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Greg Campbell partner, Campbell Tickell

Where is housing now?

Post-Budget special

"The UK's political landscape is going through major change. Many observers believe the Conservatives will be in power for the next 10 years, quite possibly longer given the fractured nature of the opposition. Having been elected with a number of policies they regarded as 'nice to have' but expected to bargain away in coalition negotiations, they now see themselves with a mandate for full implementation.

July's Budget and the publication of the Welfare Reform and Work Bill presented surprises for many, not least in housing and local government. There is more to come in the Housing Bill in October. Many of the implications will be dramatic:

- the business plans of some housing associations may no longer be viable;
- many tenants will be unable to 'pay to stay', especially in London and the south east of England;
- benefit reductions and other welfare reforms are likely to mean further exits from London and the south east, plus increased 'hidden homelessness' (grown-up children living with parents as they cannot afford to move out);
- social care providers paying staff at minimum wage will be in danger of going bust or will at least exit from contracts they are unable to renegotiate (to take account of the national living wage);
- housing providers will cut development and maintenance spend;
- funders will analyse even more closely the viability of housing providers before agreeing loans.

The long-standing cross-party consensus on housing policy no longer exists. Government intends to focus on homeownership initiatives, and has no apparent interest in affordable/social rented housing or indeed the position of tenants for whom ownership is unrealistic. It must be highly likely that unallocated Homes and Communities Agency funds in the current programme will be diverted to programmes such as the starter homes initiative.

New legislation will increase pressure on social landlords

> **"The long-standing cross-party consensus on housing no longer exists."**
> Greg Campbell, Campbell Tickell

Supply

The government is conscious of the need for significant increase in housing supply to meet demand. What is less clear is how it realistically expects that to be delivered: reform of the planning system has been proposed, for instance, to encourage development on brownfield sites and development of low-cost homes for ownership. But will the horse drink?

Since councils stopped volume house building decades ago, the biggest determinant of housing delivery numbers has been the willingness of commercial house builders and developers to produce more homes, with housing association new build forming a smaller percentage of total output. We are yet to see the commercial sector ramping up delivery – regardless of what the government may want, they are accountable to their shareholders, and maximising shareholder value (eg through higher house prices) is their key objective. Some house builders report up to a

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THIS ISSUE

Edited by Stuart Macdonald and Zina Smith

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tripling of profits while output barely increases. The scaling down of development by many associations and councils will exacerbate the supply problem.

Perhaps unsurprisingly, there have been signs of some housing associations deciding homeownership should be their future focus too, turning away from traditional tenures, although that is by no means a common view.

Mergers

We will clearly see an increase in housing association mergers (see box, right). Our sense is that the current rate could double, as organisations come to terms with being unviable medium-term, or seek greater financial capacity to carry on developing. There is a risk here. The regulator is keen to line up associations with capacity to take over organisations that get into difficulties. This is nothing new but the difference this time is that, if some reports are to be believed, the number of potentially failing associations is so large that the sector's capacity to keep them and their homes within the fold, could be in jeopardy.

We must also wait to see whether registered providers will be classified as public bodies, with housing association borrowings included in public sector debt. If providers are reclassified as public bodies, this might be an argument for effective nationalisation, in order to effect a privatisation, with historic grant turned into equity in the process. One view is that within a few years, de facto regulation will be provided by the rating agencies rather than a designated regulator.

In numbers: mergers

89
amalgamations, mergers or transfers between 2011 and 2014

26
current annual merger/takeover rate

83
associations with 1,000-plus homes, which the Homes and Communities Agency believes might be at financial risk due to the introduction of the social housing rent reduction from April 2016

Source: Inside Housing

It is said the Cabinet Office and Treasury are modelling three potential options for the sector, ahead of October's Housing Bill:

1. Agree a new partnership deal under which registered providers use all possible resources to maximise supply of new homes, focusing on homeownership, shared ownership, starter homes, and promoting right to buy. Discount market value starter homes for sale will be acceptable in section 106 agreements within a new definition of 'affordable housing'. This would be the main focus of new development (apart from private sale), and there would be no new social or affordable rent.
2. The government relies on other providers (house builders, developers, landowners, investors) to grow housing supply focused on homeownership products accessible to working young people, while registered providers become marginalised housing managers, developing very little, with rents flat, and selling homes under right to buy.
3. Nationalise, rationalise and pare down, and then sell off the few not-for-profit large housing associations remaining and let shareholders decide their future, regardless of the views of their residents. That would mean the effect on public sector debt would be temporary, so would not be a big consideration for the Treasury.

One view is that options two and three are 'softening-up' spoilers to make option one seem less unpalatable.

Challenges ahead

It will be a difficult period for social landlords. For councils, the changes and continued funding loss can be seen as the culmination of a process in play for a number of years, with major and continuing year-on-year budget cuts, leading to sharing services and ultimately merger.

For associations, the sector's arguable failure to sell itself to politicians locally and nationally, to engage more closely with communities, to link with charity and social enterprise sectors, and to embrace efficiency and real business transformation, has come back to bite. There are many honourable exceptions, of course, but overall the sector has allowed itself to get into a position where it can be picked off. The challenge is how landlords respond.

A full version of this article can be found at: www.campbelltickell.com/ct-blog/greg-campbell/1140-where-is-the-housing-sector-now

Sue Harvey director, Campbell Tickell

It's time for boards to step up to the mark

Post-Budget special

"As we think through the implications of the game-changing summer Budget, it is clear that difficult decisions regarding development programmes and cost-cutting will need to be made, and our clients are re-engineering their business plans and their stress tests.

Now is the time for that highly skilled (and perhaps remunerated) board to step up to the mark. Those difficult decisions will have to be made by the company directors and yet they may be some way behind the executive team on the post-Budget shock-denial-anger-acceptance pathway.

Perhaps fortuitously, the board awayday season is now upon us, and these occasions are ideal for building robust consensus around organisational priorities and unpalatable choices.

How your next board awayday is planned, facilitated and concluded will be critical to ensuring the board is driving risk management and that your organisation can swiftly agree where its 'new normal' is.

As a starter for 10 (or eight), here's a basic agenda for a board awayday in interesting times:

1) What just happened and why?
2) What is still uncertain?
3) Funder and regulator expectations.
4) First-round implications for our ambitions and our business plan (including timing, covenants, valuations, impairment, security and cash impacts).
5) Possible mitigations.
6) Board priorities and direction of travel.
7) Next steps and timetable.
8) ...A stiff drink in the bar!

This article first appeared on Social Housing Magazine's blog

Radojka Miljevic director, Campbell Tickell

In-depth assessments: a test of comprehension

"For anyone who knows teenagers, August heralded the arrival of exam results and perhaps reminds us all how wonderful it is not to have that gnawing anxiety any more.

When I studied A-level French at school, we'd have listening and comprehension tests, eventually culminating in an oral examination. The confidence of our grasp of grammar, contextual knowledge and oral fluency would be tested. Did we know and understand the language and could we apply it to the topic at hand? Was there a reasonable level of fluency at play?

The new A-level in social housing is the 'in-depth assessment'.

As readers will know, IDAs are a means through which the housing regulator gets to grips with the strategic direction, risk profile (and dynamics of risk across legal structures) and financial soundness of an organisation. The Homes and Communities Agency will scope the work, request documents, undertake various meetings (including with board members), sometimes observe meetings and then review lessons learned at the end.

An IDA interview will probe understanding, context, and the consideration by a landlord's leadership (board and executives) of short and long-term risks. Maybe thinking about risk appetite, full of hypotheticals and contingencies, is a bit like mastering the conditional tense?

I see IDAs as a manifestation of post-traumatic stress disorder. The post-Cosmopolitan tremor that won't quite go away, and perhaps a step that overextends the regulator's resources. Of course the summer Budget triggered real-time problems around incomes, and so priorities and programmes will flex and change. The approach may look rather different in a couple of years.

Together, however, with changes to the National Housing Federation Governance Code and the HCA's governance and financial viability standards, IDAs underline the focus on board skills and on a core set of competencies that need to underpin the board, like a rock stratum from which everything else builds.

Back to school: in-depth assessments will test housing associations' understanding of risk

"Maybe thinking about risk appetite is a bit like mastering the conditional tense."

Radojka Miljevic, Campbell Tickell

Understanding skills

We've seen changes over the past decade in not-for-profit sectors on how skills are viewed. We've had the stakeholder composite boards, where the focus was on inclusion or democratic accountability but sometimes at the expense of strategy or effective team dynamics or clarity about the board role. We've had the 'get an expert on board', and learned that it may lead to others abdicating decisions, or it may attract those building up non-executive portfolios with a different reading of the role and a narrower determination of value added. Now we've reached a different understanding of how governance meets the requisite standard.

The Campbell Tickell focus on skills audits seeks to ensure a threshold of proficiency across the board in its core work – strategic and financial planning, risk management and business assurance, governance and regulation – as well as identifying expertise. We've learned to place a higher premium on the dynamics of the board and how non-executive skills are engaged and put to use by senior staff.

In addition to IDAs, the Budget provides another examination of board understanding and aptitude. Boards should be wrestling with how to find efficiencies to core operating costs which are sustainable long term. If it feels as though the business is barely affected, has the board been asking the right questions? Indeed, has there been any appetite for risk in order to ensure outcomes for beneficiaries and customers? Is an organisation that's risk-averse failing as seriously as one that takes too many?

There is an immediate test to pass in providing assurance of viability through the HCA's end-of-October deadline and through the board having confidence that it can deliver the changes needed. But for many, the reality is that post-October will be important time to digest a changed landscape and get to grips with the detail of new policy approaches. Boards will need to frame some challenging questions to grapple with a changed operating environment and their insight will face its toughest examination yet.

To discuss the issues raised, email radojka@campbelltickell.com

Jon Slade senior consultant, Campbell Tickell
Cath Davies associate consultant, Campbell Tickell

Post-Budget tenancies and cashflow

Post-Budget special

"The chancellor's Budget in July heralded a significant number of challenges for social landlords and their tenants alike – some more expected than others. The requirement for social landlords to reduce their rents by 1 per cent a year for four years from 2016 was, surely, the least expected. Others – such as changes to tax credits and the benefit cap, freezing benefits and ending automatic entitlement to housing benefit for those out of work between the ages of 18 and 21 – had been fairly well trailed.

Headlines of early analyses and forecasts suggest that:

- a typical balance sheet will see a 14 per cent reduction in rental income over four years;
- couples with three children affected by a benefit cap of £20,000 will be entitled to housing benefit of just £51 per week;
- similarly, couples with four children will not be entitled to any housing benefit;
- as many as 300,000 fewer people are expected to be eligible for universal credit as a result of the changes.

Welfare measures announced in the Budget will affect tenants' ability to pay their rent

Response to the Budget

In commenting on the lowering of the benefit cap, ratings agency Moody's said that it will 'increase the likelihood of a build-up of arrears and bad debts, eroding cashflows'. In response to the Budget changes the English regulator, the Homes and Communities Agency, has called for housing providers to submit revised financial forecasts and deliverable business plans by 30 October that fully account for the loss of rental income. Moreover some providers, probably those whose viability is most at risk as a result of the changes, will receive the regulator's new 'deep dive' assessments (see page 3).

So providers find themselves in a pincer between two risks: the need to take costs out of the business; and the threat to their customers' finances and the provider's cashflow from benefits changes.

The response needs to be built around:

- **Effective and efficient letting of properties:** Providers need to go further to improve their knowledge of prospective tenants, to understand whether tenants have the skills and motivation to manage their tenancy and to provide support to prospective tenants. Landlords may require prospective tenants to attend mandatory pre-tenancy induction sessions.
- **A comprehensive approach to rent and rent collection:** The more transparent and rigorous your payment culture is, the better you will be able to allow good payers to self-serve at low cost and focus your efforts on support and enforcement work with people struggling to pay.

> "Where the payment culture is weak, the reliance on enforcement is usually strong and the arrears are usually higher."

Fragmented approach

The subject of rent is usually dealt with in a fragmented way. It would not be atypical for a new tenant to deal with three different teams concerning signing up, a direct debit and rent arrears. Rarely do we find that customers experience a coherent, joined-up, positive, supportive, payment culture. Where the payment culture is weak, the reliance on enforcement is usually strong and the arrears are usually higher.

What does it feel like for one of your customers to be up-to-date with their rent payments? Does it feel like a club to which a customer might want to belong? Or is the only club that exists the arrears club, characterised by enforcement and negativity? The more customers who pay on time of their own accord the better your cashflow will be and the fewer enforcement staff you will need.

Many aspects of a positive payment culture are free or inexpensive to implement, but the importance of adoption by staff should not be underestimated if the customer is to experience a joined-up and coherent service.

Some key questions:

Around letting properties, organisations need to ask themselves:

- Are we sure the incoming tenant can afford the rent?
- How are we assessing how likely it is that the incoming tenant has the skills needed to sustain the tenancy?
- How are we using this assessment to inform and shape service provision?

And when it comes to rent collection, organisations should be asking:

- Do we give clear messages about the tenant's responsibility to pay rent?
- Do we know how welfare reform will affect our tenants' ability to pay rent?
- Are we using insight data to help us tailor and target services?

To find out how Campbell Tickell can help your organisation, email jon.slade@campbelltickell.com

Daniel Currie senior associate consultant, Campbell Tickell

The first bump in the road

CHARITY FOCUS

"I am often called in to work with new charities when they hit the first bump in the road. The details are different every time, but the overall story tends to conform to a pattern: An inspirational founder set up the charity to do something new and challenging. Perhaps they wanted to show that rough sleepers could produce great art, or that hardened offenders could be a force for good. The charity achieved considerable success in the first few years. Then, five to 10 years after foundation, serious problems started to emerge in core functions such as governance, human resources or finance.

For the consultant looking in from outside, the root of the problem is usually not hard to find. Invariably the charity's core functions are being delivered in a way which can only be described as 'new and challenging'. Instead of keeping regular management accounts, the charity has developed a special forecasting system of its own. Or perhaps the traditional staff hierarchy has been replaced with a system of relationships so complicated it can't be drawn in two dimensions.

"The trick is to know when to stop being stubborn and accept help."
Daniel Currie

This situation seems to arise for two reasons. First, founders tend to have a particular personality type. They are full of ideas, unconventional, self-reliant and stubborn. Maybe other types of people also set up charities, but they rarely seem to do well enough even to reach the first bump in the road. Successful founders need the creativity to dream up a superficially crazy project, and the stubbornness to continue when everybody tells them it can't be done.

Second, like most of us, founders have a limited range of management skills. Unlike most of us, they usually have to do a bit of everything at the start. For example they may be brilliant at public relations and service management, and have a good understanding of IT. But they also have to run human resources and finance, manage some premises and get their head around charity governance.

In these conditions it is not surprising that some peculiar approaches to core functions are developed. Unfortunately some functions can't easily be improved by creative enthusiasts. Modern accounting and HR fall into that category. Governance arrangements are equally difficult to improve by tampering with the standard template.

There is a solution for founders who want to avoid the bump altogether. That is to be scrupulous about supporting their radical services with the most conventional management systems possible. For those who encounter the bump anyway, the trick is to know when to stop being stubborn and accept help from people less creative than themselves.

Failure to do this often leads to the founder being forced out by the board, and replaced by someone more conventional. That usually resolves the problem, but at the cost of putting the organisation through significant pain.

To discuss how we can help keep you on the level, email nicola@campbelltickell.com

CAPTION COMPETITION

Campbell Tickell partner Dave Williams has difficulty with a poncho in the rain at Purbeck Valley Folk Festival.

Email your best captions to zina@campbelltickell.com or tweet them to @campbelltickel1 before 23 October 2015 for the chance to win a mystery prize!

LAST ISSUE'S WINNER

Congratulations to Greg Falvey, chief executive of Colchester Borough Homes, for his entry for June's competition featuring Greg Campbell inspecting bamboo scaffolding in Hong Kong: "A bit unkempt but sturdy – both of them!"

Campbell Tickell expands team with HR and recruitment specialists

Mark Glinwood and Denise Kirkham are joining Campbell Tickell following their decision in September 2014 to leave Insight HR. The HR and recruitment specialists bring with them experience of working at strategic level in banking, the police, the NHS and more recently the housing sector. Their skill sets focus on organisational development, reward, business change, leadership development, executive and non-executive resourcing, and talent management.

The move forms part of Campbell Tickell's drive to expand its people management offering over the coming months.


Mark Glinwood and Denise Kirkham

Gera Patel, a partner at Campbell Tickell, said: "Denise and Mark have a strong national reputation and we have a high regard for their work. Their contacts, not just in housing but also in other sectors, will be important in extending our work across the country and into new arenas, alongside our current portfolio in housing and care, local and central government, commercial entities and charities."

Mr Glinwood and Ms Kirkham will join the wider Campbell Tickell team at the National Housing Federation Conference in Birmingham in September.

Andrew Stainer chair of The Helmsman Project and managing partner of Australian leadership development practice Carters Hill Group

First impressions from the crow's nest

"As I write, yachts of all shapes and sizes drift over the finish line as a part of the 2015 Fastnet Race. But what's the Fastnet got to do with it?

As an Australian and therefore an 'outsider', I recently took the opportunity to speak to a number of people who are involved in the UK housing association sector. After one of these meetings, I was asked to summarise my impressions. As I collected my thoughts, I was struck by sailing as a metaphor for what I observed, and summarise as follows.

Clarity of purpose

Post-election discussion of the future of the sector is rife. So far two housing associations have announced their possible withdrawal from building for sub-market rent. The social challenges that exist today are as significant as they ever have been, at least in recent history. In the Fastnet Race, the purpose is clear – to marry the best crew to the best equipment, and get from Cowes to Plymouth via the Fastnet rock as quickly as possible. I was left wondering whether associations need to think long and hard about their fundamental purpose, get back to basic principles. Why do we exist?

Assemble the best crew

I was struck by the homogeneity of the professionals involved in the sector – a deep bench of experienced, knowledgeable experts in the housing industry. The question that arises is whether additional diversity could be valuable? The sector faces enormous challenges, as do the communities served by housing associations. Today's top sailing teams include business people, psychologists, engineers, strategists and others in addition to the sailing crew. In the face of the challenges, could associations benefit from the creativity and energy that comes from an injection of expertise from outside of the sector?

Checking the forecast

Short-range weather forecasts are reasonably reliable, but the longer the planning horizon, the fuzzier it gets. Surprises are inevitable. Fully understanding the environment therefore, is critical context to developing a coherent strategy. The emotionally charged and frustrated tone of some commentary on the sector that I heard implied a degree of surprise. Is there scope to reframe change as being both inevitable, but also a catalyst for creativity?

Differentiation

With so many players in the sector and the challenges so great, being really focused on what the justification for the continued existence of each housing association is, becomes critical. Enjoying a bricks-and-mortar monopolistic position in a particular location is not enough. The sector needs organisations that break new ground – figuratively and literally. Aren't innovation and differentiation as important to success for housing associations as they are for a Fastnet entrant?

"Expecting every race to be 'plain sailing' would be naïve. In the Fastnet Race, the prize goes to the team that remains focused and engages positively, regardless of the challenge."

Race strategy

With clear purpose, well-articulated objectives and a thorough understanding of the environment, resource-allocation choices can be made. While the word 'strategy' loosely and liberally rolls off everyone's tongue, I am less than convinced that all housing associations have a well-defined and robust strategy. When times are good, the implications may be benign. But when the storm hits, cracks will be exposed. How can boards do an even better job of ensuring that their organisations have well-defined strategies?

Secure the resources

I may have missed it, but I got the sense that the sector can be a little inward-looking? I was surprised to hear that relationships with local authorities were not

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Roger Maddams senior associate consultant, Campbell Tickell

Raising awareness of cardiac risk in young people

"In July Tonbridge Angels footballer Junior Dian died on the pitch of an undetected heart condition. His tragic death followed that of another Angels player, Jack Maddams, who died of a heart attack in his sleep aged 17 just a few years earlier. In response, Jack's father Roger Maddams, a senior associate at Campbell Tickell, is leading a campaign called Football Fightback to try to prevent future tragedies. The campaign will see the launch of a programme of heart screenings in venues across Kent in conjunction with the charity CRY – Cardiac Risk in the Young.

Football Fightback aims to bring as many football and other sports clubs together to organise, fund and raise awareness for the screenings. The initial launch will cover a programme of 800 screenings across four weekends in early 2016 in Tonbridge, Gillingham, Sevenoaks and Canterbury.

Roger is working with the Kent Football Association, local authorities and politicians at local and national level with the ultimate aim of establishing a screening scheme on a wider level. He is also working towards CRY's aim of following the model of screening used in Italy, where in the 10 years since mandatory cardiac screening was introduced for all members of organised sports clubs over the age of 14, the incidence of major cardiac incidents has fallen by 89 per cent.

The initial programme of 800 screenings will cost £28,000 and Roger is getting on his bike to help raise the necessary funds. He has pledged to cycle to each one of Tonbridge Angels' Saturday away games in the 2015-16 season – a total of 918 miles. This feat will include trips to Needham Market and Leiston in Suffolk in the depths of winter, each more than 110 miles from Kent. The first game is a mere 44-mile ride to Enfield Town.

Roger says: "Inspections of housing stock in the Kent, Surrey, Essex, Suffolk and London areas en route to the delights of Billericay FC, Kingstonian FC or Wingate and Finchley FC can be arranged for a suitable donation!"

To find out how to donate or for more information, see the box above.

Roger Maddams will cycle 918 miles to raise money

How to donate

- Donations can be made at www.justgiving.com/footballfightback, or by texting FBFB66 and the sum (eg FBFB66 £10) to 70070.
- For more details on the campaign, visit @FBFightback or www.footballfightback.com
- For more information on the work of CRY, visit www.c-r-y.org.uk

Andrew Stainer chair of The Helmsman Project and managing partner of Carters Hill Group

First impressions from the crow's nest

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commonly strong, little reference was made to alternative sources of capital and alliances with large philanthropic organisations appear uncommon. Housing associations are key players in a system of support for vulnerable people that is all too often not joined up – how can new resources be attracted into and organised within the system?

Stormy waters

When the unexpected happens, the weak are exposed. Given the challenges facing the sector, it is more important than ever to resist the temptation to become cynical. Constructive debate is good. Dialogue is even better. But partisan dogma and cynicism is not – it saps energy and damages the image of the sector. At some stage, government policy has to be respected and met with adaptive responses that are consistent with purpose. Expecting every race to be 'plain sailing' would be naïve. In the Fastnet Race, the prize goes to the team that remains focused and engages positively, regardless of the challenge.

A broader perspective

Racing for the race's sake becomes boring. At some stage, a broader perspective is required to justify risking life and limb. This brings us back to purpose. Bricks and mortar are core to housing associations, but is that enough? How exciting would be the prospect of the HA sector earning a reputation as innovative and proactive catalysts of change, linking hands with the community to address some of society's most pressing issues?

This year's Fastnet race ended with the inevitable winners and losers. Most of the competitors will have enjoyed the experience and many will be back in two years' time to race again. Housing associations, on the other hand, do not have the luxury of two years off to plan the changes required to compete in the next event. Hence the need for clear purpose and strong leadership, especially in these stormy times.

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

Michael Hill new business director, Countryside Properties

Council companies – opportunity or threat?

COUNTRYSIDE
Places People Love

"A recent SocInvest survey indicated that almost half of England's 353 local authorities have either set up a privately owned housing development company or are considering doing so.

While it appears the main driver is to enable local authorities to develop new homes for rent, they are also looking for innovative ways to generate income and capital.

The first response of most house builders has probably been to express concern that this will not only remove a source of land supply for their activities, but also introduce non-profit making competitors into the housing for-sale sector. There will also have been queries about their competence to enter a highly risky sector without any track record of how to deal with challenges such as market recessions or construction cost inflation.

Our initial response was not unduly different. However, because we spend a lot of time talking to local authority members and officers across London and the south east, we very quickly started to develop a different view, and indeed we began to view it not as a challenge but an opportunity.

"By bringing all our skills, expertise and experience to the council company partner, we can generate a significantly better return for them, than if they develop on their own."

Michael Hill, Countryside Properties

Addressing supply

Our starting point was that the housing supply problem in London and the south east is now so great that we urgently need to increase the number of housing deliverers and the amount of housing investment.

But this in itself doesn't address the crux of the housing supply problem: namely that we need to increase the availability of development opportunities. Given that so much of London and the south east is already built-up, this means these development opportunities must come in the main from the redevelopment of existing under-used property assets.

At the same time, local authorities face two other growing challenges: how to balance the books in the face of a continuing decline in central government financial support and how to fund the expansion of their social infrastructure, notably schools, to keep pace with the rapid growth in population.

So we took at long, hard look at our experience of working in partnership with local authorities and other public bodies since the early 1980s to see what lessons we had learned and what could be taken forward as part of a new range of services to council companies.

On almost all of our current programme of partnerships on local authority schemes, we are responsible for the development of the for-sale housing and, where relevant, new shopping, medical and employment floor space. We are responsible for the development and project management, from initial feasibility through to handover. We are responsible for all the construction services, including demolition, site preparation and building of the new homes, including new council homes for rent. And we are responsible for programmes to improve social and economic sustainability.

Countryside is building new homes in partnership with L&Q at Beaulieu Park in Chelmsford

Joint ventures

Moreover, a significant proportion of our programme is in joint ventures with public and private organisations. One of the largest is Beaulieu Park in Chelmsford, a joint venture with L&Q, which will, when completed, comprise a new neighbourhood of around 4,000 homes, new shopping and other floor space, new schools and a new mainline railway station.

We then looked at the council companies. They face three main risks. First, that they actually lose money. Second, that they under-perform, for example by making less money through direct development than they would have done through a simple, risk-free, land sale. Third, that they run out of cash.

The UK housing market is, for better or worse, a very cyclical one and it is therefore a near certainty that there will be a recession at some

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Michael Hill new business director, Countryside Properties

Council companies – opportunity or threat?

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stage in the next 10 years. How well will council companies, with no management experience of how to deal with a recession, fare? How will they deal with potentially substantial falls in prices and rents and a slowdown in sales rates?

Less obvious, but nearly as insidious, is under-performance. Residential development is very complex and while in a buoyant market it is reasonably easy to achieve a profit, particularly if you already own the land, it is much more difficult to optimise returns. What is the point of taking all that risk if you fail to achieve a better return than through a land sale?

Return on capital employed (ROCE) per annum is the single most important business discipline for most private house builders. This is for one simple reason: we need to make the funds that we have available work as hard as possible. The better the return on these funds we can achieve each year, the more we can do. This seems to me hugely important for council companies, but I don't sense that the concept of ROCE is well-understood, let alone the impact that it has on all aspects of the house-building process.

So, where does this leave us? In essence, our offer to council companies, and indeed to local authorities that wish to develop on a commercial basis but do not wish to set up a council company, is to work on a joint-venture basis. We believe that, by bringing all our skills, expertise and experience to the council company partner, we can generate a significantly better return for them, than if they develop on their own.

We will provide a service that extends from initial feasibility to final handover and beyond, which benefits from the 'added value' of the Countryside brand, and which ensures an integrated approach which maximises returns to the local authority.

To discuss options for setting up a council development company or joint venture, email maggie.rafalowicz@campbelltickell.com

Jeremy Gray

chief executive, Evolve Housing and Support

Evolving our organisation

"On 7 September South London YMCA became Evolve Housing and Support. So why did we feel the need to change our name and rebrand?

For most of our 154-year history, our branding as a YMCA has worked well, but society – and the community needs we strive to meet – has changed enormously since our inception in 1861 as Croydon Young Men's Christian Association.

Having seen major growth and expansion over the past few years, we now work both north and south of the Thames, with a rich diversity of customers including people of all ages, faiths and backgrounds. Last summer we consulted widely on our brand and name to ensure it truly represents our current work and values. The consultation confirmed it was time to move to an inclusive brand which better represents all of our work and customers.

Across the country, local YMCAs continue their excellent work to deliver their aim to be leading Christian youth charities. However, given the diversity of our customer group and the continuing expansion of our work it has become clear that now is the time to move away from the YMCA brand. We have disaffiliated from the YMCA Federation, but will continue to work with neighbouring YMCAs to benefit the local community. We wish the YMCA Federation every success for the future.

New name

Our new name better reflects the entirely secular work we do with a diverse group of customers to help them change their lives for the better.

During the consultation, our customers told us that we are a place of positive change and growth. They are on a journey towards independence and our new name perfectly encapsulates their aspirations. The name was also available for us to trademark and use as a web domain.

Evolve Housing provides accommodation for homeless people

"The consultation confirmed it was time to move to an inclusive brand which better represents all of our work and customers."

Jeremy Gray, Evolve Housing and Support

Our new logo, our look and feel and our website better reflect the work we do and the customers we support.

Consultation with customers, staff and stakeholders has been crucial from conception to execution. Bringing people with us ensured a smooth implementation and nobody has been left feeling surprised or uninformed. Communication is everything.

We also learned that the wheels of bureaucracy move slowly, so allowing plenty of time for all required regulatory processes was vitally important. Excellent legal advice – from Keith Jenkins of Devonshires Solicitors and Charlie Proddow of Winckworth Sherwood – was essential to ensure compliance with governance and regulatory processes.

The next step

We are delighted with how our new name and brand has been received so far. We'll now work hard to make sure everyone knows who we are, and aim to consolidate our position as the third-largest provider of accommodation for homeless people in London. We'll grow our range of services across a wider geography, developing innovative new delivery models which reduce our reliance on traditional funding streams and meet needs across the whole community.

To see our new brand in action and to read more about the work we do, please visit www.evolvehousing.org.uk.

THE DIARY

National Housing Federation Annual Conference and Exhibition

23-25 September
The ICC, Birmingham

This event will examine how the housing association sector can stay focused on achieving its vision for the next 20 years. Conference chair Baroness Diana Warwick will quiz communities secretary Greg Clark on how he will shape the political debate around housing. Join Campbell Tickell on stand 21. **http://annual.housing.org.uk/the-conference**

Northern Ireland Federation of Housing Associations Annual Conference

5-6 November
Slieve Russell Hotel, Ballyconnell

This year's conference, Charting our Future, will help sector leaders consider the key challenges facing housing associations and the people the movement serves. It will explore exciting opportunities to do more through a reformed regulatory framework, sector-led procurement, community development and building a broader range of homes. **http://www.nifha.org/events/event-registration/?ee=142**

Business Connect: Future Leaders 2015 – Learning From Leaders Day

8 December
Ambassadors Hotel, London

HouseMark's Future Leaders events promise to inspire, educate and equip the next generation of leaders, decision makers and influencers in housing. The programme takes delegates behind the scenes of three well-known commercial enterprises – John Lewis, Greggs and Hilton – to hear candid accounts from successful leaders who have 'been there and done it'. Campbell Tickell partner Greg Campbell will be speaking at this event. **http://www.housemarkbusinessintelligence.co.uk/events**

David Williams partner, Campbell Tickell and board member, Circle Voluntary Housing Association, Dublin

A new dawn for regulation in Ireland

"In Ireland, there are estimated to be around 700 approved housing bodies (housing associations), classified into three tiers, with tier three containing the larger organisations (more than 300 homes), tier two, those with more than 50 homes, and tier one the rest. The classification can be changed depending on development intentions and the scale of private borrowing.

Until the recent publication of the government's *Social Housing Strategy*, regulation of approved housing bodies in Ireland has been limited to compliance with a limited voluntary code of practice issued by the Department of Environment, Community and Local Government in 2013. Here, for the first time, there was a tentative commitment to develop mandatory financial regulation which, with the publication of *Social Housing Strategy 2020 – Support, Supply and Reform* – will finally reach the statute books in 2016 and become a reality.

Bridging the gap: Ireland's housing sector will be fully regulated by 2018

Financial regulation

So for the first time, the sector will be progressively subjected to statutory financial regulation, which will see the whole sector regulated by 2018. The process will start with organisations in tier three, which are already engaged in a pilot. A team from Campbell Tickell led this work, and the recommendations from our report and subsequent assessment framework was adopted in full by the new regulator, the Housing Agency Regulation Office.

At a time when, this side of the Irish Sea, regulation is becoming less intrusive for most, it is interesting to examine the motivation of the Irish government for introducing statutory regulation of the housing sector (which in many ways is the opposite to the general modus operandi of the Irish government towards regulating public bodies).

While approved housing bodies are seen as future contributors to the supply of social housing, support is heavily caveated on the sector's ability to lever private sector finance, to balance the contribution made by the state through the Housing Finance Agency (essentially a government-funded bank to which approved housing bodies can apply for support). Regulation is seen as one of the essential ingredients to encourage investors into the sector on anything other than a project-by-project basis. Although even with regulation, the relatively small size of the sector (27,000 homes) and the IMF's less than positive view of Ireland's economy makes for a sizeable challenge.

Leadership

For many years the sector has received preferential terms (100 per cent funding for new development, although now reduced to 30 per cent, being perhaps the most obvious) and is regarded by some to be unaccountable in its actions. Regulation is an attempt to better understand what is happening and to gradually professionalise the leadership. We expect that the next stage of the regulatory journey will be to focus on governance, without which, as we argued in our report, the benefit of financial regulation will not be maximised and fully captured.

Next, the sector has seen an increasing number of approved housing bodies in difficulty and in the absence of regulation, the solution to problems (many of which will be familiar to UK housing associations) has not been obvious. Most approved housing bodies are very small, do not have obvious leadership, yet, have been the recipients of development grant and with that provided homes for social housing tenants without regard to the long-term responsibility and liability that this brings.

> **"Regulation is seen as one of the essential ingredients to encourage investors into the sector on anything other than a project-by-project basis."**

Until the financial standards were published, principles such as: asset management strategy; five and 30-year business planning; sinking funds; stress testing; and sensitivity analysis would not have entered the lexicon of corporate language for any but the larger approved housing bodies and even then the application would be modest.

So, regulation in Ireland is on its way and with it an opportunity for the housing sector to cement its place at the heart of future housing policy. That said, some remain to be convinced that the sector can really step up, and its reaction will be pivotal if its future is to remain assured.

To discuss the issues raised in this article, email david.williams@campbelltickell.com

Mark Jones business lead – commercial, Circle

Learning to be a leader

"I was last in the running order and finally it was my turn. Everywhere I looked were the familiar faces of my cohort and the less familiar faces of their mentors. The audience was a broad cross-section of the public sector and, although I had become familiar with most, and good friends with many, I still desperately wanted to deliver. I wanted to prove I hadn't squandered the opportunity to learn from London's current and future leaders.

The ninth cohort of the Future London Leaders programme, run by Future of London, was sadly coming to its conclusion after six months. We were expected to showcase everything we had learned in a five-minute presentation. I approached the lectern with a slight wobble in my knees, but FLL had instilled in me everything I needed to deliver with resounding confidence.

FLL identifies and nurtures the career development of London's most promising practitioners in regeneration, housing, transport and economic development. The programme centres on a core of leadership skills modules bonded seamlessly with visits, policy discussions and networking events chosen to reflect current affairs. All this is reinforced by a dedicated senior mentor, to ensure an ongoing focus on individual development.

Bespoke programme

It all began with a welcome letter, a questionnaire to shape the course and match mentors, and an online psychometric assessment. The induction quickly followed, and before entering the first of many thought-provoking venues, I caught a glimpse of the crowd loudly conversing. Dread hit me, along with memories of previous exasperating networking events and conferences.

My anxieties soon dissolved as I was warmly welcomed and paired with my mentor, an executive director with a royal London borough. It was at this point, as I scanned the room and the diversity and seniority of the attendance list (while being nudged towards the ever-present drinks and snacks) that I realised the extent of the opportunity I had been given.

Future of London creates a different programme for each FLL cohort, bespoke to the individuals in it and the knowledge and background each person brings. Even the leadership modules are approached from a very personal level, using psychometric profiling to help us understand leadership from the perspective of others with different thought processes and motivations.

This is one of the things that makes FLL unique and challenging. It also provides a safe environment to debate sensitive issues, and learn from other aspiring leaders as well as those who have delivered projects that make London what it is today.

If you have aspirations to develop your career and you're willing to scratch below the surface of your own and others' motivations to understand and lead more effectively, this programme is a significant step in becoming a future London leader.

So what happened that final day? I picked a topic I enjoyed (what London could learn from Seville), gave it my all and to my amazement, won the vote for favourite presentation from my peers. A good day.

For more information on the Future London Leaders programme, visit www.futureoflondon.org.uk

Jon Slade senior consultant, Campbell Tickell

Delivering on value for money

"The profile of value for money and efficiency will increase over the next five years. The proposed changes to extend right to buy to 1.3 million more housing association tenants in England are indicative of the government's interest in the assets held by registered providers. VFM will continue to be another avenue by which ministerial pressure for simple cost reduction is parlayed by providers for a richer picture of cost reduction, improved efficiency and effectiveness, and greater social value.

It will be of increasing importance that organisations' VFM narratives address the big questions about independence/merger/acquisition, service models and geography, as well as the more granular questions about operational efficiency. The unwritten view at policy level will be that large/remote/cheap is best.

The best VFM narrative will make a strong case for how their organisation combines its purpose, geography and service model to add value over and above what another provider could deliver.

Your big picture must fit with your operational VFM work so that, together, it is clear that a golden threat of VFM activity runs from the boardroom to the front line.

We should expect to see more downgrades for organisations that fail to sufficiently acknowledge the regulator's agenda.

To discuss how we can help, email jon.slade@campbelltickell.com

Campbell Tickell's recent good practice guide for Placeshapers on value for money is at: www.campbelltickell.com/news/publicationsnews/1166-placeshapers-lead-the-way-on-value-for-money-with-new-guide