CAMPBELL TICKELL

BRIEF

NUMBER 11 - DECEMBER 2013

Welcome to the latest issue of CT Brief. Aimed at organisations with which we work, the purpose of the bulletin is to keep you informed of work we're doing, trends we see emerging and elements of best practice that come our way.

In this issue: focus on transforming housing providers

Changing Social Housing

By Brendan Sarsfield

This December, I will have worked in social housing for 30 years. My entry into the arena coincided with the start of the decline in investment in social housing. It has not stopped since.

This has made me reflect upon how social housing is valued by the Country, the public and residents.

At Family Mosaic, we have also used the opportunity created by recent cuts to reflect on our purpose. What are we trying to achieve?

Is there evidence that Social Housing is in decline or even dying? Here are ten signs that it is failing:

1. The funding has been falling for 30 years and if you look at forward predictions on public expenditure the money is not going to come back.
2. It is behind Health, Transport, Education and many other social policy areas in the pecking order.
3. Other social policy sectors don't value it.
4. Our own Government department, CLG, don't value it. Their own economic model only values the construction process and not the end product.
5. The Government is giving it away through the Right to Buy.
6. Local Authorities have given up on Section 106 housing gains. In London housing gains come after Crossrail and CIL payments.

The Bottle Store. Family Mosaic Shared ownership appartments in Lambeth, London.

7. The public see it as residual housing which they don't want built in their area.
8. The safety net provided by social housing has become a trap for many.
9. It is let as if we can meet housing demand. Lifetime tenancies make it an inefficient way to meet housing need.
10. It is meant to compensate for the failure of the market but it has no connection with that market. In some areas, it is the same as market rented homes. In others, there is a huge gap between the two.

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International Focus: Covering South Africa and Nepal - see pages 6 & 7

Changing Social Housing

By Brendan Sarsfield

Continued from page 1

This is quite painful for me to write. I see the overall value of the homes we build to communities, individuals and the State but no one outside the sector is listening. There are no votes in social housing.

But let's look at this a different way. What would have to change to make social housing a national treasure?

I don't think the answer is in the bricks and mortar (except for breaking up large estates), it is in how we use the assets and provide services.

- We need services that show they link with other sectors and save them money.
- The security provided needs to be a springboard to aspiration and independence.
- Homes that are a safety net for those who can't help themselves.
- Homes that are accessible to the next generation and not reserved primarily by an aging population.

At Family Mosaic, we have turned this into our manifesto. It now means we have two streams of housing working towards our corporate targets.

The targets are:

- 1,000 jobs for residents and service users in 3 years.
- Saving the NHS £3m pa.
- Helping 500 residents buy their existing or another home so that we can let or reinvest for the next generation.

The housing streams are:

1. For those of Working Age with the potential to work:
   - Low Rents
   - Fixed Term tenancies
   - Employment Support
   - Help to move on or buy a home
2. For those older or vulnerable:
   - Lifetime tenancies
   - Support Services to help independence & health
   - Higher rents (but below Affordable Rent levels)

Both of these streams have been in place for a year now and are producing some exciting results. See Research Documents at Familymosaic.co.uk. They have also opened dialogues that we have never had with health and work professionals. They are beginning to value partnerships with us and recognise how we can help them in the future. Also, our staff now understand how their work fits into a wider picture. It is too early to judge whether this is the long-term future but it feels right at the moment.

I expect some readers may disagree with our models and my analysis of the solutions. Sadly, I think it is harder to disagree with my analysis of the service not being valued outside of the sector.

What can you do to turn this around?

Brendan Sarsfield is Chief Executive of Family Mosaic and Chair of the G15 group of housing associations.
www.familymosaic.co.uk

CT Online

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If you haven't already, why not also join our LinkedIn Group for all of the above, topical discussions and industry news?

Visit: **http://tinyurl.com/ct-linkedingroup**

Diversifying to thrive?

By Greg Campbell

It's hard to disagree with the thrust of Brendan Sarsfield's article (pages 1-2). One may interpret some of his '10 signs' slightly differently, but in broad terms they are demonstrably true or at least fair comment.

So what's the way forward for non-profit housing providers? A debate is in progress.

Some argue that economic and funding pressures mean a need to retrench - back to basics as housing providers pure and simple, focusing on core operations. The argument is that resources need to be conserved for an uncertain future and now is not the time for activities that don't guarantee economic sustainability. In some cases programmes to help residents access employment and training have been cut back, even though those should help them improve their ability to pay rent.

There is a different view, which embraces diversification. For some the main driver is financial: if you're seeking growth and traditional routes (e.g. development grant, or S.106) are significantly reduced in value, then seek new options (e.g. merger/acquisition, or private rented sector), or move into areas you would otherwise buy in (e.g. new build development or maintenance contracting). A number of organisations now sell services to other providers or are exploring shared services with other housing providers, councils or health bodies.

New Charter Housing Trust has invested more than £2m to enhance opportunities for Academy students.

103.6FM tamesideRADIO

In September 2011 New Charter Housing Trust partnered with Tameside Radio.

The partnership was said to secure the future of the local community radio station which has found the current financial climate challenging.

Tameside Radio was established in 2007, broadcasting on 103.6FM with an emphasis on serving, informing and entertaining the borough's community with newly established programmes such as the 'New Charter Debt Advice Line'.

For others, the argument is that housing providers should no longer be about housing alone, but a broader role. Providing homes is not an end in itself, but a central element of being a community hub, a neighbourhood catalyst, a key provider of services in partnership with others. Arguably the need for this has grown as local authority funding cuts have closed many non-statutory services.

This has a business rationale, beyond altruism alone. Key factors could be potential to improve tenancy sustainability; ability to hedge legislative or funding changes; ability to create self-sustaining business streams.

This is about growing a new kind of organisation, beyond the old model of simple housing provider. It's about recasting as social businesses with housing at the heart, to deliver social value in partnership with statutory, voluntary and commercial sectors. Alongside housing offering a range of options to customers, these recast social businesses may provide social care, health, education, employment and training, advice and guidance services or more. But all should be capable of demonstrating they are at the heart of the local communities they serve.

Greg Campbell is Director of Campbell Tickell.

Turn and face the strange changes

By Nick Horne

For the bold, times of change, challenge and higher risk are times of opportunity. Chairs, Chief Executives, Boards and Executive Teams prepared to question the 'why, what, where and how' of their business models can realise major benefits for residents, partners, staff and organisational robustness.

Knightstone - a medium-sized 12,000 home south west housing association with a 35 year legacy - is a good example of what is possible. In 2010 we asked two big questions. One - if we were starting again and designing the best possible housing business what would it look like? Two - if we were transforming into that best possible housing business how would we do it?

Six regional offices have been closed and replaced by one purpose built open plan new office in Weston Gateway Business Park, Weston-Super-Mare.

Our answer was Take on the Future - a bold and radical three-way programme of change to what we do, where we do it and how we do it.

Refocus our heartland - Goodbye diffused working over 37 local authority areas. Hello efficient, higher density and more engaged working across a heartland of nine LA's in the West of England and Somerset. This was achieved with an audacious two year programme of 16 home swap, sales, purchase and management agreements with like-minded change friendly organisations - Sovereign, Spectrum, Bournemouth Churches and Home. Some 2,600 homes were transferred from our non-heartland area and 2,200 into our heartland. Developing 1,500 new heartland homes in 2011-2016 further improves operational focus, financial efficiency, staff productivity and the quality and depth of engagement with residents and partners.

Reshape our services - efficiency savings have been reinvested in new resident services including our Individual and Community Empowerment Service. With an ethos of 'hand up not hand out' our investment improves improves supports communities and empowers and engages residents. A we-come-to-you service delivery model underpinned by a central customer contact team with a one-stop culture further yields resident service and satisfaction improvements.

Refresh our ways of working - six regional offices have been closed and replaced by one purpose built open plan new office; - the base camp for c300 staff with a one team culture. Investing in smart mobile & office technology, document management systems and field based neighbourhood teams in our communities provides the practical infrastructure supporting a mantra of great service from any location.

Shared vision, robust governance, clear leadership, rigorous risk and project management, constant communication and exceptional staff commitment have made Take on the Future a success. Knightstone is financially stronger, operationally more focused, more competitive and inherently less risky than before. Critically, residents, other customers and partners get a better service and staff a great working experience living our values of integrity, professionalism, empathy and commitment.

The Knightstone experience is not to suggest that radical change on this scale is right for everyone. But it does show what is possible through asking big questions and not accepting that yesterday's legacy must be tomorrow's destiny. Choose to 'turn and face the strange changes' with passion, leadership, commitment, skill, nerve and good fortune and your organisation can re-imagine a better future, get rid of those aspects of your historic legacy that hold you back and emerge with a sharper focus on what is really important to your business and customers.

Nick Horne is Chief Executive of Knightstone Housing Association - www.knightstone.co.uk

Scrutiny - "I'd rather stick pins in my eyes"

By Irene Bannon

For some housing providers, resident-led scrutiny has been seen as the best thing since Nelson Mandela's walk to freedom, or the proverbial sliced bread. For others it has been seen as a dangerous waste of time. If the latter is the case for your organisation, read on.

What benefits can you expect from resident-led scrutiny? - There are many benefits to be gained from resident-led scrutiny. Some are measurable, such as improved resident satisfaction, a reduction in costs and complaints, and better service delivery. Other benefits are just as important but harder to measure. For example, resident-led scrutiny can improve working relationships between staff and residents, and enable more people to be actively engaged in positive participation, as opposed to seeing the same old faces dealing with the same old issues.

What does best practice look like? - It is fascinating to witness the different ways scrutiny is being undertaken across the country. There is no 'one size fits all' approach. For some, 'small and simple' can bring very effective results. One housing provider asks residents to take photos of their communal gardens, to show where grounds maintenance is effective and where contractors are underperforming. At the other end of the scale, some landlords are undertaking 'deep' service reviews. Based on the principles of the now defunct Audit Commission, these reviews take several months to complete and result in comprehensive reports containing wide-ranging recommendations.

How does your organisation measure up? - Whichever methods have been chosen, it is clear that some housing providers are achieving better results than others. Use this check list to see how you measure up.

Your scrutiny MOT

1. **Do you have an open process that enables residents to take part in scrutiny?**

   Best practice
   - Advertise opportunities for residents to join the scrutiny team on an annual basis;
   - Offer a variety of ways to participate depending on residents' interests, skills and availability.

2. **Are residents offered on-going support and training to develop and improve their scrutiny skills?**

   Best practice
   - Undertake annual skill audit leading to training;
   - Provide opportunities for residents to attend conferences and best practice visits.

3. **Is it clear how subjects are chosen for scrutiny?**

   Best practice
   - The choice should be evidence-based, taking into account KPI's, survey results and the views of representative residents.

4. **Do you offer your residents independent advice and assistance to support them through the scrutiny process?**

   Best practice
   - Assist them to develop a coherent scrutiny work programme;
   - Provide support to identify the most cost-effective way to undertake each scrutiny review;
   - Offer an outside perspective to help keep scrutiny on track and not allow it to get bogged down in parochial matters.

5. **Do your residents have the facilities to carry out independent research?**

   Best practice
   - Enable resident scrutinisers to commission surveys, mystery shopping, focus groups, and local consultation meetings;
   - Support them to make the best use of these facilities.

6. **Are your residents delivering scrutiny reports that are evidence-based and clear?**

   Best practice
   - Recommendations are deliverable, and have clear, measurable targets;
   - Residents have set out the criteria against which success will be measured.

7. **Does your organisation demonstrate a real commitment to making resident-led scrutiny a success?**

   Best practice
   - Boards receive scrutiny reports and support the implementation of recommendations;
   - The necessary resources are available to support the scrutiny programme;
   - Staff implement the recommendations and regularly report back to residents on their progress.

8. **Do your scrutinisers hold themselves accountable to residents?**

   Best practice
   - An annual communication plan feeds back the results of their work, using a variety of media

If you would like to explore how your scrutiny work can be given a boost please contact Irene Bannon at irene.bannon@campbelltickell.com.

Irene Bannon is an Associate Consultant of Campbell Tickell

The Private Rented Sector: South African style

By Taffy Adler

The Private Rented Sector in the United Kingdom has recently featured as a growing part of the housing sector (See Debra Yudolf's article CT Brief 7 and the CT Workshop on Challenges in the Private Rental Sector held in September 2013). According to Yudolf, at 3.4 million households, it is now larger than the social housing sector. The reasons for its growth lie in the increasing demand for shelter from younger and older people who are poor, the high cost of houses and the difficulty of obtaining mortgages from financial institutions.

The release of the most recent South African Census figures based on the 2011 census have revealed a similar trend, a growth in the private rental sector, but in a form probably unrecognisable to most British housing practitioners. The largest private rental sector in South Africa is in the informal shack settlements.

Before exploring this a little further, two important and often overlooked facts of the South African housing sector should be stated. Over 75% of South African households OWN their own homes – these are both in urban and traditional tribal areas. A major reason for this lies in the massive government investment in housing resulting in an additional 3.2 million subsidised homes built since 1994. And, while squatter camps are a feature of every South African town, it must be borne in mind that only 8% of South African households live in squatter settlements.

Rental has indeed grown massively in the 10 years between the last two Census years. Across the country as a whole between 2001 to 2011 the percentage of South African households that rent has increased from 19% to 25%. In urban areas it increased from 26% in 2001 to 32% in 2011. The majority of that growth has been either in the informal settlements of the country or in shacks that owners have put up in their own backyards. Income from rental has emerged as a major source of income for many households in the informal economy.

Two major demographic changes have been the drivers of the growth in the rental sector. Firstly migration is a key feature. According to Census 2011, 19% of the population moved between 2001 and 2011, some 9.8 million people primarily in search of a better economic future. A second factor has been the increase in the proportion of households that comprise one person. This increased from 19% to 27% of households between 2001 and 2011. The increased mobility of the post-apartheid period, the ability of single young people to move out of the family home, the growth in GDP per capita by 27% since 1994 have all been factors driving the trend in declining household sizes. These demographic drivers have accompanied the affordability features that British readers will recognise, massive increases in house prices and difficulty in obtaining mortgage loans.

It has often been said that rental should be approximately 30% of any country's housing stock. It's of interest that this seems to be the case in an emerging economy where the informal sector plays an important role in shelter provision.

The largest private rental sector in South Africa is in the informal shack settlements.

Sources for this article have been : Census 2011; Statistics South Africa: Achieving a better life for all and studies done by the Housing Development Agency: see

www.thehda.co.za/uploads/images/Informal_Settlement_workshop_HDA_28_August_2013.pdf

Taffy Adler is Chief Executive of South Africa's Housing Development Agency.
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A future for rental housing in Nepal

HomelessInternational

Working with its partner in Nepal, UK charity Homeless International is helping to develop a landmark rental housing scheme to bring affordable housing to poor communities.

With rapid rates of urbanisation around the world, cities in many developing countries are not ready for this growth and lack the housing options needed to provide safe and affordable places to live. Millions of people are left with no option but to live in slums, including in Nepal where around 2.8 million people – more than half of the country's urban population – live in slums and informal settlements.

Even where they do exist, rental and social housing markets in cities in developing countries are often informal and lack policies to regulate them. The number of affordable and appropriate properties available is grossly disproportionate to the need. In Nepal, it is estimated that over 40% of the population in the Kathmandu Valley are renters, often living in overcrowded conditions without adequate basic facilities and security of tenure.

Over the last few years, Homeless International has been working with LUMANTI Support Group for Shelter, a non-government organisation in Nepal, to develop the country's first formally recognised low-income rental housing programme. This innovative programme aims to provide 54 apartments for families in the district of Lalitpur in the Kathmandu Valley, with some of the apartments already finished. As work progresses, Homeless International is working closely with LUMANTI to also build the required knowledge and capacity for rental housing management.

More than half of the country's urban population – live in slums and informal settlements.

The number of affordable and appropriate properties available is grossly disproportionate to the need.

Joe de Swardt, Homeless International's Head of Enterprise Programmes and Partnerships, said: "This is a very exciting project for us not only because it will help some of the poorest low-income families gain access to affordable homes but also because it will build capacity for the expansion of the project in future years. From our experience of working in other areas of the world, we know that by creating a successful precedent, governments and local investors are quick to see the advantages of supporting the scheme."

Reflecting on the significant value of the project, LUMANTI's Programme Manager, Sama Vajra, said: "This project will demonstrate for the first time in Nepal affordable rental housing for the low income designed in participation with the renter families. I am very excited as this project will be the basis for replicating the experiences in other cities."

To find out more contact Hannah Kilby at hannah@homeless-international.org or visit www.homeless-international.org.

Pensions risks

By Mike Richardson

Pensions have never been far away from the headlines in recent times, with a near constant stream of stories around increasing deficits, lengthening life expectancies and worsening benefits. Registered Providers ('RPs') need to be aware of these issues and the potential impact on their organisation, not least because in its 'Sector Risk Profile 2013' the HCA noted that 'careful consideration' and planning are needed in relation to pension costs. The Growth Plan and SHPS's issues have been well publicised, but the two big issues of the day are auto-enrolment and the LGPS:

Auto-enrolment

Many RPs will have already gone through the processes of auto-enrolment, and others will be doing so in the coming months. Experience so far shows that the investment of time needed for a successful implementation should not be underestimated. The most successful organisations have been those who have invested the necessary time, and have brought together expertise from a variety of departments (e.g. HR, Finance, payroll etc). Clear and early planning can help reduce the likelihood of difficulties arising in the later stages.

Local Government Pension Scheme ('LGPS')

The changes to the design of the LGPS in England & Wales have been widely discussed, and will come into force on 1 April 2014, as will any changes to contribution rates following the 2013 valuation. This valuation is likely to reveal a worse funding position than the 2010 valuation, and RPs need to be prepared for increases in their contribution rates. However, RPs may be able to justify the use of different assumptions and / or deficit contribution structures in order to lessen the immediate cost impact. Time is severely limited though, so any RPs wishing to attempt this will need to act quickly.

A key risk of the LGPS is the 'cessation' valuation, typically carried out when an RP ceases to have any active members accruing benefits in the scheme. These valuations normally show a much higher deficit than seen in the regular 'triennial' valuations. The LGPS usually requires any cessation deficit to be paid off immediately. However, it is sometimes possible to negotiate an alternative approach whereby the RP essentially stays participating in the LGPS on an 'ongoing' basis, without a cessation valuation being carried out, and we have successfully negotiated this approach on behalf of some RPs.

Options for RPs

With so much change in pensions, many RPs have taken the opportunity to review their pensions strategy, with a view to reducing their risk (or, less commonly, their costs). Decisions taken following these reviews are varied, with no single obvious strategy emerging. There is certainly a general trend from Defined Benefit to Defined Contribution, but this is noticeably less pronounced than it has tended to be in the wider private sector, and there is a large variety of pension scheme designs being offered by RPs.

Whilst there are inherent costs and risks associated with pension provision, there are ways in which RPs can manage and control these, for example by reviewing their overall pension strategy or negotiating with the LGPS to ensure that they are not treated unfavourably. One RP we advise has even gone so far as to transfer its share of the liabilities out of SHPS and into its own scheme, where it can better manage its own pensions risks.

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