget will fall by £41million, or 32%, to £87million. It is understood that much of that is made up of £20million that has been transferred to the budget for post-16 learner support that includes tuition fees, and should still go to the universities through students. That still leaves a balance of reductions in higher education budgets of £20million. 'Hefcw' are required by government to fulfil a list of responsibilities, including support for vulnerable students, widening access and research. But further education spending will be protected, rising slightly by £5million to £512million.

The news on higher education spending prompted concern from NUS Wales. Its president Beth Button said:

"While we appreciate the tough budget environment the Welsh Government is operating in, we are concerned of the impact these severe cuts will have on work being done to help those least likely to go into more education. This is the sixth successive year of major cuts to the HE budget, seeing a reduction of £365m or 81% since 2010/11.... These cuts announced today will have severe consequences on our universities' ability to continue to deliver the social and economic benefits that are vital to the people of Wales."

But Jane Hutt said that the higher education cut was a 'drop in the ocean' as the overall income of the higher education sector in Wales is around £1.3billion and said that:

"If you look at learners' support, it's actually increased... All services were expecting to be cut, and some have been cut perhaps more deeply because we've had to re-prioritise this budget to make sure we've got that all important money for the health service, for education, for schools... I think local government already knows they are going to be in a much better place."

And, First Minister Carwyn Jones told the Senedd that:

"We're proud of the fact that... there will be a substantial increase, reflecting Wales' position in being ahead of England in the amount we spend per head on health."

Wales had a net fiscal deficit of £14.7billion in 2014/15, equivalent to almost a quarter of its estimated Gross Domestic Product, according to an analysis of its public finances. A report published recently by Cardiff University's Wales Governance Centre analysed Wales' public spending, public revenues and overall fiscal balance using the same methodology applied by the Scottish Government for the annual Government Expenditure and Revenue Scotland report and a similar exercise that is done for Northern Ireland.

The multi-year analysis revealed that Wales' net fiscal balance has improved in recent years from a deficit of £15.8billion (29% of estimated Gross Domestic Product) in 2010/11. This was because revenues grew more quickly than expenditure. Total spending in Wales in 2014/15 was £38billion, approximately £12,300 per person, more than the £11,400 spent in the United Kingdom as a whole. Revenues for the same year were estimated at £23.3billion, around £7,500 a head and considerably below the United Kingdom average of £11,400. At 24% of Gross Domestic Product in 2014/15, the Welsh deficit was higher than the United Kingdom's (4.9%) or Scotland's (9.7%).

Commenting on the findings, the report's author Ed Poole said that, although transfers between richer and poorer territories within a state were not unusual, the size of the Welsh deficit represented a 'very substantial gap' between tax collected and money spent.

The Welsh Assembly has passed a bill to allow for the collection of the first Welsh taxes in 800 years – land transaction tax and landfill disposals tax. However, compared with non-devolved taxes such as VAT that have grown strongly, these revenues have been relatively stagnant.

Expert commission urges funding shake up for Welsh councils

An independent commission has concluded that reform to council funding in Wales, including local authorities raising a far greater share of their income from local taxes, would deliver 'significant benefits'. The Independent Commission on Local Government Finance in Wales, that was chaired by local government finance expert Professor Tony Travers and supported by the Chartered Institute of Public Finance & Accountancy, said the current arrangements could no longer be maintained. Updated funding arrangements were needed to suit Wales' increasingly devolved public services and meet the challenges of public sector austerity, the '*Ambition for Change: Aiming Higher*' report concluded.

Among its proposals is a call for business rates to be transferred from national to local control to increase local councils' financial autonomy, flexibility and accountability. This would follow proposals for reform in both England and Scotland. It is also recommended that the existing local government funding formula in Wales should be frozen and a new formula developed that could be applied to any eventual local government reorganisation.

It was also recommended that the current range of more than fifty specific grants to councils should be incorporated into the central Revenue Support Grant, with an independent grants commission established to make funding decisions independent of government (in England the coalition government rolled many specific grants into the revenue support grant but did not establish an independent commission). The report is intended to help inform decisions following the recent Welsh Assembly elections, and are described as a distinctively progressive Welsh approach to funding public services.

The report concludes that:

“While not completely broken, the current system for funding local government in Wales is broadly the same one inherited from England and Wales arrangements that predate the highly successful and continuing devolution journey that Wales has embarked upon... There is now a clear need to support Wales’ increasingly devolved public services with an updated and improved financial system that is fit for purpose. As a panel of commissioners we feel the recommended package of reforms outlined in Ambition for Change: Aiming Higher will strengthen local accountability, encourage greater financial flexibility and innovation, significantly reduce local government’s dependency on the Welsh Government and allow councils to take a much more direct role in local and regional economic growth.”

Chris Tidswell, Head of the Chartered Institute of Public Finance & Accountancy in Wales, said that there is now an opportunity for government to ensure that local authorities have the flexibility and options to deliver local services to local people in a self-determined finance regime and told ‘Public Finance’ that:

“CIPFA believes that it is time for change and it would be a great pity if these recommendations are not given serious consideration by government.”

Welsh Housing Investment

Some of Wales’ leading business figures have given their backing to the Homes for Wales campaign. The Federation of Small Businesses Wales, CBI Cymru, Welsh Innovation Centre Enterprise (ICE), Pro Steel Engineering and Learning and Work Institute Wales, added their voice to the Homes for Wales campaign to support the need for continued investment in housing. Homes for Wales’ main aim is to highlight that housing needs to be a key political issue. The campaign calls on the new Welsh Government to publish an ambitious plan for housing as part of the new Programme for Government which sets out how they will end the housing crisis in Wales. Community Housing Cymru (CHC) chief executive, Stuart Ropke, said:

“Momentum for the Homes for Wales campaign has continued following our rally in Cardiff last month, which highlighted the consequences of the Welsh housing crisis on people and businesses around the country. We are delighted that Welsh industry leaders have given their backing to Homes for Wales. Building homes makes business sense. Investing in housing creates jobs and training and apprenticeship opportunities, as well as regenerating communities and improving people’s lives. Investment in housing creates a ripple effect in the local and national economy, and the housing sector provides a crucial economic stimulus to Wales.

“Last year alone, the housing association sector directly pumped £1.1billion into the economy. For every £1 spent, 80 pence was retained in the Welsh economy. The sector’s total contribution to the Welsh economy in 2015, directly and indirectly, amounted to £2billion which includes construction, maintenance, regeneration, employment, suppliers’ goods and services, and much more.

“Our sector is also a major employer in Wales – there are almost 9,000 full time equivalent jobs in Welsh housing and, for every one job, another 1.5 are supported elsewhere in the Welsh economy. The Welsh housing crisis is not about just houses – it’s about homes, it’s about people, it’s about communities. We’ve built 9,108 affordable new homes since 2011; however, to meet current demand in Wales, 12,000 new homes are needed each year. We know that we alone cannot solve the housing crisis which is why the Homes for Wales coalition has been formed to speak with one voice and to secure partnerships with other key sectors such as industry.”

Confederation of British Industry Cymru director, Emma Watkins, said:

“For too many years, we’ve not been building the new homes Wales needs. This has led to rising prices, undermining our economic competitiveness and Wales’ reputation as a destination for investment. From businesses to charities, and from Wales to Westminster, there is a clear consensus that we need to be building more homes to satisfy demand, yet we are still not building enough to meet our needs. Bold action from across the political spectrum is required to shift the dial and get Wales building.”

Welsh Government to update Welsh Housing Quality Standard

The Welsh Government is planning to introduce new mandatory quality standards for all social landlord homes. In a consultation, launched in January 2016, it announced proposals for new standards to replace the current provisions. All 220,000 housing association or council-owned homes in Wales will have to meet the standards, as will all new developments built with government grant. The changes will see the Welsh Housing Quality Standard and Development Quality Requirements made mandatory.

Julie Nicholas, policy and public affairs manager at Chartered Institute Housing Cymru, said:

“In our recently published Agenda for Change, CIH Cymru called on Welsh Government to review current quality standards and ensure they remain fit for purpose and continue to protect the national housing asset, and as such welcome this consultation.”

In a wide-ranging list of standards, the Welsh Government will require all new homes to meet the so-called Lifetime Homes Standard developed by Habinteg Housing Association. This means they would be appropriate for people with disabilities should they move in, for example having enough space for wheelchairs to turn and having showers on the ground floor. It also includes a range of safety standards surrounding stairs, electrics, kitchens, gardens and parking. The prescriptive standards will require a workspace either side of a washing-up bowl and all work surfaces be at least 400mm long. The requirements also include extensive space standards including, among other things, space for an airing cupboard in every home and that all bedrooms open off a corridor. Landlords will also have to meet standards recommended by the police in terms of security of the properties. A target date will be set for each individual landlord to complete any necessary upgrades to reach the standard with a number of milestones that landlords must achieve in the build up to this target date.

The consultation document says it will require all new homes to be built to the Development Quality Requirements, but recognises that reaching this for existing homes is a ‘more difficult goal’. It says providers must ‘take all opportunities to meet the standard’ for existing homes and sets the less-taxing Welsh Housing Quality Standard as the ‘minimum’.

Lesley Griffiths, Minister with responsibility for Housing, said:

“Investment in people’s homes has a far-reaching impact. As people live longer, our social housing is playing an increasingly important role in supporting our health and social services.”

Housing in Wales – Update

Recent statistics have confirmed the value of housing associations to the Welsh economy. According to the latest economics research report by the Welsh Economy Research Staff at Cardiff University, the Welsh economy gained £2billion from the effects of investments made by housing associations in the past financial year. The continued growth in the affordable housing sector has also provided a significant boost to employment.

Overall, employment depending on the affordable housing sector has grown by 30% over the past five years. This comes alongside the Welsh Government investment of an additional £7million into training to link with recent changes that require certification of housing providers. A further £2.1million was allocated to fund apprenticeships and employment support.

In late November 2015, Community Housing Cymru held its annual conference. At the conference, there was debate about the effects of housing policies in England, including the reclassification of English Housing Associations as public organisations and the mandatory annual rent reductions of 1% by social housing providers. There is a potential for this to have effects on the Welsh housing sector. This debate was held at the same time as the recent release of the Wales Bill that sets out arrangements of for how the Welsh Assembly will produce legislation affecting Wales in the future.

For the United Kingdom accounts, the Office for National Statistics has reclassified English housing associations as public as opposed to private. While some argue that these labels are merely technical, Stuart Ropke, Chief Executive of Community Housing Cymru argues that the implications are more sinister. Instead of an arbitrary semantic change, Ropke argues that the reclassification is a ‘battle... within the United Kingdom Government’, and that Westminster is attempting to redefine where power truly resides.

The Office for National Statistics apparently based its decision regarding English Housing Associations on the provisions of the 2008 Housing & Regeneration Act rather than on the current government’s policies on ‘right to buy’ and rents. However, the argument that English Housing Associations must be classed as public sector organisations because they are regulated by the state could also be applied to Welsh Housing Associations Pertaining to the effects of the Wales Bill on Welsh housing, Stuart Ropke described the situation as ‘perverse’ saying:

“We might have to move policy because of changes over the border.”

Twelve Welsh regeneration projects were awarded £12.8million in March 2016 to create over 220 new homes, 400 new jobs and 50 traineeships. This Vibrant and Viable Places funding will include the creation of sixteen two-bedroom flats in Holyhead town centre, a new employment hub on the Kingsway in Swansea and a family entertainment zone on the Rhyl waterfront. The additional funding brings the total investment in the Welsh Government’s flagship regeneration scheme to £118million.

The local authorities that will receive the additional Vibrant and Viable Places funding are Anglesey, Blaenau Gwent, Caerphilly, Conwy, Denbighshire, Flintshire, Gwynedd, Neath Port Talbot, Newport, Swansea, Torfaen and Wrexham.

A recent report has found that between 2014 and 2017, the programme is also expected to provide 1,000 affordable homes and more than 2,300 homes in the private sector, that will create more than 2,000 jobs, support 3,000 people into work and bring a further £300million into Wales.

Communities and tackling poverty minister, Lesley Griffiths said:

"This additional £12.8million is a huge boost to twelve key regeneration projects across Wales which will make a very real difference to their local communities. As well as boosting Wales' housing supply, it will improve important local services, and create hundreds of jobs and traineeships."

Following the decision of the United Kingdom government to require annual rent reductions of 1% in English social housing, the Welsh government consulted with local authorities and housing associations in Wales about the potential to introduce a similar policy in Wales and required social landlords to carry out modelling to demonstrate the impact of a similar cut in Wales, or other options including no rise in rents. It is understood that the financial modelling showed that most Welsh housing associations would cease to be viable after about two years.

In the event it was decided to make no changes to the existing Welsh policies on social rents that have been introduced only recently and provide for modest increases and local discretion.

Control of social housing regulation in Wales moved to an independent regulatory board for the first time in January 2016. Value for Money has emerged as a key priority for the regulator, with a review planned for later in the year to look at how it could be assessed. Early discussion has suggested the evaluation of Value for Money in Wales would take account of social value added, rather than having a simple focus on efficiency.

English housing providers have been required to produce annual statements demonstrating efficiency since the regulator introduced a Value for Money standard in April 2012. However, it has never been a formal part of regulation in Wales.

Stuart Ropke, Chief Executive of Community Housing Cymru said that:

"We have been discussing with the Welsh Government and the regulator what value for money looks like in a Welsh context. It is not only about measuring efficiency in financial terms, but measuring the social value and positive benefits of the work housing associations are doing."

It is understood the new regulatory board has discussed introducing 'stress-testing' that is currently required by its English counterpart the Homes and Communities Agency. 'Stress testing' is seen as a development of sensitivity analysis that is commonly carried out by housing associations as part of their business planning.

Deregulation is also expected in Wales to ensure that the Office for National Statistics does not classify Welsh housing associations as public sector bodies. This is a priority for government, with legislation expected early in this parliament.

Service Charges in Wales

Many tenants in the social sector pay service charges. These are charges that landlords make for services provided that are in addition to the rent charged for the accommodation being let.

Housing associations have often made service charges but local authorities have traditionally met the cost of additional services from the rent and have not made service charges other than for some services in sheltered accommodation and to leaseholders. These arrangements have been inherited by stock transfer housing associations. However, the Welsh Government is now requiring all social landlords to introduce service charges.

The definition of a service charge and the information that the landlord must provide to the charge payer are outlined in the Landlord and Tenant Act, Wales, and in particular, statutory instrument 2007 No.3160 (W.271). 'The Service Charges (Summary of Rights and Obligations, and Transitional Provisions) (Wales) Regulations 2007'. These Regulations prescribe the content of the summary of tenants' rights and obligations relating to service charges that must accompany any demand for such charges made by a landlord, under section 21B of the Landlord and Tenant Act 1985. The Regulations also make provision for minor matters in respect of the form the summary should take.

Landlords in Wales, particularly those who have not de-pooled, (among them some large scale voluntary transfers and councils with retained stock), were required by the Welsh Government to de-pool service charges by 31st March 2016.

The requirement is based on two principles. The first, is due to the Department of Works and Pensions looking to ensure housing costs are separated from estate management cost. This is particularly important to the Department for Work & Pensions when considering claims for housing benefit or, housing credit under the revised Universal Credit payment formula. The intention is that housing credit will only be paid for certain essential service charge costs that directly relate to the accommodation being let, with other non-appropriate service charges having to be found by the tenants themselves or by only those who receive it.

The second principle is the Minsters would like to bring more transparency to rents and service charges. They consider that by bringing more transparency, tenants can decide on the appropriateness of those services and the value for money they get from them.

Systems for the recovery of service costs can vary depending on the covenants agreed for stock transfer organisations and sometimes whether or not roads and indeed other amenities have been adopted. In addition there may be hidden or confidential covenants under the transfer as part of the negotiations. These can be agreements to maintain paths or boundaries or even buildings or parts of buildings such as those in shopping centres in the centres of estates. There is therefore a need to compile comprehensive asset registers, involving the examination of contractual liabilities as part of the de-pooling process.

Tenants will wish to be assured that they are paying for what they 'want and need', and that there is transparency between their housing and wider estate management costs. Of course, many tenants feel aggrieved that under some benefit changes certain service charges may not be eligible for benefit and so tenants would have to pay for them from their own resources.

It has been reported that what particularly aggrieves tenants is that perceived wealthier owner occupiers on the same street, perhaps people whom exercised their right to buy, who have open plan forecourts or take advantage of freshly cut lawns, may receive the benefit of those services without paying for them while tenants will be obliged to pay service charges.

It is also reported that while covenants with the 'right to buy' owner occupier may require such payments many landlords do not collect them because it's not cost effective to do so. It is said that the same rule also seems to apply to other non-enforcements of covenants under the right to buy agreement such as responsibility for gardens or boundaries.

It may be considered that the key principle should be one of transparency and fairness engaging and involving the tenants in discussions about the technical difficulties within contractual agreements while also being consistent about how policies and practices are applied.

Where tenants are dissatisfied about the way their service charges are calculated, they can challenge individually or collectively under the landlord's complaints process. They also have the right to ask a leasehold valuation tribunal to determine whether they are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. The notice of payment should identify these rights and obligations and how they can be exercised.

AWICS is holding a seminar: 'All You Want to Know about Service Charges in Social Housing in Wales' in Cardiff on 6th September 2016. Further information is available below and on our website at: <http://www.awics.co.uk/schs2016.asp>

In-house training in service charges is available. For more information, please contact Adrian Waite at Adrian.waite@awics.co.uk or 017683-51498.

We also publish a book: 'All You Want to Know about Service Charges in Social Housing'. Further information about it is available on our website at: <http://www.awics.co.uk/schsbook2016.asp>

Wrexham Council to invest £54million in housing improvement and Denbighshire Council to end 'Right to Buy'

Wrexham Council's spending programme agreed for 2016/17 will ensure that its entire housing stock will be modernised – bringing it up to the Welsh Government's Welsh Housing Quality Standard for the first time. The standard acts as the benchmark for the quality and condition of social housing in Wales. All social housing landlords are required to achieve the standard by 2020. With 11,300 properties, Wrexham Council is the third largest social landlord in Wales after Cardiff and Swansea; and the funding provided alongside the introduction of self-financing has made the achievement of the Welsh Housing Quality standard affordable for the first time.

Wrexham Council's lead member for housing, Councillor Ian Roberts, said that:

"Last year, we invested over £40million in improvement works and this has allowed us to modernise thousands of properties. The £54million agreed for 2016/17 means we will have invested over £90million in total since 2015. This is allowing us to carry out the most significant programme of improvements this area has seen for decades. The recent figures for completed properties show that we are well on track to achieve the Welsh Housing Quality Standard by 2020.

"This investment has given us an opportunity to improve entire streets, both inside and outside the properties, and make them fit for the future. The Welsh Housing Quality Standard is about ensuring that tenants can live in safe, comfortable homes but we also want to go the extra mile with the quality and design of the work we are carrying out."

Wrexham Council's comprehensive modernisation project includes offering a new kitchen and bathroom to every property where they do not currently meet the standard. Other internal and external improvements such as electrical rewiring, new central heating systems, roofing and insulation work will also be carried out where required. Wrexham Council says the £54m budget for the coming financial year will fund, amongst other works:

- 2,500 properties offered new kitchens and bathrooms
- 600 properties being offered new heating systems
- Around 900 properties being rewired

- Over 750 properties being reroofed
- 187 properties having External Insulation fitted

The work will include installing external wall insulation on over 1,500 non-traditional properties in the county borough by 2020. The budget includes a £7.5million grant, the major repairs allowance, which the Welsh Government awards to local authorities to support them achieving the Welsh Housing Quality Standard. Work is set to continue beyond 2017 to ensure any remaining properties achieve the standard by 2020. The local economy has also received a boost from the housing improvement work, thanks to community benefit clauses, which require all contractors carrying out housing improvement work to contribute 'something extra' back into the local economy. This can include taking on local labour, apprentices or purchasing supplies from local businesses.

Meanwhile, Denbighshire Council has voted to stop people buying their own council houses after losing more than 4,000 homes to the policy. The Council said there were 10 applicants for every vacant council home in the county and right to buy 'threatened investment in new homes'. This follows similar decisions at Anglesey, Flintshire, Carmarthenshire and Swansea councils.

Last year, eight council homes in Denbighshire were sold under right to buy. Barbara Smith, Denbighshire's cabinet member for housing, said:

"There clearly is a case in the county for this to happen."

The authority will now apply to the Welsh Government for approval to stop right to buy for the next five years.

Denbighshire Council and Wrexham Council are two of AWICS' principal clients in Wales.

Community Housing Cymru, Sheltered Housing and Welfare Reform

In his Autumn 2015 Statement, the Chancellor announced that Housing Benefit for social housing tenants would be limited to the Local Housing Allowance rate set for new tenancies from 2016, with this change due to come into effect from 2018. Community Housing Cymru has investigated the effect that this policy will have in Wales.

The Department for Work and Pensions has since clarified that the cap will also be applied to housing benefit for tenants in supported and sheltered housing. They added that they will seek to protect people as far as possible through the local system of Discretionary Housing Payments. Supported Housing is accommodation designated for some of the most vulnerable people. It provides tenants with higher levels of support than in general needs housing, and helps tenants with the confidence and know-how to take control of their lives. It covers a huge range of housing schemes which help tenants who are experiencing a huge range of problems, including those who are fleeing domestic abuse, suffering from mental health problems, or those who have experienced homelessness.

The provision of this additional support incurs a greater cost for landlords than the provision of general needs housing, and this is reflected through higher levels of rent. Furthermore, these additional costs do not necessarily reflect the costs pressures associated with private sector rents, which are what ultimately dictate Local Housing Allowance levels. Typically, the Local Housing Allowance is lower in more deprived areas and higher in more affluent parts of the country, meaning that the viability of supported housing in less well-off areas is threatened by the use of Local Housing Allowance to cap financial support.

One Welsh housing association has reported a scheme that will be affected by the cap, where two vulnerable tenants are supported in a four bedroom house that contains a safe room and accommodation for staff to provide care and support on a 24/7 basis. Under the proposed cap, this scheme would see an annual rental loss of £11,646.

Projects offering intensive support are widespread across Wales. There are 36,908 supported housing units across the whole country; 22,110 owned and run by housing associations and a further 14,798 by local authorities. The services are delivered by social landlords who have the specialist knowledge and expertise to support these tenants. A survey of Community Housing Cymru members has estimated that 82% of specified accommodation, such as these projects, would be over the Local Housing Allowance cap.

Meanwhile, under 35s will see their rental income capped at the Shared Accommodation rate under Local Housing Allowance. Another Welsh housing association has 48 bedsit units as part of their stock, predominantly housing tenants under the age of 35. The difference between the rent levels for these units and the Local Housing Allowance would cost that landlord £1,117 per tenancy per year; a potential total loss of £53,616 each year. Community Housing Cymru members currently provide homes for 6,440 tenants in this age group, with a further 1,571 living in local authority accommodation. Shelter Cymru figures have shown that 92% of these tenants would lose out if they signed their tenancy under the upcoming proposals.

The application of the under 35s Shared Accommodation Rate to social rented tenancies is of concern beyond the direct impact it would have on the funding of supported housing. The concern is about the likely effect it will have on the ability of single people in supported or temporary housing to move onto permanent accommodation at the appropriate time. In England the Shared Accommodation Rate in the private rented sector has already increased the time young people spend in supported housing. A recent report by Homeless Link highlights that the average length of stay amongst young homeless people has increased by 8.5 months to 16 months.

The Government's proposal in the Spending Review states that Discretionary Housing Payment will be the vehicle for dealing with some of the resulting shortfall for supported housing. The concern is that due to the discretionary and temporary nature of the Discretionary Housing Payments fund, this will put a significant element of funding for supported housing on an insecure footing. This could lead to a reduction in the provision of existing services and put new developments at risk at a time when pressure on services is increasing.

Community Housing Cymru point out that the Discretionary Housing Payments system is not designed or funded to meet all requests for assistance and to rely on it to help those in supported housing with a new benefit cap would leave local authorities to decide between individuals with varying levels of support needs. This would both be an unsatisfactory and administratively costly approach to take. Supported housing would become unaffordable for those it is designed to assist and would cease to be an option. In the longer term, much supported housing will cease to be sustainable.

Community Housing Cymru estimates that the shortfall in rent (for those that responded to their survey), for specified accommodation alone will be at least £10million a year. The £35million increase in the proposed United Kingdom-wide Discretionary Housing Payments budget from 2018/19 seems unlikely to be sufficient to protect the most vulnerable in society.

The impact of the LHA cap will be felt very soon as new tenants in supported housing from 1st April 2016 will face uncertainty about their future ability to pay their rent. This will be a particular issue for those who need to live in supported housing on a longer term basis, for example, sheltered housing, retirement housing or adapted housing.

Community Housing Cymru conclude that reductions of this scale will threaten the viability of supported and specified accommodation in the social rented sector in the future; and that these changes risk the firm foundation supported housing provides for many people as they deal with disability, change and/or transition in their lives.

Ministers at the Department for Work & Pensions say that they are reviewing the financing of sheltered housing and that their conclusions will be announced in due course. However, if the government's intention is to reduce public expenditure then they would be wise to change course. Sheltered housing is considered to be one of the most cost-effective ways of supporting vulnerable people and any reduction in sheltered housing is likely to increase demand on social services, health services, the police and other support agencies. The sooner the government realises this and provide sheltered housing with a secure financial future the better!

Heritage in Wales

There is some positive news in the world of heritage legislation, with the Historic Environment (Wales) Act being passed in March 2016.

The Act forms part of a suite of legislation, policy, advice and guidance that makes improvements to existing systems for the protection and sustainable management of the Welsh historic environment. In broad terms, the Act gives more effective protection to listed buildings and scheduled monuments, enhances existing mechanisms for the sustainable management of the historic environment, and introduces greater transparency and accountability into decisions taken on the historic environment.

Council for British Archaeology Director Dr Mike Heyworth MBE said:

"The Council for British Archaeology welcomes the introduction of this Bill and the significant measures that are proposed. Of particular significance is the plan to put Historic Environment Records on a statutory footing which is something that we have been pressing for across the United Kingdom."

The Wales Heritage Group launched a Manifesto for Heritage in March 2016. It urges all political parties in Wales to:

- Value our unique heritage assets and the expertise of those who look after them
- Implement the Historic Environment (Wales) Act to make sure that the past works for the future
- Ensure continued support and resourcing for preservation and enhancement of heritage asset
- Involve everyone - landowners, heritage bodies, residents and visitors – in maximising the benefits of our heritage

Baroness Andrews OBE, former Chair of English Heritage and former consultant on culture and heritage to the Welsh Government, said:

"Wales needs to make the most of its spectacular heritage. I'm delighted this Manifesto acknowledges the Welsh Historic Environment as a catalyst for tourism and regeneration and as vital to the sustainable future of Wales."

The Wales Heritage Group / Grŵp Treftadaeth Cymru is a recently formed alliance of high profile heritage organisations that urges politicians to recognise the economic, social, cultural and environmental benefits of Welsh Heritage.

AWICS Seminars

Details of all our seminars can be found on our website at:
<http://www.awics.co.uk/seminars2016.asp>

Our next seminar in Wales is on:

‘All You Want to Know about Service Charges in Social Housing’

This seminar is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

Service charges are an integral part of landlords’ work in financing value for money services and sustaining customer satisfaction. They have always been relatively complex but with increased financial challenges and legal and financial complexity there is an increased need to understand how service charging works.

Housing Associations have traditionally levied service charges with most local authorities ‘pooling’ service costs. In Wales, local authorities have introduced service charges as part of the Welsh government’s new rent policy. The rolling out of Universal Credit is having an impact on benefit entitlement for service charges.

This seminar is suitable for people who are not experts in service charges, but who need to understand the basics and achieve an overview of what is going on. It is suitable for councillors, board members, housing managers, legal staff, finance staff, tenant representatives, members of the service charges team with limited experience and others who realise that an understanding of service charges can place them at an advantage!

The session will answer the following questions:

- How do Service Charges work:
 - In Housing Associations and Local Authorities?
 - For Leaseholders and Tenants?
- How are Service Charges calculated?
- How to de-pool service charges?
 - Legal obligations, accounting guidance and good practice
- When are service charges eligible for housing benefit?
- How to ensure excellent customer service?

The session is accompanied by a very useful 100 page book that is designed for reference after the session entitled: **“All You Want To Know About Service Charges in Social Housing 2016”**

Venue and Date:

Wales: Novotel Hotel, Cardiff - 6th September 2016

For more information or to make a booking, please visit our website at:
<http://www.awics.co.uk/schs2016.asp>

AWICS Webinars

Details of all our webinars can be found on our website at: <http://www.awics.co.uk/webinars.asp>

Those of particular relevance to Wales include:

Welfare Reform and Work Act

This webinar considers the Welfare Reform and Work Act and its implications for housing and local government in England, Scotland and Wales in the context of the United Kingdom government's overall approach to welfare reform.

Date: 2.00pm on Wednesday 31st May 2016.

Price: £25 plus VAT. Total £30.

For more information or to make a booking please click here: <http://www.awics.co.uk/wrwbill.asp>

Welsh Housing Association Finance

This webinar provides an introduction and overview of the finances of housing associations in Wales. It looks at income, expenditure, cash-flow, balance sheets, development, capital and other factors that influence Welsh housing association finance.

Date: 2.00pm on Thursday 14th July 2016.

Price: £25 plus VAT. Total £30.

For more information or to make a booking please click here:
<http://www.awics.co.uk/waleshafin.asp>

Welsh Local Authority Housing Finance

This webinar is a useful introduction and overview of the finance of local authority housing services in Wales. It considers income and expenditure, rent and service charges, self-financing, capital programmes, the impact of government policy and much more.

Date: 2pm on Tuesday 26th July 2016.

Price: £25plus VAT. Total £30.

For more information or to make a booking please click here:
<http://www.awics.co.uk/waleslahfin.asp>

Editorial notes

This edition of the AWICS Welsh News was edited by Kirsten Laidlow. The AWICS Welsh 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.

Client and reader survey (please give us feedback)

Please consider to give us feedback on how we are doing through our client survey: [link](#).

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/seminars2016.asp>
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