

# ctBRIEF

April 2015  
No. 18



**David Montague** *chief executive, L&Q*  
A fork in the road



**“L**ast year L&Q found itself at a fork in the road. In one direction, it appeared, was a more commercial future with profit taking precedence over customer satisfaction and development over service. In the other direction, lay a return to our roots, placing our charitable purpose at the heart of everything we do, investing in nothing else and taking no risk.

Having spent many long hours running the numbers we were confident that L&Q could do more – but we didn’t want to choose one road in favour of another; we wanted the best of both. So we created a new road; a new business plan.

L&Q is and will always be a charitable housing association. Whatever we do, from sales and community investment to construction and development, it supports our charitable purpose. We are proud to be a housing association and proud to be part of this sector, a sector which makes our communities better places to live.

**“We didn’t want to choose one road in favour of another. So we created a new road; a new business plan.”**

David Montague,  
L&Q

Our purpose, our mission, is to create places where people want to live. Our vision and our ultimate destination, is to ensure everyone has a safe, warm, good-quality and affordable home.

### Development plans

Over the next 10 years we will invest £12 billion into 50,000 new homes. Half of these homes will be for rent and half for sale; half at full market price and half at prices affordable to people on lower incomes. We will do all this without grant funding but if grant returns on the right terms we will do more.

We will be improving our service to all our customers and will embed in our culture our charitable purpose. My generation at L&Q holds the torch and we will ensure that our successors, and their successors, take it from us.

We have five people values: trust, responsibility, diversity, learning and passion. We also have five corporate values: charitable, profit for purpose,

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L&Q's Watling Place development in South Kilburn, London

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**Greg Campbell** partner, Campbell Tickell

## Housing and the campaign trail



**“Many sector observers have been mystified at housing’s failure to feature in the top election issues for voters ahead of 7 May. This is despite the continuing slew of stats on undersupply, unaffordability, welfare pressures and more.**

A recent YouGov survey appears to offer some hope: 26 per cent of the 3,600 respondents felt housing has received too little attention in the campaign so far – a higher score than the economy, health and immigration. Unfortunately even in this poll, housing lagged behind foreign policy, education, environment and welfare.

Why is this? Access to decent affordable housing is a crucial challenge for many people. For example, young people who are unable to access social housing or unable to move out of often poor-quality private rented accommodation, families whose grown-up children cannot afford to move out, older people who are interested in comfortable downsizing or worried about the future cost of care, and, of course, homeless people.

As substantial as these groups may be and as real as the housing crisis is for many, they represent a minority, albeit a large one. Most people have reasonable and broadly affordable homes. Many politicians evidently feel they can get by paying lip service to housing issues and making vague promises they can ignore or fudge when they get into office.

The unfortunate reality is that many politicians seem to have given up the ghost when it comes to ‘the housing problem’. Trying to fix a distorted or broken market without resort to major increases in public spending or imposing draconian legislation and prescription that could bring unpredicted consequences, is in the ‘too difficult’ box.

If the situation is difficult now, it could get worse for housing providers. Potentially most damaging of all current manifesto proposals is the suggestion by the Conservatives that right to buy should be introduced for housing association tenants.

Personally, I believe this proposal is unlikely to succeed, given that associations are independent bodies and their stock is not government-owned. Plus, it would cause serious damage to their business plans and viability. It would hence be likely to unite opposition from lenders, the Treasury, and the new crop of for-profit registered housing providers, as well as associations themselves. It is, nonetheless, indicative of a mood in public policy.

There is a view that the coalition decided around two years into its term that it couldn’t really do much about housing, so was content to tinker around

the edges and implement policies that actually made provision and access harder, such as slashing development grant and introducing welfare reforms.

Are things likely to change? Maybe and hopefully. It was striking that housing featured, somewhat unscripted, as a real issue in the televised Leaders Debate on 2 April. There are also signs of shift

elsewhere: the Homes for Britain campaign has gained some traction – although its aim to “end the housing crisis within a generation” while laudable is vague – as has SHOUT. Plus, whatever you think of Russell Brand’s antics, it’s clear there is widespread disaffection out there seeking a voice on the

housing issue and not everyone is taken in by Daily Mail-style demonisation of the disadvantaged.

Will this turn into real pressure on politicians, and will that turn into the adoption of policies that make a positive difference? This remains to be seen. It is unlikely to happen quickly though, certainly not in time to influence this general election. Longer term, the housing sector has more to learn about how to channel people’s disaffection practically and how to build a broad coalition around positive, achievable and popular policies. *Join the debate, email your views to [talicza@campbelltickell.com](mailto:talicza@campbelltickell.com)*

**“Most damaging of all manifesto proposals is the suggestion right to buy should be introduced for housing association tenants.”**

## David Montague chief executive, L&Q

### A fork in the road

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customer driven, delivery focused and caring. Together, these values guide us in an uncertain world.

#### Challenges ahead

Today, as I do every month, I met L&Q’s new employees. A few have come from housing associations, a few from local authorities, some from house builders and construction companies, and some from retail. They are people from all walks of life who have chosen a career with a housing

### Development pipeline

**£12 billion**

to be invested by L&Q over 10 years

**50,000**

total number of homes to be built by L&Q over 10 years

association – the best job in the world. I suspect that things will be pretty

challenging after next month’s general election, but we face a housing crisis which is greater than the one we faced when I was born and it is our job to tackle it.

Up and down the country housing associations are doing amazing things. The housing sector’s Homes for Britain campaign has helped us to rediscover our voice and our potential. Now let’s use them to transform places and lives.

*Edited by Stuart Macdonald and Talicza Stevens.*



**David Hingley** consultant researcher, Campbell Tickell

A sinister, dystopian musing on “what if?”



**“If you’re off to the Almeida Theatre in London’s Islington to catch Game, Mike Bartlett’s new production on the housing crisis, you will probably walk down Upper Street. On the way you are more than likely to pass homeless people asking for money and at least one sleeping bag discarded in a doorway. This couldn’t be a more appropriate prelude to what you are about to witness.**

In preparation for Game, the Almeida has been transformed into a modern, stylish home. It is surrounded on four sides by the audience, who are provided with headphones and observe the young Liverpudlian couple living there, Carly and Ashley, via one-way glass.

Carly and Ashley are hopeful and cheery at the thought of living in this affordable, modern home to call their own. It becomes apparent, however, that they have entered into a pact with a ruthless businessman and in exchange for a home, they are to be subjected to the whims of paying customers, who even take pot shots at them using tranquilizer dart guns.

**Insightful commentary**

Game is a story of how painfully undesirable homelessness is. It is a story of how important housing is to grow a family and the pride parents take in being ‘providers’. It is also a story of class – the paying customers who interfere in Carly and Ashley’s lives are highly critical of the couple for being lazy, poor and uneducated, nothing more than a source of sadistic entertainment.

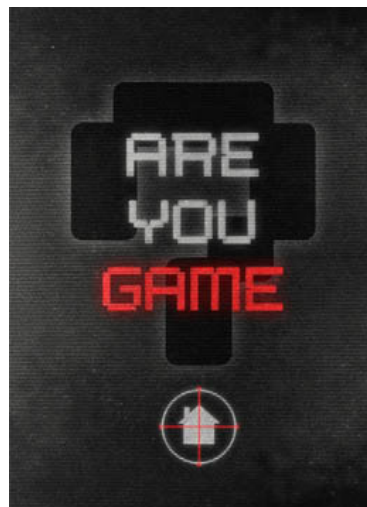
The play also hints at the potential for those providing a family with housing (in this case the company running the ‘Game’) to develop feelings of ownership over their tenants, and that the housed should be grateful for the roof over their heads, no matter what.

Sitting among the audience of mainly older people who had paid



**“The play hints at the potential for those providing housing to develop feelings of ownership over their tenants and that the housed should be grateful, no matter what.”**

David Hingley, Campbell Tickell



£30 a head to watch the play, it becomes apparent that you are being implicated in ‘the Game’. After all, paying theatregoers in Islington are unlikely to be experiencing the biting realities of the housing crisis the main characters face.

Carly and Ashley are young, struggling to find a job at minimum wage and desperately trying to carve out a space to create a better future for their child.

Comparisons can be drawn between Bartlett’s harrowing play and a number of its predecessors,

Intimate view: the audience observes a young Liverpudlian couple struggling in the face of the housing crisis in Game

including the BBC’s gritty, award-winning 1966 drama Cathy Come Home, which told the story of another young couple and their child who move into a modern home. However, when the male breadwinner is injured and loses his job, they are evicted by bailiffs, face a life of poverty and unemployment and end up living in squats and homeless shelters.

Team this reference with the proletarian underclass in George Orwell’s dystopian novel 1984 and the brutal hunting of poor people for sport in blockbuster movie franchise The Hunger Games and you get a good idea of what Bartlett is serving up in Game.

The play is an interesting contribution to the housing debate and an insightful commentary on the potential of our consumerist, reality TV-obsessed society to lose sight of morality.

*This article was written with support from Talicza Stevens, marketing and communications co-ordinator at Campbell Tickell.*



**Neil Euesden** managing director, Pinnacle PSG

## Public private partnerships hold the key



“The general election is fast approaching and regardless of the outcome, the austerity programme for public services will continue. This, coupled with increasing demand for homes, emphasises the need to reform housing services and supply.

It is the general view that the ‘salami slicing’ of the past few years has all been done. Local authorities in particular have embraced wider reform and innovation to absorb additional savings, but they will be required to do more.

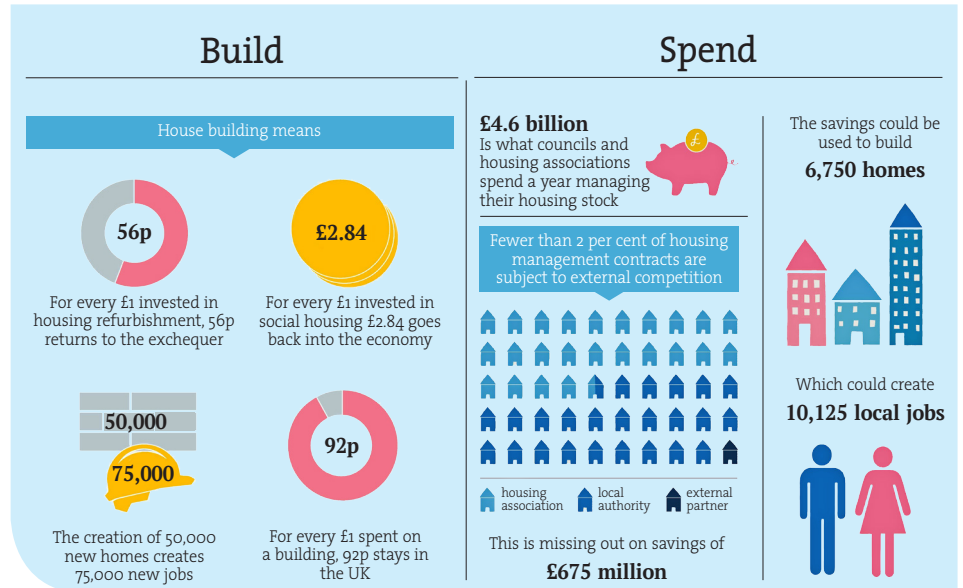
The excellent work by some local authorities in building new public private partnerships to deliver services needs to be expanded. Lessons learned from their experiences can help to speed up the process, particularly around risk and reward and business structures. However, past policy decisions and government funding cuts have removed the very skills and understanding of risk which councils need to make quick strategic decisions – this is where the private sector can assist.

### Expanding role

Local authorities have a huge role to play as the facilitator and commissioner of new homes. Since the housing revenue account self-financing reforms, some authorities have created a mixed offering of new internal teams, consultants, joint ventures with private businesses and formed housing companies to build new homes. This trend is accelerating, but not fast enough to make the difference required.

Housing associations, with the advantage of grant funding, have in the past demonstrated their ability to recruit the skills and partnerships necessary to build homes at scale but never to the level required. The challenge for them is to at least achieve as much scale with little or no grant. Building homes for sale without any social or shared ownership puts them into competition with the volume house builders and perhaps questions their role going forward. There is also a potential three-year drag for ‘profits’ to be reinvested in social housing – what fills the gap?

Creating volume will require an improved level of strategic thinking, better commissioning and management. Expanding the use of and creating longer and better public private partnerships between local authorities (and arm’s-length



management organisations), public sector landowners, housing associations and the private sector is a way of improving and speeding-up the process. This will bring together the necessary ingredients: investment, skills, land, political will and focus on outcome.

There is a clear need to accelerate the provision of top-quality affordable housing across all tenures. The links between good housing conditions and improved health, education, employment, life chances and social mobility are well established. In turn, this creates safe, sustainable communities and places where people want to live (see graphic: Build).

There are great challenges. Legislation, austerity, housing need and borrowing caps have all contributed to cause uncertainty over long-term business plans and investment. These challenges have created a burning platform of opportunity for local authorities and their partners.

The strategic importance of making the best use of available funds in HRAs cannot be overestimated. The focus needs to be centred on performance and cost of service. Benchmarking as a way of comparing performance and value for money clearly has very mixed results. It is at best a ‘passive appeaser’ and at worst supports complacency.

“Local authorities have a huge role to play as the facilitator and commissioner of new homes.”

The recent Elphicke-House report ‘From statutory provider to housing delivery enabler’ has a clear recommendation: “Councils periodically test value for money from their contracts, so savings and service quality benefits might be generated by operating different procurement models.”

### Cost versus performance

As an illustration it is the case that housing management costs (without repairs and maintenance) can vary between £300 and £1,500 per home and in some cases even more. The top-performing housing associations, for example, suggest a figure of between £500 and £600 per home. Performance is as varied with no real correlation between performance and cost. The key is the quality and culture of the management. The variation of costs between competitively commissioned housing management contracts and traditional in-house teams can result in at least £2 million per annum savings with improved performance (see graphic: Spend).

With the skills of both the public and private sectors we can create a real step-change in public service and housing provision and create 21st century business models which deliver for local authorities, citizens and residents.

Join the debate, email your views to [talicza@campbelltickell.com](mailto:talicza@campbelltickell.com)



**Kyle Holling** co-head of health and social care team, Trowers & Hamlins



## Take care under new regulations

**“The new Care Quality Commission regulatory regime is now in force. The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 impose 14 fundamental standards, including the duty of candour and the fit and proper persons test. CQC only published its guidance on these for non-NHS providers on 27 March.**

The fit and proper persons test for directors (or equivalent) of CQC-regulated bodies is introduced as a response to the failings at Mid Staffordshire Hospital and Winterbourne View. Directors are the group of people constituted (formally or informally) as the decision-making body of an organisation, including trustees of charitable bodies.

There are a series of character and fitness requirements set out in the regulations, which include not having contributed to serious misconduct or mismanagement in the course of carrying on a CQC-regulated activity. Automatic bars to holding a

**“CQC will not undertake any checks – compliance is for the provider to manage.”**

Kyle Holling,  
Trowers &  
Hamlins

directorship include undischarged bankruptcy, while others, such as criminal convictions, must be considered when undertaking a character assessment.

CQC will not undertake any checks – compliance is for the provider to manage. Non-compliance is not an offence, but could result in the imposition of a condition of registration requiring removal of the relevant individual – not complying with that would allow CQC to exercise enforcement powers.

There are several practical steps which providers could take to assist in monitoring compliance with the test, such as asking board members to complete bespoke fit and proper person questionnaires.

The duty of candour requires providers to act openly and transparently by making a notification in respect of “notifiable safety incidents”. Notifications must include an apology. In apologising, providers will wish to avoid admissions which may influence questions of liability in any claims. It

will be important to ensure staff are trained to report possible incidents triggering the duty and not to take further steps without guidance. Policy reviews on reporting requirements may be needed, both to ensure compliance and to satisfy CQC that the duty has been incorporated into operational procedures.

Some of the fundamental standards have offences attached. CQC may prosecute where breaches cause avoidable harm or the risk of such harm. Previously, CQC had to give prior notice of breaches before initiating a prosecution – this notice requirement no longer exists in all cases, which increases the risk to providers.

Providers have rights to appeal to an independent tribunal against civil enforcement action, however, there is no such right in relation to criminal sanctions. There is also no formal right of appeal for those dissatisfied with an inspection rating given under CQC’s relatively new inspection and ratings system. Judicial review might be possible in these cases.



## CAPTION COMPETITION (or ‘rugby corner’)

Irish rugby fan and Campbell Tickell finance expert Conor O’Shaughnessy collects his prize for services rendered: a wooden spoon that he was able to present to a local on the occasion of Ireland’s victory at Murrayfield.

Email your best captions to [stephanie@campbelltickell.com](mailto:stephanie@campbelltickell.com) or tweet them to @campbelltickell before 22 May 2015 for the chance to win a mystery prize!



## LAST ISSUE’S WINNER

We have a joint winners for February’s caption competition, featuring Campbell Tickell’s Sue Harvey at Harlequins rugby ground. David Standfast, chief executive of Saxon Weald, quipped: “The Mighty Quin’s missed the bus. Looks like you have too Sue!”. While Paul Doe, chief executive of Shepherds Bush Housing Group, wrote: “Sue lends much-needed support to Quin’s men buried in concrete... and playing like it at the moment.” The lucky winners will each receive a Harlequins flag for their efforts!

# The strategic choice for mergers and partnerships

Campbell Tickell is proud to have worked with the following organisations to make sure their mergers and partnerships have been a success.

thirteen

Fabrick Housing Group and Vela Group created Thirteen Group

**isos**

Cestria Community Housing created a partnership with Isos Housing Group

**wm housing group**

Family Housing Association (Birmingham) joined WM Housing Group

**emh group**

Three Valleys Housing joined East Midlands Housing Group

**accord group**

Heantun Housing Association joined Accord Group



Newport Housing Trust joined Seren Housing Group

**Sanctuary Group**

Cosmopolitan Housing Group and Carr Gomm Society joined Sanctuary Housing Group

**Fortis**  
LIVING

Festival Housing Group and Worcester Community Housing created Fortis Living

**Symphony**  
HOUSING GROUP  
*together we're better*

Vicinity Housing Group and Contour Housing Group created Symphony Housing Group

**ct** CAMPBELL TICKELL  
CONSULTING

At the heart of housing and care

These represent a proportion of the successful merger and partnership assignments we have worked on in the last few years. To discuss how we can help, contact [david.williams@campbelltickell.com](mailto:david.williams@campbelltickell.com), [james.tickell@campbelltickell.com](mailto:james.tickell@campbelltickell.com), [sue.harvey@campbelltickell.com](mailto:sue.harvey@campbelltickell.com) or [greg.campbell@campbelltickell.com](mailto:greg.campbell@campbelltickell.com).



**James Tickell** partner, Campbell Tickell  
**Revolution or evolution?**



**“Is the Homes and Communities Agency’s new regulatory framework revolution or evolution? The answer to this question goes back to the infamous episode with Cosmopolitan Housing in 2012 – the fires that forged the new regulatory approach.**

The then new regulator found itself unexpectedly staring down the abyss of potential loss on default – and this in relation to a smallish regional operator with a previously unblemished regulatory record. The situation was resolved, but it was a close call and the HCA’s new framework is dedicated to avoiding a repetition of those nerve-racking events.

**Changing emphasis**

The first change of emphasis is around the role of the board – now defined as being the first line of regulation and thus directly accountable for any failings. Each year, the board of a housing association must sign a statement of compliance, not only with the regulatory standards, but also with any other regulations, statutory requirements and legislation that may apply. Just how far does a board need to go to confidently sign that annual certification?

The first change is around business assurance. Boards need to have systems of control and audit that give robust assurance around such varied issues as financial management, accounting compliance, gas servicing, data protection, rent setting and charitable powers. And when failures do occur, associations may face the prospect of a regulatory downgrade, typically on governance. The thinking here is that by definition, any failure of control is also a failure of governance. That may be unfair in some situations but it’s hard to disagree with the principle.

**Financial matters**

Moving on to financial matters, between the HCA’s new standards and the related advisory code, there are two significant new tasks that boards must undertake. Perhaps most importantly, boards must carry out stress-testing on their business plans (see page 8: ‘How to prepare for the perfect storm’). This means answering the

question: “What would it take to break our business plan?” And then: “If the worst did come close, how could we head off catastrophe with planned measures in mitigation?”

The regulator’s assumption here is that – like Cosmopolitan – every association in the land could breach its covenants, run out of cash and find itself facing insolvency, probably at short notice. The job of the board is to determine quite how likely that is, for instance, if there were another global financial crash as happened in 2008.

It is hard to argue with the principle that it is wise to undertake such an exercise, and to pay careful attention to the results.

Indeed, it could be a salutary experience for a board to destruction-test the business plan so carefully crafted by the executive team. There could be scope for some real challenge in those discussions, not to mention some learning on both sides about the real meaning of risk maps.

**“The new framework may look pretty similar to the old one, but the new approach will focus on some things that really do matter.”**

**Register requirements**

Moving on, we turn to the HCA’s requirement for each housing association to have a “register of assets and liabilities”. The guiding principle here is that if everything does one day go pear-shaped, at least there will be accurate information about the positives and negatives in the business, making it easier and faster for another organisation to come in and conduct a rescue operation.

As with all compliance matters, much of this revolves around rock-solid data integrity, the backbone of a well-run organisation. If you’re not sure quite how many properties you own, which lender they’re charged to and whether the gas servicing has been done, then that’s a substantial risk in itself.

So all in all, the new framework may look pretty similar to the old one, but the new regulatory approach will be different and more focused on some things that really do matter. It will also put more onus on boards to regulate themselves and spend significant time and resources in doing so. When the regulator comes to call, it will ask some searching questions and require concrete evidence to back up the answers.

*To discuss how we can help, email [jamestickell@campbelltickell.com](mailto:jamestickell@campbelltickell.com)*

THE DIARY

**UK Housing Awards**

21 April  
 Lancaster London Hotel, London

Campbell Tickell is sponsoring the Outstanding Campaign of the Year category at Inside Housing’s UK Housing Awards, which will be presented by comedian and broadcaster Sandi Toksvig.  
[www.insidehousing.co.uk/events](http://www.insidehousing.co.uk/events)

**Stress-testing Asset and Liability Registers Roadshows**

13 May 2015, The Studio, Manchester  
 14 May 2015, The Royal Hotel, York  
 18 May 2015, America Square Conference Centre, London

Campbell Tickell partner David Williams (13 and 14 May) and director Sue Harvey (18 May) will be speaking at these National Housing Federation roadshows.  
[www.housing.org.uk/events](http://www.housing.org.uk/events)

**Social Housing Finance Conference**

21 May 2015  
 200 Aldersgate, London

Campbell Tickell partner James Tickell and associate Peter Cleland will be hosting the talk ‘Responding To Risk’.  
[www.socialhousing.co.uk/events](http://www.socialhousing.co.uk/events)

**Housing Association Mergers, Group Structures and Alliances: Key to Unlocking the Sector’s Potential?**

28 May 2015  
 Ulster University, Northern Ireland

Partner Greg Campbell will be speaking at this half-day conference which will provide a forum for debate among all the key stakeholders interested in the trend of changing organisational structures and relationships in Northern Ireland.  
[www.campbelltickell.com/events](http://www.campbelltickell.com/events)



**Sue Harvey** director, Campbell Tickell

## How to prepare for the perfect storm



**“The new regulatory framework expects boards to lead on stress-testing. But what does this entail and how can you maximise the value to your organisation?”**

The Homes and Communities Agency’s new regulatory framework that comes into force in April 2015 places considerable emphasis on boards driving risk management and introduces a new requirement to stress-test the business plan.

So why stress-test and why now? Housing associations’ evolving external environment provides the answers to both these questions. We are halfway through a decade of recovery from the worst financial crisis since the 1930s. Fiscal austerity has shrunk grant rates and left associations searching for subsidy from diversified activities. Interest rates are at historic lows and housing markets for the most part are benign. So far, so much correlated risk. Which could easily presage increased financial distress for the sector at the next housing market downturn. Hence the requirement to think through how organisations could cope with several shocks at once.

At first glance this is heaven-sent for those of us who love 30-year financial models and scenario planning. There are hours of endless fun to be had tweaking assumptions and drawing charts, surely? Well the more work I do with boards on this the more convinced I am that the real value for any organisation will be added after the nerds are done.

### Stress-testing explained

But first let’s ask what is stress-testing and for this I can do no better than quote the Bank of England: “[It] is not a forecast. It is not a set of events that is expected or likely to materialise. Rather it is a coherent, ‘tail-risk’ scenario that is designed specifically to assess... resilience.”

For housing associations this means exploring what could kill the organisation and how it might survive such a perfect storm. The



Housing associations must stress-test their business plans to ensure they can survive a financial crisis

### “This is heaven-sent for those of us who love 30-year financial models and scenario planning.”

Sue Harvey, Campbell Tickell

HCA’s version of the Bank of England’s wise words is “what would cause significant financial distress” and planning “mitigating strategies to deal with any exposures”.

The first stage really is nerd-heaven. Take one 30-year model and bash it about until it collapses (ie the covenants are breached). The elements of your perfect storm will vary depending on your activities and context but as a starter they could include serious adverse changes in any or all of:

- the impact of house prices and rents on income from outright sale, shared ownership, market and affordable rents and possibly even on market value subject to tenancy (MVT) valuations;
- the effect of house market conditions on speed of sales and working capital requirements;
- interest rates and stand-alone swaps;
- contract performance;
- joint venture performance;
- welfare reform;
- pensions;
- the wedge between rent inflation and wages and costs.

This stage of stress-testing can use up huge amounts of effort and time

in refining a large number of different scenarios but beware – you only need one scenario, the one that kills the business. Once you’ve tested your model to destruction and defined your perfect storm in terms of the resulting covenant breach, the hard work continues.

The first post-nerd task is to identify what actions to take should the perfect storm blow in. These will be very practical and crucially must match the scale of the crisis that would ensue. Again your actions will need to be tailored to your own perfect storm, but they might include:

- delay or stop developing;
- reduce discretionary spend;
- restructure some or all operations;
- close down loss-making activities;
- divest risky investments;
- sell assets or businesses.

Pointing to a list of vague, unquantified intentions will not suffice come HCA deep-dive day. Board members and the regulator will need reassurance that you have identified who decides which developments can be delayed or cancelled, what discretionary spend will be curtailed and which assets will be sold. What will be the net cash

**Continued on page 9**





**Matthew Fox** is a former housing association chief executive and a consultant on retirement housing for Campbell Tickell

## We must start building for our ageing population

**“We reported in our last newsletter that we have set up Campbell Tickell Retirement Solutions to help social landlords address the immense challenge represented by the ageing of their residents. With more than one-third of all housing association households already headed by people over the age of 65, this is not an issue that can be further delayed. All housing associations need to agree an older resident wellbeing strategy now and Campbell Tickell can help with that.**

This ‘challenge of a generation’ will have major implications for landlords’ development and asset management work. Traditionally development has been a fairly opportunistic affair, with associations building whatever they can attract grant funding for. The idea of having a 10 to 20-year development plan has never taken off. The vagaries of government grant funding and changing policy priorities by both local and central government have meant development activity has to a large extent followed the latest policy fashion, rather than a long-term strategic plan.

This approach to development has come to be increasingly distinct from the approach to maintenance. Associations have long known they should aim to reduce the percentage of responsive maintenance and increase the percentage

of planned maintenance. Indeed, a high percentage of planned maintenance has come to be seen as an essential element of delivering value for money (because responsive maintenance is so much more expensive than planned).

### Planned development

Campbell Tickell believes landlords now need to move to a world of planned development. With development funding increasingly in the control of individual landlords using cross-subsidy from other assets, landlords will now need to show they are building a portfolio of homes that follows a strategic logic. Not doing this will be seen as a value for money issue – it is a huge waste of resources to build homes that fail to meet the greatest long-term need.

So what do we mean by “strategic logic”? Housing associations must work out what the demand for homes will be over the next 20 years and then build to meet that demand. They will need to:

- know how many of their older residents will need to move to senior living and when, and ensure homes are available for those residents when they need to move;
- form a view about what their stock mix should be (ie the ratio of one-bedroom and two-bedroom homes to

three and four-bedroom properties), where that stock should be located and then move to deliver that.

Campbell Tickell believes all this will come to be measured and reported on to the regulator and in annual reports. Associations will need to report what percentage of their stock meets their

“Development has to a large extent followed the latest policy fashion.”

long-term development/asset management plan and what percentage does not. There is likely to be increasing pressure on landlords to dispose of stock that does not meet their long-term plan.

This all means landlords’ strategies will need to be far more in sync with local authorities’ housing strategies than has been the case to date.

Most people in housing worry that no recent government has created a credible housing strategy. Instead governments of all colours have created lists of initiatives that have too often made housing problems worse rather than better. With an end to central funding of new development will come greater local control and a greater responsibility on all of us to ensure we build the right housing in the right place for the long-term.

To discuss how we can help, email [maggierafalowicz@campbelltickell.com](mailto:maggierafalowicz@campbelltickell.com)

**Sue Harvey** director, Campbell Tickell

## How to prepare for the perfect storm

Continued from page 8

receipt of these measures and what upfront costs will be spent achieving them? Would they really be enough to plug the black hole?

Then you need to ensure that documented processes align with these intentions. What early warnings should we build into our key performance indicator dashboards, when would they trigger action, who would make those calls and do they have the right skills, confidence and trust in each other to make those very difficult decisions at speed?

Two last steps and we’re done. First, the Audit Committee should be charged with

testing the umbrella of mitigations and its ability to shelter the organisation, social housing assets and residents from the perfect storm. The reliability of performance indicators, delegations and controls should be tested by internal audit and appropriate specialists. Second, the board should consider if it needs to adjust its risk appetite, covenant cushions or cash holdings (or all three) in the light of what they’ve learned through this exercise.

I anticipate that the introduction of stress-testing will increase the quality of debate about risk in the board room and

improve the effectiveness of all our umbrellas protecting social housing assets in the next downturn. The success of any stress-testing exercise, however, will crucially depend on the appropriateness and reliability of the mitigations and adjustments to risk appetite that result.

I only plead for the investment to be distributed one-third to nerdy modelling and two-thirds to considering and testing the ‘so what?’.

To discuss how we can help, email [sue@campbelltickell.com](mailto:sue@campbelltickell.com). This article was first published in *Social Housing magazine*.

# Attracting talent from other sectors is good news for housing, so how do you ensure individuals gel and don't jar?

**“If the headline above caught your eye, then the chances are you're part of one of the many organisations that are increasingly recognising the value of recruiting individuals from other sectors. So why does this sometimes gel and present opportunity for the organisation, and on other occasions end up jarring and presenting a threat? It could be down to the organisational approach to diversity.**

Often the notion of diversity is used as an interchangeable term with equality – but it's not. Diversity relates to difference and literally 'having many elements'. To provide successful and accessible services to all, organisations need to recognise differences and place a positive value on them. Recruitment from other backgrounds is just a different facet of managing diversity, and it is probably the most common and challenging one businesses face without appreciating it. The alignment of your people plan to your customer plan (corporate plan) is the key to whether you end up gelling as an organisation or jarring.

## Strategic recruitment

So what does this mean in practice? Strategy, plans, alignment – these words suggest a degree of recruitment complexity that would have many running for the hills. Our five-step model simply focuses on what is critical: predicting, shaping and positioning your resourcing and recruitment activity to ensure your investment in change enables you to deliver on customer needs. (See box: Recruiting diversity: a step-by-step approach.)

As with all business decisions, the management of risk and the assessment of consequence is key in determining whether successful outcomes flow from a strategy to

## Recruiting diversity: a step-by-step approach

### Step 1

Define what talent is required to deliver on your customer plan – then consider whether this can be grown internally or needs to be acquired externally.

### Step 2

Consider the following questions as an executive team (this can't be delegated as it will shape your future culture):

- What behavioural differences do we really need and not just want?
- What outcomes does this new approach need to deliver and in what time frame?
- Where is the talent that we are seeking?
- How do we source this talent in a different way?

### Step 3

If new talent from other sectors is what you need, then consider the following questions:

- What do we need to do to prepare the organisation for culture change and new colleagues?
- How will we ensure our plan for

attract more diverse talent. To be an organisation that gels and doesn't jar means you will need to challenge, adapt and embrace from within. Whoever thought

increased diversity doesn't result in the 'homogenisation' of the new talent over time?

- How will we ensure the recruitment 'promises' made to new colleagues are kept, in terms of their contribution to the organisation's culture?

### Step 4

Consider how your new colleagues will understand organisational culture and desired behaviours through organisational story telling. Involve staff teams in producing:

- real-life stories to illustrate desired behaviours and culture;
- real-life stories that illustrate the 'jar' factor and resulting consequences.

### Step 5

Consider how you will ensure all staff (old and new) gel together, respect their differences and build trust? You can:

- get comfortable using different types of language and terminology;
- develop a high-trust culture. Trust linked to promise and vision produces performance dividends. When trust is lost, this becomes a 'tax' on your success.

recruitment would be such a strategic act? In our view – the enlightened. To discuss how we can help, email [gerapatel@campbelltickell.com](mailto:gerapatel@campbelltickell.com)

## Consultation launched on the future of the Housing Ombudsman

**O**n 15 March the Cabinet Office launched a consultation aimed at testing the central proposal of the 2014 Governance Review of the Local Government Ombudsman Service by Robert Gordon.

This review recommended the creation of a new Public Service Ombudsman, bringing together the existing jurisdictions of the Parliamentary and

Health Service Ombudsman, Local Government Ombudsman and Housing Ombudsman with a view to improving customer experience, systems and value for money.

It's imperative that social housing providers respond to the consultation as the recommendations could see significant changes to how tenants' complaints are handled, how housing

complaint resolution is funded and to the jurisdiction of the ombudsman across public and private sector housing responsibilities.

The deadline for responses to the consultation is 16 June 2015. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/417111/Ombudsman\\_Service\\_Consultation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417111/Ombudsman_Service_Consultation.pdf)



**Gerri Green** human resources projects manager, Campbell Tickell

## Succession planning and talent management



**“Succession planning and talent management require vision and proactive people management. Succession planning has a bias towards satisfying organisational requirements and is concerned with identifying posts that are critical to success; deciding how best to satisfy future requirements and developing strategies to determine the optimum mix of internal and external recruitment. In other words, identifying future potential leaders to fill key positions.**

Talent management is the process by which an organisation identifies, manages and develops its people currently and for the future. It is concerned with developing a strategy to determine what the organisation needs to meet the current and future demands of the business plan. It includes identifying ways to obtain and retain those who are critical to success and establishing suitable approaches to deal with those who no longer fit organisation requirements.

There is a potential conflict with the ethos and approach to equality of opportunity in the public sector. Therefore, succession planning in this organisational context is about identifying the key role(s) where talent/succession is essential, and ensuring opportunities for development/role redefinition (if the role is so

**“The people who stretch the organisation are the ones you want to keep and develop further.”**

Gerri Green,  
Campbell Tickell

unique or skills so scarce that filling it is near impossible), or planning for future recruitment as a planned activity rather than a reactive one.

### Long-term view

Succession planning and talent management needs to be seen as a long-term strategy and one that engages with not just a small group of ‘high potentials’, but with the wider community.

Although some jobs will always require specialists, the focus of succession planning more recently has shifted to identifying and developing groups of jobs to enable potential successors to be identified for a variety of roles. So, jobs might be clustered by role, function and level so that generic skills and competencies for particular roles can be developed. The aim in these circumstances is to develop pools of talented people, each of whom is adaptable and capable of filling a number of roles or the role(s) which have been identified as business critical.

As succession planning is concerned with developing long-term successors as well as short-term replacements, each pool will be considerably larger than the range of posts it covers. So, the organisation should not just look at current business needs but at future business needs and future ways of working.

When managers are undertaking appraisals and considering the development of those who have potential, they shouldn’t concentrate solely on past performance but

on leadership behaviours and people management skills. Those who have taken risks or stretched themselves may have learned a lot, but perhaps not performed as well as those who took the safer route. The people who stretch the organisation, however, are perhaps the ones you want to keep and develop further.

A structured programme of assessments attached to generic frameworks (especially for management competencies) can provide a useful starting point for evaluating an individual’s potential for a senior role.

In order to ensure appropriate succession planning, the business needs to know as much as possible about its future, how it is likely to change and how such change might affect the numbers involved and the skills they need to possess. Therefore workforce development plans must be linked to corporate strategies.

### Talent spotting

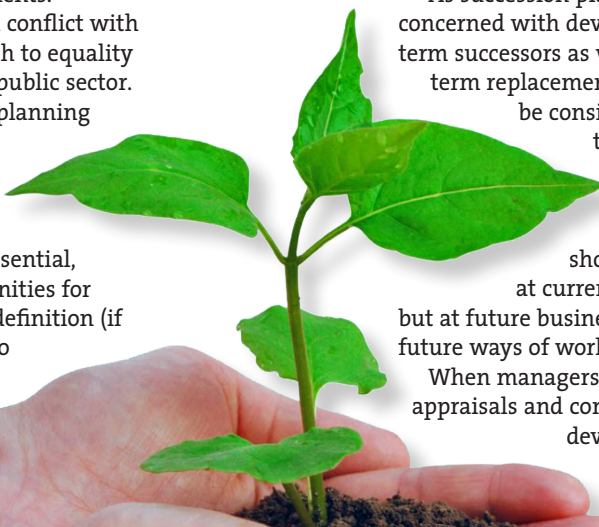
Talent management needs a stronger focus on building better ‘talent spotting’ skills and appraisals become an essential building block, together with upskilling managers to undertake effective appraisals that identify and nurture talent.

Talent management is not only to do with building from within, but also about attracting and retaining talent. To be an innovator in this area and lead from the front may require some risk-taking and boldness in your approach.

Organisations that value human capital, that nurture their staff, create cultures of continuous learning and development, and involve staff in shaping their future are the most likely companies to succeed.

Growing your own talent is part of the same process. No organisation can solve the talent management deficit of their organisation at one stroke, so prioritise areas that have most impact on business strategy and look to ensure that talent is available to meet that need.

To discuss how we can help, email [gerrigreen@campbelltickell.com](mailto:gerrigreen@campbelltickell.com)



Home grown: nurturing talent is key to your organisation’s success

# Older people: your biggest challenge

Older people are the fastest growing part of the population. The challenges this poses for housing providers are real and increasingly urgent. One-third of all housing association residents are over 65. Most older people are in general needs housing that will increasingly become unsuitable for their needs. Meanwhile Adult Social Care budgets are being squeezed so only the most vulnerable will receive support.

- Do you know what the future holds for your tenants?
- Do you understand your tenants' needs as they age?
- What should you do to prepare for your households ageing?
- Are you providing age-sensitive services?
- Are you developing homes suitable for older people?



**We can help you address the challenges. Our services include:**

- ⊕ **Assessing the changing demands for your housing and support**
- ⊕ **Gap analysis between planned provision and projected demand**
- ⊕ **Older people's housing strategy**
- ⊕ **Audit of assistive technology services**
- ⊕ **Advising on development of new retirement housing**