

# Public Services News

## February 2016



**The Council House in Nottingham. Why do people in Nottingham pay ten times as much Council tax as people in Westminster?**

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## **The Housing & Planning Bill – What it says about Planning**

The Housing & Planning Bill has been passed by the House of Commons and is now before the House of Lords. It includes a number of housing and planning measures, many of which are controversial. The purpose of this article is to consider some of the planning measures.

Clause 132 provides the Secretary of State with new powers on local plans. In particular, the Secretary of State is given powers to direct a planning authority to prepare, revise or submit a local plan. These powers are in addition to existing powers to prepare or revise local plans where they are overdue. The government's stated intention is to ensure that all local authorities have local plans in place by 2017 thus enabling them to deliver the million new homes that the government wishes to see built by 2020.

It is the government's view that performance by local authority planning departments could be improved and that they are currently a barrier to the development of new homes. However, local authorities contest this, arguing that planning permission has already been given for many homes that developers have not started. Furthermore, research has shown that planning services have seen cumulative budget reductions of about 45% since 2010 at the same time as having to handle an increased number of planning applications. This has led to concerns about the capacity of local authorities to manage growth and change within planning departments.

The government is responding to this by suggesting that there should be private sector involvement in the processing of planning applications but it is not clear how this would be achieved while retaining democratic accountability - despite government assurances that this would still be the case. The policy, that has been introduced to the Bill through a government amendment provides that there will be some pilot schemes where developers will be able to choose who will manage their planning application. The objective appears to be to ensure that the planning system is responsive to developers rather than to ensure that developments are consistent with local plans. Brandon Lewis MP, Minister for Housing said in Parliament that developers would be able to:

*"Shop around for services that best meet their needs."*

Clive Betts MP (Labour), the Chair of the Parliamentary Communities & Local Government Committee has written in the 'Local Government Chronicle' that:

*"In normal contractual arrangements, it's the client who chooses the contractor. Here, it is the applicant who chooses who is going to manage the processing of the application... In Mr. Lewis' model, it is the developer who will choose the planning processor and negotiate the fee they are to be paid. The inevitable outcome of such a model will be the choice of planners who are most likely to offer the desired outcome... If the developer has chosen the planning processor, what reliance can the members of the planning committee put on their weighting and balance leading to their recommended outcome?"*

There are also concerns about the government's targets for house building with some commentators arguing that they are too modest and, in particular, do not provide for sufficient social housing.

For example, the Joseph Rowntree Foundation has said that:

*"This focus on the delivery of homes is very welcome. The Joseph Rowntree Foundation's evidence shows that we cannot contain poverty at the existing high levels unless housing supply increases to at least 200,000 homes per annum. This is the level of supply the government is aiming for. However, to meet demand, we should be delivering a higher figure – an average of 240,000 – 245,000 homes per annum.*

*"Crucially, though, these homes must comprise a mix of tenures. The most credible recent estimates of demand place the need for social housing at 78,000 homes per annum. Social housing must continue to represent the same share of the overall housing market as it has in the past, if we are to avoid rising poverty. We are falling short of this at present."*

Clause 136 introduces the concept of 'planning zones' to England where it would be possible to grant planning permission in principle in selected zones resulting in developers only needing to apply for technical details consent to receive full planning permission for housing. This 'zoning' approach has already been introduced in a number of other countries with varying degrees of success. However, the Bill contains little detail of how the government envisages the introduction of such zones in England as it is intended to provide this in regulations. Many in the sector would like to know how the government intends to handle matters including planning obligations, design and sustainability.

We are holding seminars in April on 'The Housing & Planning Bill: The Implications for Housing and Local Government'. Further details are available at the foot of this newsletter and on our website at: <http://www.awics.co.uk/hpbill.asp>

*Adrian Waite*

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### **Greg Clark announces Local Government Finance Settlement for 2016/17**

Setting out the government's response to the consultation on the local government settlement, Greg Clark MP, the Secretary of State for Communities & Local Government confirmed that councils would be given until October 2016 to response to the offer of four-year funding deals.

Concerns had been raised by authorities that changes to funding formula for local government could 'all but end' the provision of non-statutory services in some parts of the country.

Clark said that the first two years of the settlement were 'the most pressing' for the funding settlement to the end of the parliament and announced that there would be transitional funding for some councils:

*"I have agreed to the responses to the consultation which recommended additional funding to ease the pace of reductions during the most difficult first two years of the settlement for councils with the sharpest reductions in Revenue Support Grant... I will make additional resources available in the form of a transitional grant, as proposed in their responses to the consultation by colleagues in local government. The grant will be worth £150million a year, paid over the first 2 years."*

Clark said that following the changes to the provisional settlement, no council would be worse off than originally indicated, with the additional funds being made available by the Treasury.

In addition, the rural services delivery grant will increase from £15.5million to £80.5million. This is in addition to the transition grant and, taken together makes available an extra £93.2million to rural councils in 2016/17. Greg Clark added that despite the forecast that a small number of councils would have to make negative Revenue Support Grant payments in 2017/18 or 2018/19 that will not now be required.

Clark also confirmed the government would conduct a funding review as part of the moves to retain business rates locally from 2020. This would consider what should be included in the needs assessment formula for local government once the sector is funded by local resources rather than central grant from 2020.

Responding to the announcement, Lord Porter, the Conservative Chair of the Local Government Association, said that the Association had been working hard to highlight the financial challenges they face over the next few years:

*"We are pleased (the government) has listened to our fundamental call for new money to be found to smooth out funding reductions for some councils in 2016/17 and beyond without any other councils losing out further as a result... Extra funding of up to £416million, which includes an extra £93million for rural authorities, announced today will go towards easing the financial pressure on those local authorities who were adversely affected by the method of allocating funding and will ensure that no council will move into a negative grant funding position within the next three years."*

However, he added that funding reductions will still be challenging for councils over the next four years saying that:

*"Any extra cost pressures, such as those arising from rising demand or policies such as the National Living Wage, will have to be funded by councils finding savings from elsewhere... Many will have to make significant reductions to local services to plug funding gaps and will be asking residents to pay more council tax while possibly offering fewer services in return as a result."*

Rob Whiteman, Chief Executive of the Chartered Institute of Public Finance & Accountancy said that it was welcome that ministers had listened to the concerns of local government and slowed the drop in funding levels.

He acknowledged that the settlement recognised that some councils would have been left far worse off than they had planned to be due to a change in the way the revenue support grant will be distributed, alongside ongoing cuts and that the transitional grant addresses this:

*"During this transition period, as councils move towards 100% business rate retention, it is important that no one is left behind, so it is encouraging to hear ministers acknowledge the importance of a review of the needs formula."*

*"(However) there will be winners and losers in this local authority settlement. Top-tier local authorities are set to benefit as high-demand critical services, such as social care, receive welcome direct support. However, it is likely that District Councils will find a greater squeeze on their budgets as the new homes bonus is reduced by around £800million between now and 2019-20. We welcome the move to localised funding, which will give local people more power to set priorities for their communities, but there is still a long way to go."*

*“However, replacing central government funding with fully retained business rate revenues introduces real risk to council finances. It is something of a gamble for many vital public services - as the assumptions underpinning greater localisation are that the economy continues to grow and a much greater number of new homes are built, which recent experience shows is anything but certain. The Chartered Institute of Public Finance & Accountancy’s analysis also revealed a surprise redistribution of Revenue Support Grant funding that will leave a number of local authorities facing a serious shortfall. The Chartered Institute of Public Finance & Accountancy has repeated these points in its formal response to the government’s consultation.”*

Some commentators have complained that most of the transitional grant and additional rural services delivery grant will be allocated to authorities in relatively prosperous areas. Analysis has found that most of the £300million two-year fund will go to county authorities, mainly in the southeast and east of England. For example, Surrey County Council will get the largest single amount at £24million, followed by Hampshire County Council (£19million), Hertfordshire County Council (£16million), Essex County Council (£14million), West Sussex County Council (£12million), Kent County Council (£11million), Buckinghamshire County Council (£9million) and Oxfordshire County Council (£9million).

Analysis published in the ‘Local Government Chronicle’ shows that 65% of the transitional grant will be paid to two-tier county councils and only 1.6% to metropolitan district councils. Furthermore, 38% of the transitional grant will be paid to authorities in the southeast and 18% to authorities in the east; compared with 3.3% being paid to authorities in Yorkshire & the Humber and only 0.2% to authorities in the northeast.

Paul Carter, the Chair of the County Councils Network said the announcement had:

*“Made a very difficult two-year settlement now more bearable, but still exceedingly challenging”.*

Surrey Council leader David Hodge, who also leads the Local Government Association Conservative Group, said that the provisional settlement in December caused great concern as the profiling of funding meant that many councils would have been required to find savings ‘well beyond their expectations in the first two years’. He added:

*“I am pleased that both the chancellor and the communities’ secretary have listened and responded very constructively to the suggestions that I and other leading Conservative colleagues have been making since the provisional settlement was announced... The additional transitional funding made available during the next two years, combined with longer term funding certainty, will help us set sustainable budgets.”*

*“(The review of council funding is) very welcome, and long overdue (and that) other responses, such as no council being required to pay negative grant before full business rates retention is in place... are also very welcome... Councils are now in a much improved position, thanks to these changes, to be able to set their budgets for the coming year.”*

The Local Government Chronicle’s analysis showed that the authority with the most favourable settlement was Eden District Council that is enjoying an 8.1% increase in spending power. I wonder what they will spend the money on?

One aspect of the funding of local authorities that continues to cause concern is funding for children’s services against a background of a 60% increase in the number of children with child protection plans since 2008.



As the Local Government Association points out:

*“Funding cannot keep pace with demand and nineteen of the 74 councils inspected for children’s services by Ofsted since February 2014 have been judged inadequate. These councils now risk losing control of children’s services to third party organisations or high performing local authorities.*

*“Continuing reductions to education grants outside the dedicated schools grant and to early intervention funding risk under-resourcing local authorities in their delivery of early support to children, young people and families. Reducing core funding is counter-productive and will lead to significant cost pressures in the longer-term, due to increased demand for more costly longer-term / life-long interventions. We want to understand how the government expects to find the £600million in Education Services Grant reductions and whether it intends to reduce statutory duties for councils.”*

However, ministers appear to believe that the local government financial settlement should not affect front-line services. For example, Rory Stewart MP, a Minister at the Department for Food & Rural Affairs recently told the ‘Cumberland News’ that:

*“Frontline services do not need to be cut... for our local authorities to make savings”.*

The local government finance settlement for 2016/17 has led me to think about the Council Tax and to do some interesting calculations of my own. It is often said that Council Tax is regressive because the amount charged at the level of the individual authority is not proportionate to the value of people’s houses because of the way that the bands work. As property values increase the amount of Council Tax paid does not increase proportionately so as a proportion of the house value it actually reduces.

However, the incidence of Council Tax is also markedly different geographically. I have compared average Council Tax per property with average property values for 2015/16 for various English cities. The average charge per £1,000 of property value is £5.81 across England. However, the figure varies significantly in different places. Relatively high rates of tax are found in Carlisle (£8.36), Newcastle-on-Tyne (£6.82) and Nottingham (£9.51). In contrast relatively low rates are found in Bristol (£5.02), Wandsworth (£1.02) and Westminster (£0.69). Now, why should people in Nottingham pay ten times as much in Council Tax as people in Westminster? Will this be addressed in future local government finance settlements?

*Adrian Waite*

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## **The Role of Public Services in Society**

I first started to think about social issues when I was in my ‘teens in the 1970s. This led me to conclude that public services are very important and to decide to embark on a career in local government and then to leave local government to found AWICS as an ethical management consultancy.

I remember being struck about how divided society was in the 1970s. This was a time of significant economic problems and social and industrial conflict with miners’ strikes, the ‘three-day week’ and increasingly polarised attitudes between social classes. Social inequalities including inequality of opportunity was apparent. Prejudice against certain social groups was sometimes evident. It was also the height of ‘the troubles’ in Northern Ireland.

It appeared to me that there is such a thing as 'society' but there needed to be a society in which everybody had a stake, to which they would all contribute and from which they could all receive the benefits of citizenship.

It appeared to me that there is a close relationship between income, wealth and power. Individuals and organisations with wealth use this to increase their power. Individuals and organisations with power use this to increase their wealth. Meanwhile, people without power or wealth become marginalised.

Furthermore, as someone once said 'power corrupts and absolute power corrupts absolutely'. The truth of this can clearly be seen by studying either totalitarian regimes or organisations with poor governance. I therefore concluded that to avoid corruption both power and wealth should be widely diffused and not concentrated in too few hands. The state should be decentralised rather than centralised. The market should be characterised by competition and not by monopolies.

The evidence that diverse societies are stronger than homogeneous societies is compelling, so diversity should be welcomed. However, ensuring that all groups are accepted in society and can make an effective contribution is sometimes challenging. A strong society respects civil liberties and it must be recognised that this means protecting the rights of minorities, the weak and the unpopular – as the majority, the strong and the popular will usually be able to exercise their rights without too much difficulty.

Society needs to ensure that people are empowered. This can be done in various ways including empowering customers through ensuring free competition and consumer protection; empowering employees through collective bargaining and protecting the right for a person to sell their labour where they choose; and empowering tenants through secure tenancies and tenant participation. People are also empowered by gaining access to information so there is a need for open-ness and transparency. People need to be empowered to participate in a democracy that offers meaningful engagement in general and local elections and in other ways.

Political debates are often dominated by the question of whether it is best for things to be in private or public ownership. However, I don't think this is the important question. There are large monolithic corporations in both the public sector and the private sector that are closed systems, focused on their own interests and unresponsive to the needs of society. On the other hand, there are organisations in both the public sector and the private sector that are inclusive and responsive to the needs of society. It appears to me that the main political divide is no longer between 'left' and 'right' but between those who offer an elitist and authoritarian approach and those who offer an inclusive and participatory approach.

Then there are questions of sustainability. Is the economy environmentally sustainable? Is it sustainable to continue with the inequalities in wealth and income that we see today within developed countries let alone between developed and undeveloped countries? These issues are relevant, not only in Britain, but in all parts of the world.

So how can we ensure that everyone has a stake in society, that power and wealth are diffused rather than concentrated and all these social issues are addressed? This is where many public services have an important role to play.

Housing for example, is critical to ensuring that everyone has a stake in society. Numerous studies down the years have demonstrated that people must be adequately housed if they are to avoid problems with their physical and mental health; let alone access training, employment and social opportunities. Yet in modern Britain a large number of people are homeless or inadequately housed and the number of new homes that are built has not kept pace with need since the 1970s.

Studies also consistently show that most people would like to own their own homes and this is obviously consistent with wanting to give people a stake in society – some people talk of a ‘property owning democracy’ – however, policies designed to increase owner-occupation have not worked with the proportion of people owning their own homes now in decline and increasing proportions of homes sold to tenants under ‘right to buy’ finding their way into the private rented sector. Another way of giving people a stake in their neighbourhood is through tenant participation in the ownership and management of their homes but examples of this are limited with tenants playing a very limited role in the management of local authority housing or housing associations.

My father was a teacher and I remember him telling me that education was the key to enabling people to escape poverty and to achieve their aspirations. Certainly this is what education should achieve but all the evidence is that despite increasing numbers of people accessing further and higher education social mobility is decreasing rather than increasing and that increasing numbers of people (including children) are living in poverty.

There is an argument that if people really want a stake in society they need a share, not only of consumer goods and housing; but a share of the economy – the means of production, distribution and exchange. There are various ways of doing this: Co-operatives, Self-employment, arrangements like the John Lewis Partnership; public ownership of industries or services; companies offering shares to employees and encouraging a wider ownership of shares in listed companies. However, the economy is dominated by companies in which very few people have a share of the ownership.

One interesting question is why the policies that were pursued in the 1980s – including the sale of council houses and privatisation of utilities did not result in the long-term in achieving their stated objectives of increasing the ownership of homes and shares in public companies. I suspect the reason is that these measures were not accompanied by any mechanism to redistribute wealth more widely with the result that many people who exercised the ‘right to buy’ could not sustain home ownership and many people who bought shares in privatised companies promptly sold them.

Public services including Local Government and Housing Associations have always had a key role to play in addressing these issues.

Local authorities have the opportunity to engage with people at a local level and provide a democratic counter-balance to centralised power. They provide a range of critically important services including housing, education and social care. They can help to create and sustain communities and neighbourhoods. They can promote social cohesion and inclusion, economic development, training and employment. They can protect consumers and tenants. They can offer a wide range of opportunities for citizens to participate in society.

Similarly, housing associations can provide not only good quality, secure housing but also a range of services that create and sustain communities.

But do all local authorities and housing associations fulfil their potential? Probably not.



Back in 1981 I was attracted to work in local government because I saw the importance of local government to society. In 1998 I decided to found 'AWICS' to support local authorities, housing associations and others who provide public services by providing management advice and training services rather than by working as a local government manager. I consider that in this way I am able to provide better support to public services through working on specific consultancy projects and providing training that empowers staff, councillors, board members and tenant representatives.

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!

*Adrian Waite*

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### **State of the Nation 2015**

The 'Social Mobility and Child Poverty Commission published its report 'State of the Nation 2015' in December 2015. They reported that there is a gulf between the reality of a 'divided Britain' and the 'one nation' the Prime Minister desires to lead. The commission warmly welcomed the Prime Minister's commitment, made on the morning after the Election to make Britain 'a place where a good life is in reach for everyone who is willing to work and do the right thing'.

However, in this report, the commission outlines the scale of that one-nation challenge and warns that the current policy response is simply not ambitious enough to meet it, meaning that Britain remains on track to become an ever more divided nation. However, the commission recommends a major increase in the scale of ambition - among educators and employers, as well as government – that could deliver a Britain which is the most open, fair and mobile society in the modern world.

The report prompted the 'Cumberland & Westmorland Herald' (usually seen as a conservative newspaper) to make some interesting observations some of which are quoted below:

*"Whenever we discuss the social and economic divide in Britain and the lack of real opportunities for many people we do it as if inequality is an accident that just somehow happens. (However) inequality is no accident. It is the result of very deliberate policies and actions by governments since 1979, and that includes Labour administrations. It is also the inevitable product of a social system based on privilege.*

*"The Victorians also built their empire on low wages, minimum benefits for the poor and the worship of entrepreneurship but, to their credit, there were philanthropists and they did begin to help the poor working class to begin the climb from poverty to social mobility and greater equality, because the Victorian wealthy did have a social conscience while Britain's modern wealthy don't seem to."*

*Adrian Waite*

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## The Historic Environment

Following the Comprehensive Spending Review, the historic environment faces an uncertain future. 'Unprotected' government departments like Department of Culture, Media & Sport face further reductions in budgets that could amount to a third or more. Historic England, as the government-linked agency that supports the English historic environment, has already suffered a real-terms funding reduction of 40% over the last five years. Charities like the Society for the Protection of Ancient Buildings need financial support from Historic England to carry out their work and without this help activities including the Society's Craft Fellowship training scheme, energy efficiency research, technical advice line and casework could be threatened. The Society has written to the Chancellor to ask that the budgets of Historic England are not reduced during its formative period. Their open letter to George Osborne, the Chancellor of the Exchequer, reads as follows:

*"The Society for the Protection of Ancient Buildings is the country's oldest organisation concerned with the repair and re-use of historic structures. The Society is a charity with a membership composed of professionals, homeowners and enthusiasts. We are involved with the historic built environment in many ways, but particularly through skills training and education, research and advice. We rely on charitable donations and the voluntary assistance of expert local members, but our work is also greatly assisted by support and financial help received from Historic England. One example of important work that could not occur without their backing is our current research into the retro-fitting of historic buildings to achieve sympathetic energy efficiency improvements. Our partnership with Historic England has allowed the research to be carried out at an extremely low cost, yet has already yielded information of great value to the Department of Energy & Climate Change and to many owners and occupiers of older buildings. The Society welcomes and applauds the support you have shown for historic places of worship through the roof repair and Listed Place of Worship grant schemes and we hope that you will be prepared to back their continuation.*

*"It is also vital, we believe, that Historic England receives favourable treatment... No doubt arguments against funding cuts to government-linked bodies are being put to you from all sectors, but we believe that Historic England's case is genuinely exceptional. As you will know, English Heritage was reconfigured this year and their example acts as a model for the way in which government-linked organisations can be restructured to maximise the potential for new means of income generation. Historic England – the part of the organisation left to provide specialist advice to local and central government, as well as public-facing advisory and archive services – has already been cut back to the minimum. It is now extremely lean but, we hope, still fit for purpose. To cut its funding further at this point would cause immeasurable harm and would undermine the organisation's operation at this critical early point after re-establishment.*

*"The sums required to run Historic England at present levels may not be negligible, but are exceptionally modest when compared to most other government-linked bodies. There is no need, I am sure, to explain to you Historic England's contribution to sustainable growth, tourism and social well-being. Repair and maintenance made a direct contribution to Gross Domestic Product estimated at £4.1billion in 2010 and Heritage Tourism an estimated £5.1billion in 2011.*

*"The Society for the Protection of Ancient Buildings urges you to look sympathetically upon Historic England... Heritage charities achieve a great deal for the country but require Historic England's backing and the trickle of funding it can offer to draw-in other means of support. We urge you to ensure that resources for Historic England are protected within the funds that the Department for Culture, Media & Sport will have to allocate."*

The Council for British Archaeology has also expressed its concerns about archaeological budgets as follows:

*“The latest round of autumn budget cuts across local authorities in England has raised new significant threats to a number of historic environment services. Among them are significant and potentially damaging cuts to services are proposed in Norfolk, Lancashire, and Cheshire. Wider information of budget reductions without specific details has also been released in Suffolk. Consultations on the proposals are open in Cheshire and Norfolk, but proposals have been announced in Lancashire without opportunity for public discussion. These cuts may prove to be the tip of the iceberg for local authorities.*

*“Whilst some further reduction in budget is, sadly, inevitable in the context of a national austerity agenda, many of these services are vital to the continued protection of archaeological heritage through the planning system, and may also provide key points of access to heritage for members of the public - whether they are visiting a museum or getting advice from a local authority specialist.”*

However, the budget of the Department for Culture, Media & Sport has been reduced with the government saying that:

*“The government will provide sufficient funding to ensure that the new English Heritage commercial model which went live earlier this year can be successfully implemented.*

*“The government will make permanent the operational freedoms for national museums announced at Spending Review 2013, which will be extended to other public institutions including the British Film Institute, the National Army Museum, the National Museum of the Royal Navy, the Royal Air Force Museum, Historic England and the Churches Conservation Trust. This measure enables these important institutions to become more self-sufficient and continue providing efficient and high quality services.”*

Meanwhile in Wales, the Historic Environment (Wales) Bill has now passed through the Welsh Assembly. The Bill, 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. It 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.

*Kirsten Laidlaw*

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## **The Scottish Budget**

John Swinney MSP, the Scottish Finance Minister, announced the Scottish government's budget for 2016/17 in January 2016. It included a year-year increase of £90million to its affordable housing budget to help it achieve its target of delivering 50,000 affordable homes during the next parliament, following the announcement that Scotland is on target to meet their 30,000 affordable homes target for the current parliament. The total investment in housing supply of around £690million for 2016/17 will go towards reaching the new target. He also introduced a 3% supplement for second home purchases over £40,000 that will be paid in addition to the Land & Building Transaction Tax. The supplement brings Scotland in line with recent English changes and will come into effect from April 2016. The move is estimated to raise between £17million and £29million in 2016/17. Individual Land & Building Transaction Tax rates and bands remained unchanged.

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Alex Neil MSP, the Scottish Social Justice Secretary said that against a backdrop of real term budget reductions from the United Kingdom Government, the Budget for 2016/17 aimed to tackle poverty and inequalities and protect family budgets. This support includes:

- £35million to fully mitigate the 'bedroom tax'
- £38million for the Scottish Welfare Fund which gives emergency support or helps people stay in and set up their home
- Up to £343million to protect vulnerable households from increased council tax liabilities through the Council Tax Reduction Scheme
- Maintaining free higher education
- Funding for free prescriptions and eye checks
- Free concessionary travel for older, disabled and young people
- Free school meals for P1 – P3 children
- Free personal and nursing care
- Freezing the council tax for the ninth year

Keith Brown MSP, the Scottish Infrastructure Secretary, described the Budget as a plan 'to improve infrastructure and increase house building' and said:

*"We are committing to an increase of £90million in affordable housing supply compared to 2015/16 – and a total investment of around £690million in housing. This will support our overall commitment to delivering 50,000 new affordable homes by 2020/21."*

A package of measures was also unveiled to help protect low income households and some of the most vulnerable people in society from the United Kingdom government's welfare reforms. A total of £35million is planned to fully mitigate Scots against the impact of the under-occupation penalty while the Scottish Welfare Fund was increased by £38million to continue to give emergency support or helping people stay in and set up their home. Up to £343million was also announced to protect vulnerable households from increased council tax liabilities through the Council Tax Reduction Scheme.

The Scottish Government set a public sector pay policy for 2016/17 that, unlike the United Kingdom Government, targets support for those on low incomes. This includes a requirement on employers to pay the Scottish Living Wage and increases to £22,000 the low pay threshold beneath which employees receive a minimum pay increase of more than one per cent. The No Compulsory Redundancy policy is also maintained.

The Scottish Government announced a £500,000 fund to promote participatory budgeting schemes in communities across Scotland. The allocation, to be match funded by the thirteen recipient local authorities, is expected to underpin fifty projects by helping to finance community budgeting events and supporting communities to become engaged in the process. It reflects a growing interest in the participatory budgeting principle among Scottish ministers. Local government minister Marco Biagi said the concept would enable people to address directly the issues that were important to their communities:

*"In these times of unprecedented political engagement in Scotland, there are many people who want to participate, but don't get involved in traditional consultations. Participatory budgeting gives them a sense of ownership and removes barriers that can often come between them and being involved in local decision making. We are now seeing participatory budgeting building momentum in Scotland. This funding will help make it possible for more than fifty projects to take place in 2016, a huge expansion on the two dozen or so projects that have taken place in the last few years."*



Around twenty of Scotland's 32 unitary authorities are so far involved in participatory budgeting initiatives of varying sizes. One of the biggest is in the Western Isles, where some £500,000 has been committed to help communities shape delivery of a new bus service. The allocation was welcomed by the working group representing organisations with an involvement in participatory budgeting that said that citizen involvement in budgetary decisions formed the foundation of a participatory democracy.

Don Peebles, Head of Devolved Government at the Chartered Institute of Public Finance & Accountancy told the 'Herald' that:

*"This is an historic budget. For the first time ever, Scotland has set its own income tax. 'Even though Scots will pay no more or less, it is a locally set rate of 10p, which will generate £4.9billion and may vary in the future from the United Kingdom rate. The National Health Service gains a real terms increase of 6.5%. However, local government loses out with a real terms reduction in funding of more than 7% over one year. The budget also signals immediate tax reform. It proposes assigning income tax receipts to local government. The Chartered Institute of Public Finance & Accountancy welcomes this swift response to the report of the Commission on Local Tax Reform."*

Ashley Campbell, Policy and Practice Officer at the Chartered Institute of Housing (Scotland) said:

*"We welcome the Scottish Government's commitment to increase the budget for affordable housing by £90million in 2016/17. For the benefits of this increased investment to be fully realised, this will need to be matched with action to address issues around land supply, infrastructure and construction skills."*

The Scottish Federation of Housing Associations said that housing grant must be increased to realise the government's ambitious programme of affordable housebuilding. Mary Taylor, the Chief Executive said:

*"The boost in spending on housing for 2016/17 is very welcome. Upping spend on affordable housing by £90million per year within an annual total spend of £690million will help provide construction jobs in the short term and safe, warm, affordable homes in the long-term."*

*Kirsten Laidlaw*

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## **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 widespread 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.

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- 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.

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."*

*Kirsten Laidlaw*

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## **Police and Schools**

Theresa May MP, the Home Secretary, has indicated that the government will expand the powers of police and crime commissioners following this year's elections and that they could be given powers to set up free schools – an initiative that at first appears to be surprising!

In her view, creating individuals with a personal mandate to replace police authorities has helped to drive positive change not just in policing and crime, but also in criminal justice, mental health and the wider emergency services. She said that:

*"The range of initiatives is broad, the ideas fresh and innovative, and the benefits to the police and the public tremendous. In sum, Police & Crime Commissioners are doing things that police authorities could never have imagined, and could never have hoped to achieve... I believe we can be pleased with what has been achieved, and the role police and crime commissioners are playing in making policing more accountable and more effective."*

*"But in the future, I would like to see the Police & Crime Commissioner role expanded even further... So after the May elections, the government will set out further proposals for police and crime commissioners. Because as a number of Police & Crime Commissioners have argued, youth justice, probation and court services can have a significant impact on crime in their areas and there are real efficiencies to be had from better integration and information sharing."*

Other areas being under consideration also included education about which Teresa May said that:

*“As Adam Simmonds (the police and crime commissioner for Northamptonshire) has argued, I believe the next set of Police & Crime Commissioners should bring together the two great reforms of the last Parliament – police reform and school reform – to work with and possibly set up alternative provision free schools to support troubled children and prevent them from falling into a life of crime.”*

However, Kevin Courtney, Deputy General Secretary of the National Union of Teachers’ said it was:

*“Quite an extraordinary suggestion”.*

*Kirsten Laidlaw*

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### **Seminar: Housing & Planning Bill – The Implications for Housing & Local Government**

The Housing & Planning Bill received its third reading in the House of Commons on 12th January 2016 and is now at the committee stage in the House of Lords with the expectation that it will become law in the spring of 2016. Some commentators have predicted that the Bill will lead to the end of social housing as we know it, but is this really the case? What are the implications for housing and local government and what are the threats and opportunities that the Bill presents?

The Bill contains a number of significant proposals for housing and local government including:

- Starter Homes
- The ‘voluntary’ right to buy for housing association tenants.
- The sale of ‘high value’ council homes.
- Near-market rents for social tenants on ‘high incomes’
- Reducing Regulation of Social Housing
- Phasing out of lifetime tenancies
- Measures to tackle rogue landlords
- Neighbourhood Planning
- Planning reforms including automatic planning permission on brownfield sites and to support small builders.

The seminar will consider the implications of the Bill for Housing Associations, Local Authority Housing and Planning services and Local Authorities generally – including what the government is likely to do by regulation and what needs to be done to implement the Bill when it is passed. It is accompanied by a very useful guide entitled: “The Housing & Planning Bill – The Implications for Housing and Local Government”

Who should attend?

- All those with an interest in housing and / or planning, including: Councillors; Housing Association Board Members; Housing Managers and Accountants in Local Authorities and Housing Associations; Tenant Representatives and others.

Venues and Dates:

- London: Novotel Hotel, Waterloo – Tuesday 12th April 2016.
- North: Novotel Hotel, Leeds – Tuesday 26th April 2016

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

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### **Editorial Note**

This edition of the AWICS Housing News was edited by Kirsten Laidlow. The AWICS Housing News is published by AWICS Limited. Articles are written by Adrian Waite unless otherwise stated. However, the views expressed are not necessarily those of Adrian Waite or AWICS unless expressly stated.

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### **AWICS Survey**

We would be grateful if you could take part in our survey of our clients, website users, newsletter readers or others with an interest in local government or housing. If you would like to please visit <http://form.jotform.me/form/50612526489459>

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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 our services and us please visit our website at [www.awics.co.uk](http://www.awics.co.uk) or contact Adrian Waite at [Adrian.waite@awics.co.uk](mailto:Adrian.waite@awics.co.uk). Services that we offer include:

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