ctBRIEF

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Carl Brazier director of housing, Stoke City Council

Council at the cutting edge

Local authorities across the country are increasingly adopting innovative approaches to increasing the quantity and range of new housing supply to meet local needs. We asked Carl Brazier to highlight Stoke-on-Trent's approach

"Stoke is changing! A city in the middle of Birmingham and Manchester with great road and rail connections and close to a number of airports is determined to reinvent itself. This change is due in part to the council acting as a catalyst and showing leadership and also through close working with businesses and government to regenerate the city.

To achieve this from a housing perspective, the council is strengthening and developing the market housing offer in the city. We have been proactive in pursuing a range of development themes to drive activity for all forms of housing, with the council embarking on producing a housing strategy to determine both the type of housing required and where it is needed in the city.

Critically, the focus is on development and regeneration activity which would not have occurred without the council's approach to partnership working and direct intervention. As a reflection of this impetus, the council was tested and certified by Natalie Elphicke and her team at the Housing & Finance Institute as the first council in the country as 'housing business ready'.

The broad themes driving delivery are as follows.

Housing zones

The council secured Housing Zone status as one of only 20 pioneer authorities outside London. This enables us to work proactively with developers and on our own initiatives to reduce the risks associated with building and therefore drive activity and focus on construction outcomes.

The programme is already having an impact with developer's onsite, with a pipeline of schemes to deliver in the region of 1,200 new homes on stalled sites across the city centre and its periphery. Delivery of these highly visible sites will provide a step change in development activity, while serving to further enhance the local housing offer.

1,200 homes are in the pipline for Stoke city centre

Local housing company

Fortior Homes is a wholly-owned council company that puts us in a position to influence both the quantum and quality of housing produced in the city, to set a standard for place-making and create an income-generating vehicle for the council. We have already agreed to provide Fortior Homes with £55 million to deliver 500 homes over the next three years – either new build or by bringing homes back into use.

There are certain gaps in housing provision within the city and the housing company will allow the council to stimulate, partner, and, on occasion, lead the market in those sectors. Using this vehicle, we will work closely with the Homes and Communities Agency (HCA), developers, financial institutions and housing providers to deliver housing growth across the city of the right type, tenure and in the right location.

Custom build

Stoke-on-Trent City Council has been awarded the status of a 'custom build vanguard' local authority by the government. The city recognises that custom/self-build can make a

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strong impact on economic growth by attracting higher income earners and making a significant contribution to the quality.

Having successfully delivered the first custom-build site in the city, we are currently progressing the next sites to planning permission, before marketing them in the new year. This next phase will produce around 100 homes and we have plans to deliver a range of approaches to self-build, including shovel-ready plots, straightforward site disposal and bespoke design homes delivered through a development partner.

Purchase power: employed Stoke-on-Trent residents were offered the chance to buy a derelict property for just £1 as part of the council's efforts to revitalise run-down areas of the city

Award-winning £1 house scheme

The council's highly acclaimed £1 house project provided an innovative solution to bring homes back into use. The cost-effective scheme has not only enabled hard-working people on modest salaries to buy homes they would not otherwise be able to afford, it has helped to regenerate a run-down part of the city, created a sense of community for residents and helped to tackle social issues.

The project involved renovating properties by selecting local people to pay £1 for their home. The council renovated the homes and the new owners agreed to repay the costs of the renovation through a 10-year, low-interest loan of £30,000. The repayments were then used to bring more homes back into use, meaning ongoing value for money for taxpayers and residents.

The overall cost of purchasing and bringing back into use a property is less than the cost of purchasing land and building a new home. We are currently working on the next phase.

Funding

The council is aiming to use a mix of funding initiatives to regenerate the city. This will include utilising borrowing from the Public Works Loan Board via our housing company, institutional investors, developers, HCA grant/loans and hopefully regeneration funding via the project being driven by Lord Heseltine.

In addition, we are utilising our asset base to use land as part of the funding solution, whether this is housing revenue account (HRA) or general fund land (GF). To assist with this process, we have formed a Strategic Asset Board to review our land assists and determine the best use for each asset.

We believe that by utilising both the HRA and GF assets economies of scale will emerge. Where we wish to push the boundaries is to look at large-scale regeneration across council estates where the density can be increased and the tenure mix can be changed.

> "The overall cost of purchasing and bringing back into use a property is less than the cost of purchasing land and building a new home."

Greater flexibility

We have 18,600 council properties and wish to utilise our HRA funding to develop affordable products that housing associations are presently not able to and also, where appropriate, utilise the HRA to facilitate wider regeneration across the city. We believe this could be achieved through greater flexibility on the use of 1:1 right to buy receipts for particular uses such as infrastructure, regeneration and allowing the council housing company, Fortior Homes, to use the receipts.

Finally, we see potential to utilise the high value assets levy for our own delivery of housing if flexibility is provided to increase the debt cap on our HRA.

For more information or to discuss the ideas raised in this article, email maggie.rafalowicz@campbelltickell.com

Don't miss Campbell Tickell's webinar in celebration of Trustees Week 2016.

'Gearing up for a new code of governance' explores:

- why a new code is needed
- how charities of any size can get to grips with the code
- how the principles of good governance apply to your organisation
- what effective board leadership looks like

Listen now at: http://tinyurl.com/zt4bld7

For further information, email zina@campbelltickell.com

Tonia Secker partner, Trowers & Hamlins

New partnerships – more than the sum of their parts?

"A new spirit of pragmatism is abroad. Whether prompted by Brexit or personnel changes at No 10, the heightened tension between local authorities and housing associations, stoked by voluntary right to buy proposals, is dissipating and a greater willingness to explore partnership working is emerging.

A number of local authorities are looking to the partnerships which have operated for some time between housing associations and developers to see what they can offer. As a result, a model which is gaining currency is that of a limited liability partnership (LLP) between a local authority and housing association.

Why enter into a limited liability partnership?

Drivers for local authorities considering LLPs:

- capacity to deliver the tenures actually required in their area – aligning to local wages, local employment demands and economic growth strategies;
- potential for regeneration of assets without entirely 'giving away' the land asset;
- response to the government's push for innovation and better asset management;
- possibility of converting capital monies, such as right to buy receipts, into an income stream;
- potential for off-balance sheet treatment;
- opportunity to engage in a wider range and scale of development/housing;
- income/profit – both through sharing in the LLP's profits but also through a 'turn' on any on-lending of Public Works Loan Board (PWLB) funds and the potential to provide certain services (for example back office) into the LLP.

Potential incentives for the partnering housing association:

- provision of (additional) homes and access to local authority land that might not otherwise be released;
- homes outside the (voluntary) right to buy;
- building close/strategic relationships with the local authority;
- access to local authority sources of finance, for example PWLB funding, right to buy receipts or commuted sums;
- profit/cross-subsidy and potential return on services provided into the LLP;
- tax-efficient investment.

Sharing risk and reward

Typically created with specific projects in mind, the model operates (at its most basic) to allow the partners to combine assets or equity to acquire, develop, retain and/or sell a real estate project – sharing both the commercial risk and reward as equals. For housing associations and councils, operating against a backdrop of rent reduction, risk-sharing with a partner with similar social values can represent a sensible investment strategy, while allowing restricted funds and assets to be worked to greater effect.

Projects for which the model is being considered include estate regeneration, sub-regional housing development and targeted sub-market products responding to circumstances particular to individual local authorities.

In each of the projects, the LLP is intended to act as the developing body and in a number of cases will own all or some of the stock long term. It is not intended to be registered with the regulator, the Homes and Communities Agency, and as a result properties developed by it would sit outside the HCA's rent standard, and the scope of the rent reduction regime established by the Welfare Reform and Work Act 2016.

While the creation of new vehicles will act as a deterrent to some, the drivers for the local authorities considering it and the incentives for the partner housing associations are many and varied (see box: Why enter into a limited liability partnership?)

Innovative model

The LLP model is very well established and has been used to form private/public partnerships elsewhere, but its use in this part of the affordable housing sector represents real innovation. While issues such as procurement, state aid and tax all require to be considered and 'ticked', these are issues common to all public/private collaborations and do not present insurmountable hurdles to delivery.

The government has laid down a challenge to local authorities and housing associations to innovate and collaborate more closely. It remains to be seen whether, and in what numbers, the sector will take up that gauntlet. For those that do, the LLP is a model worth considering.

To discuss the issues raised in this article, email maggie.rafalowicz@campbelltickell.com

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Regeneration that delivers

CT is a multidisciplinary management consultancy focusing on housing, regeneration and social care. We work across the UK and Ireland with housing associations, councils and ALMOS, housebuilders, developers and contractors. Our breadth of expertise means we can provide reassurance in challenging times. We bring a strong track record in advising on and delivering regeneration schemes including:

- Options appraisal
- Business planning
- Risk analysis and mitigation
- Housing market analysis
- Joint venture establishment
- Community regeneration
- Resident engagement
- Procurement

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To discuss how we can help you face the challenges, please contact Maggie Rafalowicz on 020 8830 6777, maggie.rafalowicz@campbelltickell.com

Greg Campbell partner, Campbell Tickell

Cracking the culture conundrum: the key to a successful merger

"The challenge of delivering a successful merger has attracted widespread attention this year. While several large partnerships have proceeded (Sovereign-Spectrum being the latest) or remain in progress, three substantial link-ups bit the dust within a few weeks of one another, involving some of the largest players in the housing association sector.

At a time when the sector has been seeking to demonstrate its robustness and maturity, there is little doubt that these episodes, one after another, with processes well advanced in each case, were not a good look. Conducting a merger is resource-intensive and can consume considerable costs in legal and financial advice, as well as being a major distraction for the organisations involved.

Delivering a successful merger has never been easy. It has always been true that the great majority of discussions between non-profit organisations fail to go all the way. Even for well-run projects that commence in earnest, in our experience one in three typically fail to complete.

People whose experience of mergers and acquisitions (M&As) has been wholly shaped in the commercial sector sometimes struggle to appreciate this, but it is much harder to achieve a merger when the incentive of shareholder financial returns is absent.

> "Our experience suggests that most organisations pay lip service to the culture question until it is too late."

The perfect fit

How then can one succeed? Received wisdom is that it is best to search for four 'fits':

- strategic and business fit;
- geographic fit;
- people fit; and
- culture fit.

The first three are relatively straightforward to define. When one looks at the business streams of two prospective partners and models how they might combine, broadly speaking there is potential to achieve synergy and coherence through a merged entity or there isn't.

The geography – whether through consolidating existing areas of operation, or facilitating moving into adjacent areas – either works or it doesn't. And putting together the two top teams, at executive and non-executive level, will either work for both organisations or it won't.

Time after time though, we find that the biggest obstacles are clashing cultures and organisational behaviours. Our experience suggests that most organisations pay lip service to the culture question until it is too late. High-level examination of mission, vision, strategic plans, and other defining publications, is often deemed sufficient. Rarely do organisations interrogate their business to understand if there are any areas of culture and behaviours that might jar and derail the process if that risk is not managed.

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Assessing an organisation's culture

So how can we define and interpret an organisation's culture and assess whether there is a potential fit with a would-be partner? What are the signs to look for?

A number of critical questions need to be examined:

- Do the two organisations share a similar outlook in terms of their mission, what they are trying to achieve, and who are their principal client groups?
- Do they really understand what their own culture looks like?
- Do they place greater store on commercial operations or on maximising social value,

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James Tickell partner, Campbell Tickell

Staying below the 'fat cat' radar

"Politics was never fair. Under previous housing ministers, housing associations were variously castigated for inefficiency, feather-bedding, low productivity and high executive salaries. Even The Times had a major below-the-belt pop at the salaries of certain named chief executives, not to be outdone for once by the Daily Mail. More worryingly, social housing was characterised as being one of society's wider problems, rather than a solution.

Now we have a new housing minister, and the hope of a new public discourse. There is a growing realisation that public service workers really do need homes they can afford within reach of where they work. And a moral panic on homelessness seems to be brewing. It could be our moment.

Growing criticism

But no one should imagine that those negative perceptions of housing associations have gone away. The lambasting of 'fat cats' has long been a popular blood sport, with charities, quangos and housing associations all taking turns in the spotlight. Even in business, red in tooth and claw, there has been heavy political criticism of growing inequality. FTSE 100 leaders now take home 183 times the salary of the average full-time worker. Only three years ago, that multiple was a mere 130, and in the 1960s just 20 or so (see box: In numbers).

In numbers: pay inequality

183
FTSE 100 leaders now take home 183 times the salary of the average full-time worker

130
in 2013 FTSE 100 leaders took home 130 times the salary of the average full-time worker

20-30
in the 1960s FTSE 100 leaders took home 20-30 times the salary of the average full-time worker

4 per cent
increase in housing sector chief executive pay in 2015/16

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Housing professionals know that many housing associations have done well in difficult times. New homes have been developed, rent cuts implemented, and diversified activity successfully increased. Overall pay rises have been contained at around 2 per cent, and substantial redundancies have been made. Boards and executives are taking seriously the challenge of increasing production of new homes. And salary inequality is nowhere near that cited for the FTSE 100 brigade.

Against this background of real corporate excess elsewhere, surely the annual salary survey in *Inside Housing* showing a modest 4 per cent increase in housing sector chief executive pay, with a slightly larger upswing in bonuses, is entirely reasonable, even if it is twice as much as other workers?

Board discipline

Well on one level, that may indeed be the case. It can't be for the court of public opinion to judge what the salary and bonus levels for any given individual should be. That should be for each board to determine, based on the performance of the individual against agreed targets.

Overall though, it remains vital that housing associations should avoid giving hostages to fortune. Just as relations with government may be creeping back towards a reasonable new accommodation, the last thing we need is a flare-up of damaging fat cat media stories. Politics may not be fair, but it can't be ignored. Boards need a new discipline and rigour as they set salaries, and executives must accept the new realities of working in social businesses in a time of austerity.

To discuss the issues raised in this article, email james.tickell@campbelltickell.com

Cracking the culture conundrum: the key to a successful merger

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or do they seek to balance these?

- What are their growth ambitions?
- Do they have a similar appetite for risk, and is there broad alignment in managing and mitigating risk, and achieving business assurance?
- Do they agree on their governance structure, in particular whether their focus is unitary or federal?
- Who do they regard as their primary stakeholders and how do they engage with them?
- What do they see as the right pace for integration?
- To what extent do non-executive board members and executives operate as a combined team?
- Is their decision-making focus top-down or bottom-up?
- How diverse are their leadership teams?
- How do they communicate, internally and externally?
- Do they lean more towards outsourcing or insourcing the delivery of critical services?

When these questions are examined, it will be considerably more straightforward to assess whether a merger between the two parties will be achievable, and whether it will deliver optimal results.

Of course, even when a good fit in all four areas is identified, there is no guarantee that a deal is going to work. Getting the process right, in particular identifying the showstoppers at the outset, and ensuring the programme is effectively timetabled and managed, is a major trick in itself. A failure to identify and address the deal-breakers in the preliminary stages is likely to lead to a failure of the deal further down the line.

This article featured previously on insidehousing.co.uk. To discuss the issues raised, email greg.campbell@campbelltickell.com

Gerri Green human resources projects manager, Campbell Tickell

The future of pay

"In the wake of the EU referendum vote and the debate about hard and soft Brexit options, unsurprisingly political commentators have different views about the potential impact on the UK economy.

The Bank of England (BoE) has said an interest rate cut before the end of the year looks less likely, following the plunge in the pound. It has added that higher inflation, driven by rising import costs, is unlikely to lead to a significant increase in interest rates at this time. The BoE has said it is setting monetary policy to help sustain growth and employment.

Consumer prices index

The pattern for interest rate setting has an impact upon the consumer prices index (CPI) which in turn is a key indicator, used by many employers these days in considering annual pay awards. CPI rose by 0.9 per cent in the year to October 2016, compared with a 1 per cent rise in the year to September (see graph).

The rate in September 2016 was the highest since November 2014. The majority of economists will caveat their forecast for CPI over a longer period as there are too many variables to predict accurately, but most of the evidence points towards no material increases in CPI over the coming years. Research shows predictions from various commentators of between 1-3 per cent between now and 2020. This could, in turn, reflect fairly modest annual pay/cost of living awards over the next few years.

Resilient labour market

The Chartered Institute of Personnel and Development's Labour Market Outlook autumn report, indicates that short-term employment growth will remain strong, suggesting the labour market remains resilient following the vote to leave the EU.

The report shows that employers are expecting to award average pay rises of just 1.7 per cent this year, which suggests government-imposed increases in labour costs such as the national living wage (NLW) and the apprenticeship levy are weighing on balance sheets.

The consumer prices index is used by many employers to gauge pay increases for their staff members

"This situation highlights the need for employers to focus on workplace productivity improvements in order to be able to afford sustainable, above inflation, pay increases."

Gerri Green, Campbell Tickell

National living wage

The survey of more than 1,000 employers – for pay covering the 12 months from March 2016 to March 2017 – found that around a third expected the NLW to raise average salaries by 2 per cent and just over a fifth said the NLW would be a factor in weaker pay awards.

Pay rise expectations are slightly higher in small and medium-sized enterprises and the private sector (2 per cent), but the outlook for larger organisations and the voluntary and public sectors averages just 1 per cent.

Research suggests the apprenticeship levy, auto-enrolment and increases to the NLW will continue to impact on the likelihood of employers raising pay across the broader employee base. By some measures, pay growth will remain sluggish until the end of the decade. However there is some variation across sectors. Pay expectations are higher in manufacturing and production and services at 2 per cent, than in the public sector and voluntary sector at 1 per cent. At the same time, nearly a fifth plan to freeze pay.

Housing sector pay

It is understood that discussions among some housing association board members have raised the possibility of making a modest pay rise. During the forthcoming budget-setting process it will be interesting to see if the predictions match up to the reality. Feedback so far has reflected that the most typical pay award is unlikely to exceed 1.5 per cent.

This situation again highlights the need for employers to focus on workplace productivity improvements in order to be able to afford sustainable, above inflation, pay increases and on creative ways of using available funds to create a reward package which remains attractive in recruiting talent, in what continues to be a competitive market place.

To discuss the issues raised in this article, email gerri.green@campbelltickell.com

Stephen Dunmore chief executive, Fundraising Regulator

Will 2017 be the year donors take back control of their data?

"In summer 2015, a succession of news stories exposing poor fundraising practice and the mishandling of donor data in several charities resulted in a major review of fundraising regulation.

One year on, a new and more independent Fundraising Regulator is in place with responsibility for public complaints and the Code of Fundraising Practice – the standards which define what good fundraising looks like.

All fundraising charities, including housing associations that are charities, will be expected to comply with these rules when seeking donations from the public. They will be expected to register with the regulator, signing up to the Fundraising Promise, and, if they spend more than £100,000 annually on fundraising, to pay the required levy.

Lack of trust

There are many areas of fundraising that need to change if public confidence is to be restored. However, as fundraising becomes increasingly reliant on data to anticipate the giving habits of individuals, evidence suggests that the way organisations use this personal information has a significant impact upon public trust.

In recent research carried out by the National Council for Voluntary Organisations, a majority of donors said their trust in charities would increase if they were given more control over whether and how they were contacted. Public concern about data security and privacy is particularly prevalent. A separate Royal Mail survey reported that 71 per cent of people were concerned about their information being protected from loss or theft and 90 per cent said they were concerned that an organisation would pass on their details to another organisation.

> "A majority of donors said their trust in charities would increase if they were given more control over whether and how they were contacted."

This public concern takes place against a backdrop of new data protection requirements which seek to give the individual increased control of their personal data. Revised direct marketing guidance released by the Information Commissioner's Office (ICO) this year and also the General Data Protection Regulations (GDPR), scheduled to come into force in May 2018, send a clear message to charities contacting the public. You must ensure you have unambiguous consent now to fundraise with individuals on your databases or face big fines later. The Fundraising Regulator is currently developing new guidance to help charities meet their responsibilities in relation to these requirements.

Consent-led approach

Many organisations are already taking steps to implement a consent-led approach in their direct marketing communications. Thirteen of the largest charities pledged in September 2016 only to contact new donors with their prior consent. Refreshing permissions with existing donors doesn't have to result in lost income. Many of those who are ahead of the curve in tackling this challenge have spoken of the benefits: less time spent firing out unanswered requests to the same pool of lukewarm contacts; more money focused on developing connections with those who genuinely want a long-term relationship with their favourite charities.

The Fundraising Preference Service (FPS), to be introduced by the Fundraising Regulator in 2017, will be an added control for individuals in choosing how their personal data is used. This tool will complement the existing consent requirements by giving donors a simple, central place to opt out of charity communications where they feel overwhelmed by fundraising requests from specific organisations.

Some argue that the FPS becomes unnecessary if individuals have given explicit consent to be contacted and are given opportunities to opt out of these communications with every contact. Certainly, if all charities put the donor in the driving seat regarding their data, the need for a FPS would not be as vital. But until a consistently donor-centred approach to data is taken across all charities, the service will remain an easy way for the public to ensure their preferences for contact or no contact are implemented.

To discuss the issues raised in this article, email alice.smith@campbelltickell.com

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Alice Smith consultant researcher, Campbell Tickell

Landmark VAT ruling for charity

"A charity that runs a water sports centre has lost a £135,000 VAT case to HM Revenue & Customs (HMRC) in a decision that could have significant implications for the rest of the charity sector.

At a time when resources are being squeezed like never before, it is some relief for charities that they can claim VAT exemption on the construction of new buildings, provided those buildings are used "otherwise than in the course or furtherance of business". However, this recent case means the old test for determining whether an activity constitutes business or not may no longer be watertight.

The charity, Longridge on the Thames, built a new centre at its site in Marlow in 2010 to provide water-based and other outdoor activities in addition to instruction and training. The charity is not VAT registered and considered the fees received for instruction and training should be classed as non-business income: it argued the fees charged for its activities were well below cost, effectively subsidised by grants and donations received, and by the work undertaken by volunteers. This would permit the construction services for the building to be zero rated.

"This case means the old test for determining whether an activity consitutes business or not may no longer be watertight."
Alice Smith, Campbell Tickell

The Fisher test

The UK's 'business test' for VAT purposes dates back to the early 1980s case of Lord Fisher, and has since been relied upon by charities and VAT courts to determine whether construction work could be afforded VAT relief. The Lord Fisher test is referred to in numerous references, including HMRC's VAT Notice 701/1: charities. However, the test is a series of questions or principles which are somewhat ambiguous, and open to varying interpretation.

HMRC challenged Longridge, stating that the charity was "in business" even if the charges for services were below cost, making the building services subject to VAT at 20 per cent. The charity took its case to Tribunal and won the first two hearings. Applying the Fisher test, the lower VAT courts found in favour of Longridge because the organisation's 'predominant concern' was the furtherance of its charitable objectives, rather than the 'making of taxable supplies for a consideration' (ie money).

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Longridge aims to help young people grow through a range of outdoor activities

THEDIARY

Northern Housing Consortium Housing Summit, Manchester

16 February 2017, Manchester

The summit will present an opportunity for delegates to reflect on the fundamental questions facing the north, including unlocking investment and delivery and the future of social housing.

www.northern-consortium.org.uk/event/northern-housing-summit

National Housing Federation Regulation Conference

28 February 2017, Radisson Blu Portman Hotel, London

This conference will addresss deregulation and how it affects the sector, you and your organisation. Hear the HCA's thinking on current proposals, in-depth assessments and the wider process of change. James Tickell, partner at Campbell Tickell, will speak at the conference.

www.housing.org.uk/events/browse-events/regulation-conference/

Association of Chief Executives of Voluntary Organisations

21 March 2017, London

Campbell Tickell will be running a workshop for ACEVO on mergers in the charity sector led by David Williams. Check our website for details soon.

www.campbelltickell.com/events

National Federation of ALMOs Annual Conference

27-28 April 2017, Hyatt Regency Hotel, Birmingham

The theme of this year's conference is "opening doors: delivering housing and opportunities for all". Maggie Rafalowicz, associate director at Campbell Tickell, will lead a workshop on homes and care for an ageing population. CT partner Greg Campbell will speak about the operating environment for arm's-length management organisations, considering how they are adapting to create a model fit for the future.

www.almos.org.uk/events

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However, the Court of Appeal has overturned the ruling, stating that the Fisher test no longer reflects the jurisprudence of European VAT law or the VAT decisions of the European Court. In determining whether a charity's activity falls within the scope of VAT, it is not the charity's reasons for supplying the service that need to be assessed, but the activity generating the income. In other words, it is no longer relevant that charges for activities are below cost – the fact there is a charge made in connection with an activity might now be enough for it to be considered a 'business' activity.

The subsidised fees paid to Longridge were deemed a business activity, and the charity was not given VAT relief for the construction of the new training centre. Longridge now faces a VAT bill of £135,000.

The High Court ruled that the training offered by Longridge constituted a business activity

Judgement implications

Who does this affect? This will be bad news for many charities that have secured or hope to secure VAT relief on new charitable buildings on the basis of the Fisher test, or the original Longridge decision. HMRC can claim VAT retrospectively, and the latest judgement potentially lays the groundwork for HMRC to assess builders, developers and charities for historic VAT and penalties. Charities will also need to consider carefully how to raise income for providing services: if a donation is directly linked to the provision of an activity, it could be classed as income.

It is the supplier who has the responsibility for handling VAT liability, so builders who constructed such properties will be assessed by HMRC. If HMRC assesses for VAT uncharged, the builder will be required to pay the VAT due and any penalties and interest added. In some cases, the builder will have no recourse to the charity, and will have to pay the costs. But if the contract with the charity is silent on VAT or states it is "VAT exclusive", it is possible that the builder could recoup the extra 20 per cent from the charity.

Charities and construction clients involved in such projects over the past four years might find they need to check the legal terms of historic contracts to clarify their position to be prepared for the VAT treatment to be questioned.

Beyond the construction or sale of new charitable buildings, the judgement may also impact previously 'disapplied' options to tax, such as when a building is rented out to charities for non-business purposes. It is possible that in some of those cases VAT should have been applicable.

Longridge may appeal the decision. But if it holds, the effects will be felt throughout the charity sector.

To discuss the issues raised in this article, email alice.smith@campbelltickell.com

CAPTION COMPETITION

Iain Turner, policy and research officer at Campbell Tickell, not wearing his heart on his sleeve at the National Housing Federation conference in September.

Email your best captions to zina@campbelltickell.com or tweet them to @campbelltickel1 before January 13 2017 for the chance to win a mystery prize!

LAST ISSUE'S WINNER

Congratulations to Radojka Miljevic, Campbell Tickell partner, for the winning entry for September's competition: "You said they're holding the away day where?"

Robin Roberts managing director, Leisure Energy

Taking the plunge on energy efficiency

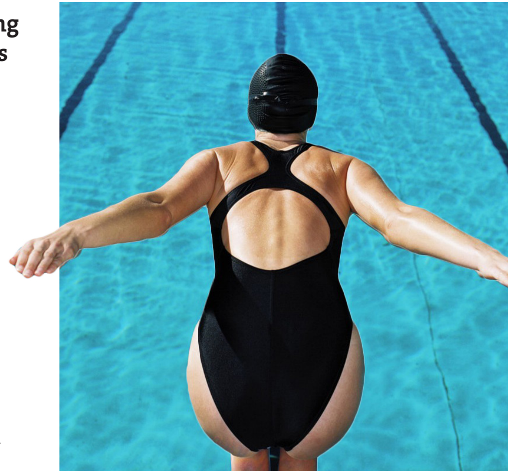
LeisureEnergy Sustainable savings

"Sport England says swimming is second only to walking as the nation's most popular physical activity. This is no surprise considering 78 per cent of the UK's population live within two miles of a public swimming pool. However, it is estimated that to run the UK's sports facilities, the sector spends more than £700 million on energy every year and emits 10 million tonnes of carbon dioxide, too.

In a typical sports centre, energy costs will be second only to staffing costs and account for as much as 30 per cent of total running costs. When these significant running costs are considered, along with an acknowledgement that public swimming facilities in England have generally suffered from underfunding and are in need of constant maintenance and repair, it is no surprise that it is a challenge for operators and local authorities to keep some pools open.

Savings opportunity

Energy consumption, coupled with the strong likelihood of increasing utility prices, continue to have a significant impact on the success or failure of a leisure facility – particularly one with a swimming pool. So, what if the sector could significantly reduce its energy consumption?



The leisure industry spends more than £700 million a year on energy costs alone

The leisure operator, whether a not-for-profit organisation or a local authority, could use these energy savings to prevent a facility from closing or invest them into improving the centre to generate more funds to support community outreach work.

Leisure Energy is a specialist energy saving consultancy that helps operators to significantly reduce their energy consumption and costs. We have generated a clear business case for a change of attitude within the sector, offering energy reduction solutions that deliver excellent returns on investment.

This unique approach has been developed through benchmarking of similar facilities, enabling the sector to better understand a leisure centre's 24-hour energy usage. This information has been used to provide a range of proven patented technologies that to date have supported several of the country's leading leisure operators to significantly reduce their energy costs and carbon footprint, as well as improve the customer experience through enhanced water and air quality.

Community benefit

Leisure centre managers and operators, whether in-house or external management organisations, must start considering the impact of energy costs on their facilities and the environment. With current low energy prices, now is a good time to start future-proofing these facilities, particularly those that provide a much-needed community benefit.

A recent case study (see box, below) demonstrates how energy can be reduced, with an excellent return on investment – no matter the size or age of the facility.

To discuss the issues raised in this article, email jon.slade@campbelltickell.com

Case study: Tenbury Leisure Centre

Tenbury Leisure Centre is relatively small facility in Tenbury Wells, Worcestershire, with a 25m pool and a fitness suite. The facility plays an important role in the lives of the town's 4,000 residents.

In 2014 Leisure Energy assisted Freedom Leisure with its bid to win the contract to run the centre. Freedom Leisure secured the contract by offering to pay Malvern Council a higher management fee (rent) than any other bidder. This fee was calculated on savings that would be made by reducing energy consumption, as provided by Leisure Energy.

Prior to Leisure Energy's intervention, annual gas consumption at Tenbury Leisure Centre was 1,160,000 kWh and electricity 299,000 kWh. Our approach reduced gas and electricity consumption by 51 per cent and 47 per cent respectively per annum. The payback for the agreed capital works was just 3.3 years. The annual water bill was also cut by £6,500.

Proactive plan

So, how was this achieved? The answer is straightforward: Leisure Energy came up with a solution to proactivley manage the centre's energy usage. For example, if there is no one in the pool why change the air or treat the water as much?

No matter how good the intervention is to reduce energy, client buy-in is essential and Freedom Leisure is leading by example, changing attitudes towards energy and carbon reduction from its board of trustees all the way through to its centre staff. As a result, saving energy and carbon has become a successful business strategy for the company and it has become one of the UK's most successful leisure operators, winning dozens of contracts in the past two years.

Tenbury is just one example, but if this approach was adopted sector-wide, the industry could save as much as £350 million a year in energy costs as well as helping to tackle the UK's climate change commitments by 2050. Add to this fewer pool closures and more funding to support community health and wellbeing, and it's a win-win for everyone.

Keith Taylor chief operating officer, F3 Group

Construction management – why it works

"New build and redevelopment of assets have become an increasing priority for local authorities and registered providers, as budget belts tighten and with a raft of changes across the public sector landscape.

To address these new challenges an increasing number of organisations are turning to alternative methods of working to deliver projects with greater certainty, efficiency and innovation, to manage the 'pinch', alongside heightened client expectation.

Construction management

Construction management (CM) has seen a resurgence recently, due mainly to an overheated construction market and rising price levels evident among main contractors.

Under the model, the construction manager manages separate trades on behalf of the client. The approach was hugely popular in the 1980s, but CM was later set aside in favour of the 'design and build' method perceived by many to offer a lower-cost solution by transferring greater responsibility and risk to a main contractor.

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Through collaboration, the construction manager fully manages the build process but clients retain control

But of course, cheap can come at its own price: examples in this case being reduced quality rather than improved efficiency, and a lack of control over key decisions and the supply chain.

As public services increasingly come under the public spotlight, many clients are now returning to the more collaborative and transparent solution of employing a construction manager.

CM provides a delivery model more aligned to the objectives of the client and the wider design team than a main contractor, who is often more is focused on cash flow, profit margin and entitlements to extensions of time.

How it works

Under CM, construction work is completed using separate trade contractors who are engaged directly by the contracting authority but managed by a construction manager (see box: Key benefits of construction management). Trade contractors are procured collaboratively by the construction manager with the client's professional team, but the construction manager acts as the principal contractor. The construction manager is therefore fully responsible for supply chain performance, while remaining objective and ensuring the successful delivery of a safe and efficient project.

For more information or to discuss the issues raised in this article, email keith.taylor@f3g.uk or nick@pretium.co.uk

Key benefits of construction management

1. Reduced build cost through savings made against main contractor overheads and profit.
2. Full control of the project, coupled with the construction manager's expertise in delivering efficiency without compromising on quality.
3. Retained quality of materials, through closer and more direct relationships with trade contractors and suppliers.
4. Project risks addressed and mitigated at a much earlier stage through direct dialogue with specialist package contractors.
5. Increased project certainty: less reliance on a main contractor to agree lump sum, fixed price gives flexibility for an early construction start.
6. Full control of site preliminaries by the constuction manager, plus a transparent open-book arrangement avoiding the duplication of resources with those of trade contractors.
7. Value engineering built into all project stages, with savings fully recycled into the budget, not retained by a main contractor.
8. Reduced lead-in times, with the early trade packages starting onsite faster.
9. Daily site-based control of all the packages through the construction manager as principal contractor. All Quality, Safety, Health and Environment (QSHE) matters are fully managed by the construction manager.
10. Lowest possible project cost: the construction manager selects the optimum trade contractors similarly to a main contractor, but without building in additional margin, risk allowances and staff costs.
11. Greater control of the end product through selection and direct engagement of trade partners and suppliers.
12. Direct, long-term relationships with the 'tier two' trade contractors to secure many of the benefits more often associated with partnering.
13. An engaged client team: CM encourages greater input from your people making full use of their local knowledge and expertise.

Maggie Rafalowicz associate director, Campbell Tickell
Iain Turner policy and research officer, Campbell Tickell

Marching towards extinction?

"Before Farmer there was Latham, Egan and Wolstenholme – studies delving into the problems of the UK construction industry and how to improve it. An industry which, although one of the largest markets in Europe, is fragmented and subject to high levels of sub-contracting.

Low productivity continues to hamper the sector, while recent high levels of cost inflation, driven by a shortage of workers, has stalled numerous housing schemes. Previous reports focused on improving supply chains and partnering. The conclusions that Mark Farmer reached are stark and his report is damning.

The report *Modernise or die* was commissioned by two government departments – Communities and Local Government and Business, Energy & Industrial Strategy – the two departments that (in their previous guises) had commissioned the previous reports.

Farmer uses the analogy of a medical patient and concludes that "many of the features of the industry are synonymous with a sick, or even a dying patient". He suggests the construction industry should learn from the manufacturing industry in terms of delivering products to exact standards, on time and to an agreed price.

Farmer says the industry's interests are often not aligned with the interest of its clients: central, regional and local government; registered providers; and private real estate developers. There are entrenched procurement protocols and a resistance to change from both sides. There does not appear to be a strategic incentive for the industry to undergo transformation change. As Farmer sees it, the industry is characterised by:

- low productivity, which has not improved in decades;
- low predictability;
- structural and leadership fragmentation;
- low margins and financial fragility;
- dysfunctional training models;
- a small workforce pool and unbalanced demographic, which could be exacerbated by Brexit;
- an ageing workforce;
- a lack of research and development and investment in innovation.

There are three principal elements to his treatment plan:

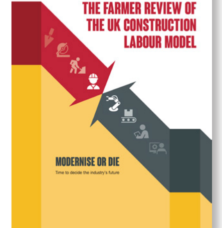
1 Offsite pre-manufacture

The residential development sector should be used as a pilot programme to drive forward the large-scale use of pre-manufactured construction, through offsite built or modular housing. Just as the assembly line transformed the automotive industry, housing could do the same.

Production has started with Legal & General Homes' factory in Leeds, which is intended to create 3,000 houses per year. At the Conservative Party conference, prime minister Theresa May said the government will develop new supply chains using offsite construction. We await the new housing White Paper which will focus on supply.

2 Investment in training and research and development

Farmer highlights the construction industry's dysfunctional training model, its lack of innovation and collaboration, as well as its non-existent research and development culture.



The Farmer report

He proposes a wholesale reform of current training schemes to drive forward appropriate skills development and innovation to suit a progressing industry. Funding should be directed towards skills aligned to a modernised industry. School leavers are more likely to be attracted to digitally based working factories than housing sites.

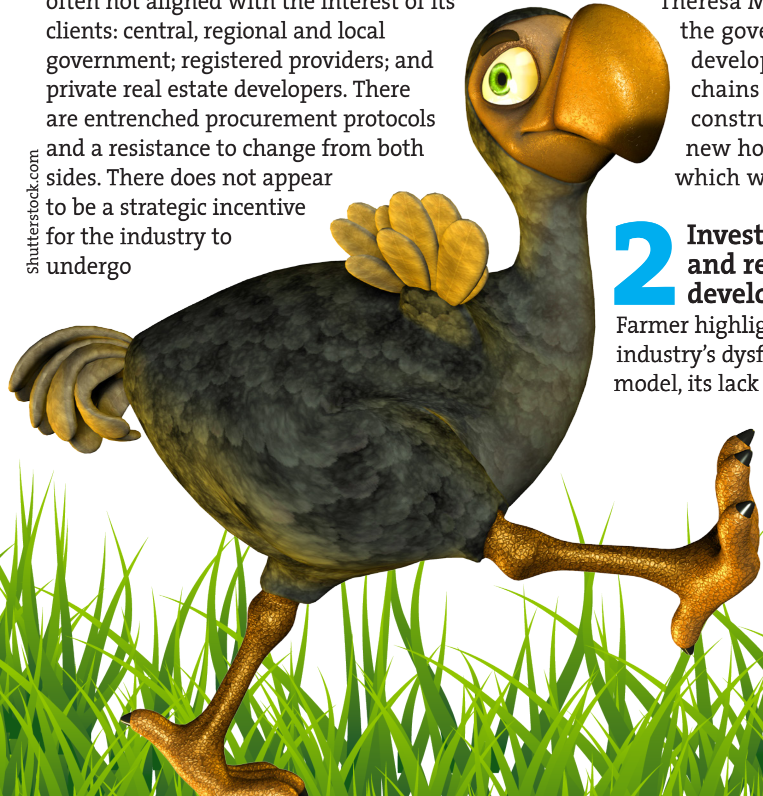
3 Government policy intervention

Farmer proposes the government uses education and fiscal policy levers, as well as housing and planning measures, to initiate modernisation in the industry. It should intervene to ensure and maintain skills capacity by investing in further education. More radically, it could introduce a charge for clients when employing contractors who do not use efficient, modern techniques. This would be similar to the carrier bag charge which has reduced their use by more than 80 per cent – the ability to introduce such a charge would depend on a large increase in modular production facilities.

> "School leavers are more likely to be attracted to digitally based working factories than housing sites."

The are the industry and government are listening in a way they have failed to do adequately following previous reports. Will the construction modernise – or will it die out?

To discuss the issues in this article, email maggie.rafalowicz@campbelltickell.com



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Greg Campbell partner, Campbell Tickell
Maggie Rafalowicz associate director, Campbell Tickel
Iain Turner policy and research officer, Campbell Tickell

Autumn Statement: good news and bad

"Institute for Fiscal Studies Director Paul Johnson expressed delight that chancellor Philip Hammond's first Autumn Statement will be his last. The UK will now join other major economies in having just one tax and spending announcement a year. The 2017 spring Budget will be the last, and we will henceforth have an autumn Budget and nothing to look forward to (or dread) in spring.

Philip Hammond is not one to show off: few rabbits out of his hat and few giveaways. The IFS sees this as a positive and recognises the benefit of stability in uncertain times.

Chancellor Philip Hammond's Autumn Statement contained some positive news for housing providers

Economic outlook

Brexit has not helped the economic outlook. No matter where one stands on the EU, the fiscal impact will be significant. The Office for Budgetary Responsibility predicts we will now need to borrow an extra £15.2 billion a year by 2021 – or £290 million a week.

Real wages are stagnating for just about everyone. The IFS indicates workers will earn less in real wages in 2021 than in 2008. A decade lost. That hasn't happened in more than 60 years.

Housing

Mr Hammond did deliver the housing sector some pre-festive joy, but we will have to wait for the Housing White Paper later this year for many of the details. However, whereas the Housing and Planning Act appeared to signal the end of social housing as we knew it, recent announcements suggest the need to increase housing supply has trumped the push to increase homeownership. The Autumn Statement included:

- Loosening restrictions on grant funding to allow providers to deliver a mix of affordable rent and low-cost ownership. This shift to support building homes of all tenures (apart from social rent) will be welcome and offer flexibility to essential flexibility to providers.
- £1.4 billion of new money for affordable homes is expected to deliver 40,000 housing starts by 2020/21. This will come from the chancellor's new £23 billion National Productivity Investment Fund (NPIF) which aims to address low productivity in the UK.
- £2.3 billion Housing Infrastructure Fund to deliver 100,000 new homes by 2021 also funded by NPIF, which will be allocated to local authorities on a competitive basis to help unlock private house building in areas of greatest need.
- London to receive £3.15 billion from the affordable homes programme for a mixed programme of affordable rented, 'London living rent' and shared ownership homes – plainly welcome in the capital but liable to cause envy in other high-demand areas.
- 'Pay to stay' for higher earning council tenants has been scrapped, saving councils from having to implement a policy widely regarded as an administrative nightmare.
- Voluntary right to buy for housing association tenants delayed to 2018 in the wake of the sale of high-value council properties stalling, but with a large-scale voluntary right to buy pilot to come in the West Midlands.
- No re-emergence of social rent as tenure of choice so that genuine affordability of rented housing will remain out of reach for many.

"The OBR is forecasting that housing associations will build 13,000 fewer homes than anticipated over next five years."

Despite what the housing sector sees as mainly good news, the OBR is forecasting that housing associations will build 13,000 fewer homes than anticipated over next five years.

Social care

Meanwhile, there was dismay at the Autumn Statement's lack of financial support for social care. This comes at a time when the Care Quality Commission has described the sector as being "at a tipping point". Many now believe the government will have to respond in spring's Budget to shore up the sector and prevent significant deterioration.

To discuss the issues raised in this article, email maggie.rafalowicz@campbelltickell.com

David Levenson business and career coach and founder of Coaching Futures

An economy in flux

"On 15 November, the latest inflation rate rises were released amid considerable interest from investors, the Treasury and the Bank of England (BoE). Since the referendum result in June, Sterling has fallen by 20 per cent and 12 per cent against the US dollar and Euro respectively. The pound's precipitous decline has raised fears that the benefits for UK exports will be far outweighed by the costs of imports such as raw materials and foods, whose prices have been declining in real terms for some years. It is no wonder that everyone is talking about inflation.

The consumer prices index recorded an annual rise of 0.9 per cent in October, slightly below BoE's previous forecast of 1.1 per cent (see box: In numbers). The collective sigh of relief was short lived – the Office for National Statistics has said that upward inflationary pressures were offset by falls in air fares and food prices, which had yet to work their way through.

On the day the October inflation figures were released, the former chair of Northern Foods, Lord Haskins, said in an interview on BBC Radio 4 that Britain, which imports 50 per cent of its food, is facing potential food shortages at levels not seen since 1978. That was when the Callaghan government briefly considered re-introducing food and petrol rationing during the Winter of Discontent.

In numbers: UK economy

20 per cent
amount Sterling has fallen against the US dollar since Brexit

12 per cent
amount Sterling has fallen against the Euro since Brexit

0.9 per cent
annual rise in consumer prices index

50 per cent
amount of food the UK imports from overseas with about 25 per cent coming from EU countries

0.25 per cent
in August the Bank of England (BoE) cut interest rates from 0.5 per cent to 0.25 per cent – the first cut since 2009

2.7 per cent
in November BoE predicted inflation would hit 2.7 per cent and not return to its 2 per cent target until 2020

1.4 per cent
BoE raised its forecast for economic growth in 2017 to 1.4 per cent from 0.8 per cent but cut expectations for 2018 from 1.8 to 1.5 per cent

Silver linings

Where is the silver lining and who gains from rising inflation? First, but whisper it quietly, landlords for whom inflation has never been seen as bad news. Then there are borrowers. Fears about inflation have enabled the Monetary Policy Committee to keep a lid on interest rate rises.

The housing sector has reasons to be cheerful about the current combination of rising inflation and historically low interest rates. The cost of long-term borrowing has been declining to unprecedented levels, with some housing providers securing sub 2 per cent rates in the immediate aftermath of the Brexit referendum. By this time next year, these deals may look very good indeed as inflation is expected to rise above 2.5 per cent, with interest rates following suit.

However, basing a 30 to 40-year borrowing strategy on an inflationary bet has been hazardous in the past and could prove even worse in future. The furious rate of technological change, which will lead to declining unit production costs in many industries and services, may result in a complete transformation of our economic landscape. Deflation could become the new normal within 10 years.

Index-linked finance

What else can housing providers do? The clue may lie in the current yields on index-linked gilts. On 11 October the Debt Management Office conducted a routine auction of £850 million of inflation-proof bonds. What was exceptional was that real interest rate on sale of the bonds was minus 1.847 per cent – the lowest in history.

With Sterling having enjoyed a mini-rally following the US presidential election, yields are still hovering below -1.5 per cent. For investors to pay government to lend it money underlies their serious concerns about rising inflation in the near future.

Such conditions would have been regarded in years past as manna from heaven by housing providers. However, long-term borrowing, supplemented by hedging strategies became the financial instrument of choice both for investors and borrowers.

Index-linked finance gained traction in the 1990s before reverting to a minority sport typically associated with lease structures. Shared ownership and rent-to-buy have opened opportunities for providers to balance their debt portfolios, and use capital appreciation from subsequent sales to manage re-financing strategies.

Unprecedented opportunity

Index-linked finance and its derivatives may not be to everyone's taste. The attraction of historically low fixed rates remains strong. There is the political risk associated with the government's policy on affordable rents and complex accounting treatments have to be evaluated, but for those who are contemplating the inclusion of index-linked debt in their borrowing strategies, the opportunities today are without precedent. Who can say how long this window will remain open.

To discuss the issues raised in this article, email sue.harvey@campbelltickell.com

Liz Zacharias consultant, Campbell Tickell

Funding for supported housing

"The long-awaited consultation paper on the new funding framework for supported housing has been released by the Department for Communities and Local Government (DCLG). The main news being that the government is setting up four task and finish groups to come up with the new framework and we now have the prospect of a Green Paper in spring 2017, a year of shadow arrangements in 2018, then all systems go in 2019.

There is nothing new in the proposals that wasn't flagged in Damian Green's statement on 15 September. We are no further forward on understanding how the new system will work and all the questions raised by the statement in September have been passed on to the task and finish groups. This is a heavy burden to place on these individuals, and the outcome will depend on who they are and their perspective on supported housing. If they do their work well we will have a system that:

Supporting People lessons

The Supporting People programme has some key lessons for the current supported housing consultation:

- a five-year lead in period
- strong leadership from the DCLG
- a three-year post-implementation review process
- a national process for disaggregating support costs from rent and service charges with many iterations before the final allocation was made to each local authority
- commissioning bodies to integrate commissioning across councils, probation and health (with varying success)
- a national quality and value for money framework
- a funding distribution formula – based on population models and prevalence of need (this was never implemented)
- an initial ring fence to protect provision

Is integrated with other funding streams – the proposals will be adding another funding stream to the already complex mosaic of supported housing funding. For some schemes the funding could involve local housing allowance rent and service charges via universal credit, Supporting People contract funding, care funding or elements of personal budgets/direct payments, non-eligible service charges and the new top-up funding.

Is integrated with other commissioning – we could have a system where joint commissioning with health and social care happens across the pathway of support and care and health. Experience tells us this will be hit and miss – depending on how commissioning is already being integrated and how well councils, health trusts and clinical commissioning groups work together already.

Allocates funding to local authorities accurately – there is a job here to unpick every single supported housing rent and service charge, pull out the top-up element, aggregate it by local authority and provide an indicative budget. This is assuming the decision on which bit of local government will have charge of the funding is easily agreed.

Has a quality and value for money mechanism that does not overburden providers or the local authorities that will oversee it, and is meaningful for service users.

Has a clear approach to short-term emergency accommodation funding – one that is easy to access for service users when they need it and supports the organisation's cashflow. This should be a streamlined system – an in-advance or block-funded model – not a deficit funding model.

Enables growth in services to meet growth in need – for example, extra care and aspirational sheltered housing to meet the needs of a growing older population, independent living services for people with learning disabilities.

We travel hopefully – we have to because the alternative is chaos and dislocation. I can't be the only one who is thinking we have already been down this road before with Supporting People (see box: Supporting People lessons). We're here again because the ring fence was removed, and because supported housing as non-statutory, preventative provision was easy to cut by local authorities whose funding was decimated at a time when social care needs were growing.

The resurgence of intensive housing management is a direct consequence of these issues, as well as the desire to fund independent living schemes to meet clients' increasing aspirations, and the perceived over-burdensome Supporting People system as it was applied to sheltered housing.

Perhaps the task and finish groups should dust down the old Supporting People system, take from it what was learned by implementing it, learn from previous mistakes when designing this new system and update the arrangements to meet our current and likely future reality. Perhaps this will save everyone time, effort, and money in the longer term...perhaps.

To discuss the issues raised in this article, email liz.zacharias@campbelltickell.com

To view the Funding for Supported Housing consultation paper, visit: https://www.gov.uk/government/consultations/funding-for-supported-housing

Sarah Livadeas strategy director, Orders of St John Care Trust

Planning for old age – it's time to pull our heads out of the sand

"Our attitude to ageing is quite extraordinary. We regard old people as 'other' and our failure to relate to this stage in our own lives means we don't plan for our old age. Not only do we tolerate levels of care for old people that are often unacceptable, but our inability to face up to our own demise means that by the time we need care, it's way too late to influence the services that are available to us personally.

While I like to imagine that I will be dancing around my handbag on my 85th birthday, the reality is with average life expectancy being 83 for a woman, I am just as likely to be dead, having experienced between two and eight years of ill health beforehand (see box: In numbers: how the UK's population is ageing).

In numbers: how the UK's population is ageing

500,000
more than half a million people living in the UK in 2015 were aged 90 and over

240
number of women aged 90and over for every 100 men of the same age

14,570
number of people aged 100 and over living in the UK

65 per cent
proportion by which the number of centenarians living in the UK has risen over the past decade

850
of the 14,570 centenarians living in the UK in 2015, 850 were estimated to be aged 105, more double the number in 2005

Source: Office for National Statistics: Estimates of the very old (including centenarians), UK: 2002 to 2015

Seen as a burden

Negative language about ageing doesn't help, with even deceptively neutral terms such as 'demand' and 'challenge' implying that old people are a burden to be dealt with, as opposed to a natural part of the life cycle.

This palpable disinterest in the wellbeing of old people translates into policy-making. Politicians have shown themselves to be adept at sticking their heads in the sand when it comes to planning for an ageing society. Not only has social care funding reform been kicked into the long grass, but there are no products available that will allow us to insure against the risk of the unlimited financial cost of age-related illness.

Despite changes brought in by the Care Act, abandoning private payers to make their own arrangements for care is deep in the psyche of local authorities with responsibility for adult social care.

So how can we improve our chances of a long and happy old age? I won't bore you with the health messages, but I will recommend that you read doctor and public health expert Muir Gray's work.

He describes how we misattribute a loss of fitness for ageing. Busy with work and family in middle age we become less active, and as a result we slow down. We do even less, we slow down more, we think it's because we are getting old. The good news is that this process can be reversed at any age with a modest increase in activity; physical, mental and social.

"The undersupply of housing with support is consigning hundreds of old people to loneliness and exposing them to inappropriate placement in a care home."

Sarah Livadeas, Orders of St John Care Trust

Paying for care

The other obvious way we can prepare is to 'right' size into accommodation that will suit our changing lifestyle. And for those of us who will need care? Or care for a spouse? We know housing with support onsite is the best option by far.

This generation of old people have benefited greatly from fiscal policies that favour homeownership, so it seems just to me that using the equity built up in your home to fund a positive lifestyle that includes paying for care, as opposed to relying on younger taxpayers to foot the bill, is fair and reasonable.

Lack of supported housing

However, the undersupply of housing with support, particularly for the mid and rental market, is consigning hundreds of old people to loneliness and potentially exposing them to expensive and inappropriate placement in a care home.

We must find a way of galvanising consumers, investors, politicians and operators so we can create a sufficient supply of this type of housing to make it attainable for more people.

Recently Lynda Gratton and Andrew Scott suggested in their book *The 100-Year Life* that as 50 per cent of children born in the UK today are set to live to 100+, our current approach to our lifespan is becoming rapidly outmoded. Our stubborn refusal plan for the last phase of our life and to think about how we would like to experience our ending has to change.

To discuss the issues raised in this article, email Liz.zacharias@campbelltickell.com

the whole spectrum

Campbell Tickell is a multi-disciplinary management consultancy focusing on the public and not-for-profit sectors.

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