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**Bruce Moore** chief executive, Housing and Care 21

# Five views of governance


**"Governance is shaped and influenced by the attitudes and opinions of board members and the particular situation and circumstances of each housing association. Research I conducted as part of a PhD (no it wasn't on Lego!) identified five distinct perspectives on the role of housing association boards and attitudes to board payment.**

## 1 Business-focused and corporately responsible

This is a commercial perspective. It sees housing association boards as equivalent to those of major corporate enterprises – concerned with ensuring housing associations are run successfully by their executives, but is not particularly interested in issues of public, stakeholder or regulatory accountability.

## 2 Socially focused and stakeholder-accountable

This sees the board of housing associations as community and stakeholder champions. It is opposed to board payment as this is seen as compromising integrity and intrinsic commitment to the role. It does not consider that boards need professional skills to fulfil their scrutiny function and accepts that de facto control rests with the executives.

## 3 Regulator-focused and professionally responsible

These boards are concerned to do the right thing and welcome regulatory oversight to protect the public investment in the housing association sector and ensure performance standards are maintained. Boards, rather than executives, are ultimately responsible and board pay is therefore important to ensure housing associations can attract the people with the professional skills they require to perform.

## 4 Leadership-focused and governance rigour

This sees the board as leaders with responsibility for ensuring the housing association lives up to its purpose without relying upon the regulator. The board controls the executives and ensures they perform or face the consequences. Board pay is an important influence and driver of board leadership.

## 5 Pragmatically focused and non-prescriptive

This weighs up competing community and commercial pressures and sees risks in housing associations becoming too corporate. It is sceptical about the merits and motivations for paying housing association board members. Although the board is in control it does not think this necessarily means board members need to be professionals.

Each perspective had a degree of correlation and areas of commonality with the other approaches I identified, but there were many issues and attitudes where they were in conflict.

One particular area of contention was whether it is the board or the executives who exercise real power. Perspectives three, four and five believe it is the board rather than the executives who have control, but although in many respects perspectives one and two are complete opposites on this issue, they are aligned in their assessment that control by non-executives is something of a charade.

Despite the impression that board pay is now the norm there are still those (aligned with perspectives two and five) who think this might undermine the ethos and integrity of

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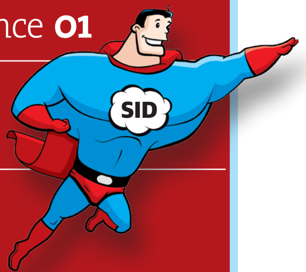
# THIS ISSUE

## Governance special








**James Tickell** partner, Campbell Tickell


# Don't catch a cold – ask SID!

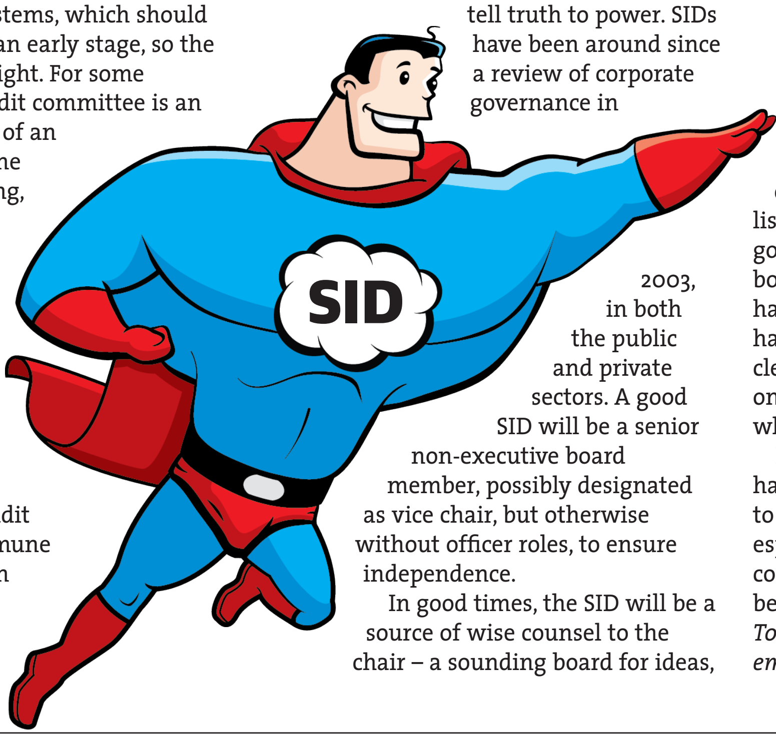
**"The human body is a marvellous and complex organism. With the right inputs of air, food and liquids, it can keep itself going for a century or more, and in the process, overcome any number of ailments, infections and injuries. Without strong immune systems though, its life expectancy would be measured in months rather than decades.**

The same is true of organisations. They have a brain, in the shape of a board. And critically, immune systems, which should identify problems at an early stage, so the board can put them right. For some organisations, the Audit committee is an obvious embodiment of an organisational immune system, always probing, checking and verifying, and getting into the detail on the board's behalf. Others use external auditors or internal control systems.

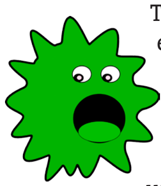
But what if the problem is with the board itself, or the Audit committee? Auto-immune diseases of the human body can often be unpleasant, if not fatal. And again, so it is with a board. If the chair isn't performing, or the board isn't doing its job as a team, that is exactly how organisations can fail. The problem may have been evident, but if nobody is around to address it, things will typically go from bad to worse.

## SID to the rescue

And this is where the idea of a senior independent director ('SID') comes in – a member of the board with particular duties to speak out when things are not right, to tell truth to power. SIDs have been around since a review of corporate governance in 2003, in both the public and private sectors. A good SID will be a senior non-executive board member, possibly designated as vice chair, but otherwise without officer roles, to ensure independence.




In good times, the SID will be a source of wise counsel to the chair – a sounding board for ideas, and probably the lead on the chair's own performance appraisal. But when the going gets tough, the SID has a tougher brief. If there is conflict at board level, the SID must be the one to identify and defuse it. If the chair has become too close to the executive, or has lost the confidence of the board, then that too must be tackled and resolved. And hardest of all, if it's time for a chair to move on, the SID must deliver the tap on the shoulder and the marching orders.



There is plenty of evidence of SIDs stepping up, and acting as the catalysts for necessary change. But the role demands an unusual combination of qualities. Courage comes near top of the list, flanked by wisdom, experience and good judgement. On reflection, some boards will find that in effect, they already have a SID in place, but without ever having formally designated the role. A clear role description is desirable though, if only to empower the SID to act decisively when the situation demands.

Each board is different, but many have already found it a useful addition to the organisational immune system, especially those without an audit committee. Prevention is, after all, always better than cure!

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

# The different views of governance

housing&care21

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board members. Other areas of contention were whether it is helpful to have residents/tenants as board members; the merits of having a maximum (nine-year) tenure for board members; and if professional skills or ethos are more important as board member attributes.

There are also different reactions to the tendency for housing associations to become more corporate, and competing opinions about whether the role of the regulator is a positive protection or unwelcome interference and if shareholders or other stakeholders should be more active in holding boards to account.

Out of a total of 57 statements considered by respondents to my research, only one proved to have a consensus view across all five perspectives. That was the rejection of the view that paid boards are less likely to consider merger opportunities as turkeys don't vote for Christmas!

"One area of contention was whether it is the board or the executives who exercise real power."

The conclusion drawn in my thesis was that, notwithstanding the tendency to look for prescriptions and formulae for good governance, it might be better to recognise the potential for a diversity of perspectives.

No model of governance can claim to be perfect, but it is worthwhile exploring whether there is at least a consistency of understanding about what the board is seeking to do, avoiding a situation in which there is either too little or too much diversity of understanding.

*To find out more about the research, email bruce.moore@housingandcare21.co.uk*

**Stephen Bull** senior consultant, Campbell Tickell

# Forging the new governance


**"One of the strengths of operating in a highly regulated sector is that organisations have a clear framework of governance to work within. I sometimes wonder whether housing associations, if they were not required to, would carry out board appraisals, skills audits, compliance against a code of governance, as often as they must now.**

Yet this is precisely the time boards should be satisfying themselves that they are operating in the best interests of the business and not just to satisfy the regulator, important though that is. The current climate of welfare reform, perceived merger mania, issues around the provision of care and support, impact on finances of the living wage, Brexit and house prices etc, should encourage associations' boards to think about how they can ensure the organisation meets the challenges ahead.

## Structural review

There is a definite move in the sector for simplification of structures so that the board has a firmer grip on all aspects of the business and their scarce resource and that of the executive is not spread thinly over many entities. There are some key questions you can ask your board (see box: What to ask your board). The purpose and role of sub-committees is an important area that can be overlooked. They should be reviewed on a regular basis and the board should be asking what value sub-committees bring to the main board. Would some of the issues traditionally discussed in committees in detail be better placed at the main board?

Is there sufficient space at board meetings to have the big discussions needed and to allow board members to ask the right questions and feel confident they understand the answers? A heavy board agenda can inhibit this. Meetings which allow discussions to drift and go into the operational can eat up time and frustrate others.

And are you confident that the board is populated with the right skills and competencies it needs to run a modern and ever-changing business, both now and in the future?

It can be uncomfortable but a board really needs to rigorously assess what skills and behaviours it has and decide whether all board members are contributing at the strategic level non-executives should. There is just no room for passengers in today's climate. However well-meaning people may be, they have to add real value.

Boards must be able to step back and see the big picture. Compliance with a code of governance is vital but codes only set a baseline for governance. What are they actually trying to achieve? How can you go beyond what they require so the boardis confident it is achieving excellence?

## What to ask your board

- How often do you review your governance structure?
- Is your organisation made up of several subsidiaries sitting under a group board and does your board have a clear 'line of sight' to all areas of the business?
- Are some risky areas of the business only seemingly accountable to another subsidiary or sub-committee?
- What assurance does the board have that it really knows what is going on?
- How many sub-committees do you have?

## Make time

Boards need to set aside some time during the year to have these discussions to satisfy themselves that they are on top of the business and have future-proofed it as best as they can. Even in the formal board meeting schedule there could be an opportunity to rejig the agenda to allow for, say, an hour of strategic discussion on one or two issues or some time to have the discussion around the code of governance or the regulatory requirements.

This is not rocket science but with the pressures on board members, all of whom are giving up their time, it can rarely happen. Now is the time to look at how you can re-fashion your governance approach to ensure the continued success of your organisation.

*To discuss the issues raised in this article, email stephen.bull@campbelltickell.com*

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**Alice Smith** consultant, Campbell Tickell

# New codes of governance: charity and sport


**"November saw the launch of not one but two new codes of governance: the Code for Sports Governance, which comes into force in April 2017; and the latest version of the Charity Governance Code, the draft of which is out for consultation until February.**

The press has seized on particular elements, such as the 30 per cent gender target for sports governing bodies, and the suggestion charity boards consider merging if other organisations are fulfilling similar aims more effectively (see box: Key facts). But there is much more here for governing bodies to consider. Both codes seek to empower boards and raise governance standards; both emphasise the importance of diversity; and both attempt to address the issue of proportionality and how one code can apply to vastly different organisations.

While the draft Charity Governance Code is voluntary, with the principle of 'apply or explain' rather than the more common 'comply or explain', the requirements of the sports code will need to be met by those seeking funding from Sport England and UK Sport, including national governing bodies of sport, clubs, charities and local authorities.

> "Fulfilling charitable purposes in an effective way requires a solid framework to shape and inform decision making." *Charity Governance Code*

## Why now?

Why is there a need for new codes now? No code of governance operates in a vacuum. It's been more than six years since the last edition of the Charity Code of Governance was published in 2010, and since then, charity governance has come under a harsh media glare. The past 18 months have seen intense scrutiny of certain cases of fundraising and excessive pay, high-profile regulatory inquiries and charity closures.

Meanwhile, external pressures on charities seem greater than ever, with insecurity around income from local authority and central government contracts a real worry to many. A recent survey by the Association of Chairs found charity chairs are primarily concerned about financial sustainability, the sector's reputation, and governance (in particular, how to attract new trustees).

The new draft code is not interested in 'bashing' trustees any further, and seeks to recognise the important work they do. Designed as a "tool for continuous improvement" to "push and challenge boards," the code aims to support charities by reaffirming the importance of having a "solid framework to shape and inform decision making".

## Rapid changes

The sports sector has also changed rapidly in recent years. There is far greater investment in sporting organisations, with more than £1 billion of public funding being invested by UK Sport and Sport England alone over the past four years. Business decisions are now "frequently complex, commercial, multidisciplinary and high-profile in nature", according to the Code for Sports Governance.

Against this background the government launched a new sports strategy in 2015, with a requirement for UK Sport and Sport England to agree a new Code for Sports Governance. The two organisations consulted more than 200 sports bodies and found strong support for higher standards of governance, particularly around transparency and diversity.

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## Key facts

**Code for Sports Governance:**

- the code must be met by organisations seeking funding from Sport England and UK Sport;
- it stipulates a 30 per cent gender target for sports governing bodies;
- the code has three levels of requirements, depending on the size of the organisation and the amount of funding received;
- it requires boards to have the prime role in decision making, meaning 'councils' and shareholder bodies cannot override board decisions.
- it requires council-appointed directors make up no more than a third of board membership;
- council members may hold office for a maximum of nine years.

**Draft Charity Governance Code:**

- the code is voluntary but designed as a "tool for continuous improvement" to "push and challenge boards";
- it applies to all charities but recognises that some recommended practices won't apply in all circumstances;
- it suggests charity boards consider merging if other organisations are fulfilling similar aims more effectively;
- it suggests limits on board size of five to 12 members and on tenure of up to nine years;
- while the code contains no gender targets, it emphasises the importance of diversity in all its forms, including diversity of background and opinion.



**Continued from page 4**

In such diverse sectors, there are challenges around designing a code which is applicable to all. There are almost 200,000 registered charities in the UK, and the vast majority have an annual income of less than £500,000. The authors of the new charity code intend for the principles to apply to everyone, while recognising that some of the recommended practice sections won't apply in all circumstances. Certain sections are marked as applying only to charities with paid staff or "larger, more complex charities".

The sports code has three levels of requirements, depending on size and funding:

- Tier 1: for organisations receiving up to £250,000 in funding, represents the minimum with just seven requirements;
- Tier 2: organisations receiving investment in the region of £250,000 to £1 million will be expected to meet all of the mandatory requirements in Tier 1 and some requirements from Tier 3;
- Tier 3: the most stringent requirements, is for organisations which receive funding of more than £1 million.

## Biggest challenges

With such a diversity of organisations, it's not easy to predict which governance challenges will be the most acute. But we expect that for sports organisations, the requirements around board composition and tenure, as well as the relationship with their internal councils and council membership, will pose significant challenges. Will the 30 per cent diversity target lead to a wholesale change in board membership? How will organisations sensitively handle the requirement for council members to serve an overall maximum of nine years?

The Code for Sports Governance includes a requirement for constitutional arrangements that give boards the prime role in decision making. This means 'councils', or shareholder bodies, will not be able to override the board's decisions.

It also has implications for board membership "where councils are permitted to appoint directors, such appointments shall reflect not more than one third of the directors"; and for length of service – essentially, council members may hold office for a maximum of nine years.

For charities, suggested limits on board size (five to 12 members) and tenure (up to nine years) will no doubt prompt difficult conversations. While there are no gender targets, the code is very strong on the importance of diversity in all its forms, including diversity of background and opinion. The suggestion boards should consider merging or winding down if others are doing the same work more effectively, may present a culture shock to some.

In any small organisation, questions will be asked about back office support for implementing the codes. With many organisations run entirely by volunteers or a small number of paid staff, access to a company secretary is rare. The Association of Chairs' survey reports that even large charities underinvest in governance support as they are under intense public scrutiny over how every penny is spent.

## The remuneration question

The draft charity code has already sparked discussion about board remuneration, which may be relevant to sports governing bodies. The vast majority of trustees carry out their duties on a voluntary basis, and many in the sector see this as an important indicator of trustees' independence from management.

But the high expectations placed on trustees by these codes raises the question as to whether they should be paid for their efforts. Some also argue that paying board members supports diversity by enabling people who work or have caring commitments to attend meetings. Others believe more than just payment is needed to widen the net, however, as the general public knows little about what it means to be a trustee.

We'll keep you posted on our experience of how these new codes impact our charity clients, but please get in touch to share your views.

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

# THEDIARY

### Acevo: Mergers – why and how?

21 March 2017, Wembley, London

In association with Acevo, Campbell Tickell is running a seminar on mergers aimed at the charity sector. This workshop will be led by CT partner David Williams and aims to give those who are thinking about merger or partnership a broad understanding of what's involved.

**www.campbelltickell.com/events**

### Northern Ireland Housing Conference

22 March 2017, the Titanic, Belfast

CT senior consultant Stephen Bull will speak at this conference, which focuses on the challenges that lie ahead and will discuss the way forward to ensure Northern Ireland is able to meet current and future housing needs. It will bring together key stakeholders with an interest or role in housing in Northern Ireland.

**www.nihousing.agendani.com**

### Inside Housing UK Housing Awards

26 April 2017, Lancaster London Hotel

These awards highlight the organisations, individuals and projects leading the way in affordable housing. CT is proud to sponsor the award for Outstanding Campaign of the Year.

**https://ukha.secure-platform.com/a/page/ukha**

### National Federation of ALMOs Annual Conference

27-28 April 2017, Hyatt Regency Hotel, Birmingham

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

**www.almos.org.uk/events**

**Janice Morphet** visiting professor, The Bartlett School of Planning, UCL

# Councils spread their development wings

**"The pressures placed on local authorities to meet the needs of homeless people and new households is leading them to introduce a variety of ways of providing housing. In some cases, authorities such as Bracknell Forest and Bournemouth, have bought properties on the open market to add to their portfolio while increasing the stability and reducing costs for homeless families.**

Others have been able to provide more housing through better use of their own stock, such as Wandsworth, which has a 'hidden housing' programme within its own estates and properties as well as those in the private sector.

## Forming new partnerships

However, the majority of local authorities appear to be engaging in new forms of provision by working with partners from the public and private sectors.

Enfield and Barking & Dagenham councils have both taken loans from the European Investment Bank to support a range of housing provision across all tenures. Luton has entered into a partnership with a hedge fund to provide a new housing block that the council will rent to tenants and that will not be subject to right to buy. Others, like Croydon, have entered into a partnership with the NHS and established their own companies to develop and work with others.

Overall, it is estimated that more than 120 local authorities now have some form of housing company and these stretch across the UK (see box: In numbers).

Cherwell is purchasing land for housing development, Cambridgeshire is developing one of its farms and South Oxfordshire has made a loan to a local housing association to provide housing for older people.

Some councils have formed partnerships with builders – both Kent County Council and Sandwell have arrangements with Kier. Meanwhile, Manchester, Oxford and Wakefield have also established joint ventures. Some local authorities have set up their own housing associations – such as Islington – or are using their pension funds for housing development – such as Manchester.

Why is this happening? The opportunities for local authorities to use their assets for housing development with partners have increased since they were given additional powers in the 2011 Localism Act.

## Legislative support

The act enabled local authorities to operate with the same legal powers as individuals and organisations. In practical terms this allows them to establish companies on their own or with others.

The ability to work more easily with private sector partners has been supported by the introduction of the International Financial Reporting Standard across all organisations, so all parties to such partnerships now operate on the same accounting code. Local authorities can use these powers to build across all tenures and can also provide housing for social rent outside right to buy provisions using powers in the 2000 Local Government Act.

In 2017, UCL's Dr Ben Clifford and I will undertake research funded by the National Planning Forum and the Royal Town Planning Institute, which aims to identify the various approaches now used by councils and will review them in more detail. It will also identify the number of homes provided. Local authorities each have their own priorities and ways of doing things, so this information should help the consideration of ways they can provide more housing in the future.

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

## In numbers: council housing companies

**1/3**
more than a third of councils have set up or are considering setting up housing companies

**98**
98 out of 252 councils have established or plan to establish a private house building company

**44**
44 of the local authorities that have established or plan to establish a housing company are based in London and the south east, just two are based in the north east

**42**
number of councils that have published development plans, of which 24 plan to build or acquire mostly private rented homes, six will focus on market sale and 12 will deliver a mix including affordable rent or shared ownership

**42,500**
number of homes Barking & Dagenham Council plans to build over 15 years

**3,000**
privately rented homes planned by Newham Council over the next 13 years

**2,300**
privately rented homes planned by Sheffield Council over the next 15 years

*Source: Inside Housing research published in December 2016*

Manchester Council set up a joint venture with Matrix Homes and the Greater Manchester Pension Fund in April 2014 to build 240 homes for sale and market rent, investing £24 million across five sites in the city

**Iain Turner** policy and research officer, Campbell Tickell

# Lessons from America

CAMPBELL TICKELL

**"There are many comparisons to be drawn between Brooklyn and Hackney – largely low-income, neglected and diverse areas that have been transformed into a hipster havens by artists (before wealthier City workers began to move in), local boozers replaced by craft beer bottle shops and convenience stores turned into 'artisan' bakeries.**

House prices have rocketed and residents who moved to the area long before it was fashionable are becoming isolated and forced out, unable to afford soaring rents. Both are neighbourhoods in major global cities, both in the midst of housing crises.

All this has particular implications for the provision of social housing, but the backdrop is in fact very different in these two metropoles. While constantly in decline, London has far more publicly owned housing than New York. London has more than 400,000 council-owned properties alone, whereas in New York there are just 178,000.

## Rent control

However, while rent control is part of the status quo in New York and has existed there for more than half a century, London mayor Sadiq Khan would not have the political sovereignty, or clout, to implement such a policy in the capital. He is probably well aware of the uproar it would cause among private landlords if he even attempted such a step. Both cities are failing to provide genuinely affordable housing for their poorest residents.

During his New York visit in September, Khan joined New York mayor Bill de Blasio at a flagship social housing project in Sugar Hill, Upper Manhattan, where he announced his new 'London Living Rent' policy. The 124-home development, which also contains a Children's Museum of Art and storytelling and learning centre, is seen by the de Blasio administration as a shining light in his mission to deliver more affordable homes and address New York's housing crisis more widely.

His strategy has two key facets. First, the preservation of affordability through rent controls, benefiting about half the city's renters (yes half!). This rent stabilisation system dates back to the 1940s and involves a 'Rent Guidelines Board' setting the maximum rent increase that landlords can charge – de Blasio wants to preserve affordable rents in 120,000 units over the next 10 years.

Second, is the Mandatory Inclusionary

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Housing (MIH) programme. MIH will require 25-30 per cent of new developments, in specific housing zones, to contain affordable housing.

Across the pond, Khan, as part of his election campaign, promised a target of 50 per cent of all new homes in London to be genuinely affordable. He has since admitted that such a target will take significant time to implement and has recently secured a deal of 35 per cent with developers. Before Khan's election victory last May, the now deputy mayor for housing, James Murray, said: "We need to make clear that we are really serious, too, about putting existing tenants first."

### Transatlantic lessons

Lessons can be learned from some of the criticism of MIH in New York. The scheme has failed to provide housing which is actually affordable for many existing residents, who often have incomes that are less than that required for much of the 'affordable housing' provided in new developments in the city.

The New York mayor's office argues that the provision of these affordable units for middle-to-low income families frees up tax dollars to be targeted at those who need help most – "very and extreme low-income families".

In London, for some time developers have got away with building large luxury apartment blocks, without providing any genuinely affordable units, claiming that projects would simply become unviable.

Khan should heed this lesson and do all he can to ensure new developments meet the needs of local people. While policies such as the London Living Rent will help some, if you are to get local residents onside when building new developments and undergoing large estate regeneration – and want to prevent mass housing cost-led 'social cleansing' of the sort witnessed in Hackney and Brooklyn – tenants on the lowest incomes and those who simply do not aspire towards homeownership must be accommodated too.

The worry is that, while the Autumn Statement announced that restrictions on grant funding will be loosened to include other types of tenure, including affordable rent, this did not include social rent.

Khan was elected on a clear mandate for change in the capital's housing policies. He must now decide how far he can go to deliver his pledge on housing affordability.

*To discuss the issues raised in this article, email iain.turner@campbelltickell.com*


New York mayor Bill de Blasio and London mayor Sadiq Khan are advocates of affordable housing

## CAPTION COMPETITION

Campbell Tickell's resident elf James Tickell joins the CT Staff Christmas Party.

**Email your best captions to zina@campbelltickell.com or tweet them to @campbelltickel1 before 24 February for the chance to win a mystery prize!**

## LAST ISSUE'S WINNER

Congratulations to Gemma Prescot, head of interim management at Campbell Tickell, for December's winning entry: "Why do I feel like there's something I should be doing on 14 February?"

**Liz Zacharias** consultant, Campbell Tickell

# Supported housing – have your say!

**"The Department for Work and Pensions and the Department for Communities and Local Government have launched a joint inquiry into the government's funding reform for supported housing (see box, right). The deadline for written submissions is 3 February – 10 days before the 13 February deadline for responses to the government's own consultation on its funding proposals.**

Campbell Tickell encourages all organisations with an interest in this issue to either submit their own evidence or work with sector agencies like the National Housing Federation and Sitra/Homeless Link and others to put the case for a sensible and equitable funding framework.

Research published in November by Ipsos Mori is a gold mine of information to help build the evidence case. *The Supported accommodation review: The scale, scope and cost of the supported housing sector* has received scant press attention despite (or perhaps because!) it is an impressive 189 pages long. The report took evidence from 197 councils (there are 418 Councils in the UK so a 47 per cent response rate) and 173 housing providers (a small sample by anyone's reckoning), as well as looking at relevant data sources.

## Inquiry into supported housing funding reform

This inquiry will look at whether the proposals will have a detrimental effect on low-value areas; whether there is a need for a separate system for short-term housing; what the impact of uncertainty is on future developments, as well as whether there is a need to pilot any arrangements; how the funding will be distributed to local authorities; and how the ring fence will work to protect this funding.

**To send a written submission before 3 February, go to http://tinyurl.com/how38el**

## A snapshot

The snapshot of supported housing estimates that 71 per cent of supported housing is for older people, and 71 per cent is owned by housing associations. This tenure represents 14 per cent of all social rented housing stock and that 40 per cent of all supported housing units are classified as specified accommodation – ie largely funded by housing benefit.

Interestingly this is more prevalent in England where supported housing funding has been considerably pared back over a number of years, as compared with Scotland and Wales, where there is a more regulated approach to supported housing than in England.

The report identified that the overall average housing benefit award for older claimants is £137 per week, compared with £173 per week for working-age claimants. It also states that the average housing benefit spend per annum is around £9,000 per working-age claimant, compared with around £5,200 per older person claimant.

For specified accommodation – the main way the shortfalls in Supporting People funding have been plugged – the average housing benefit spend per annum is around £8,300 per claimant, compared with around £5,000 per non-specified accommodation claimant.

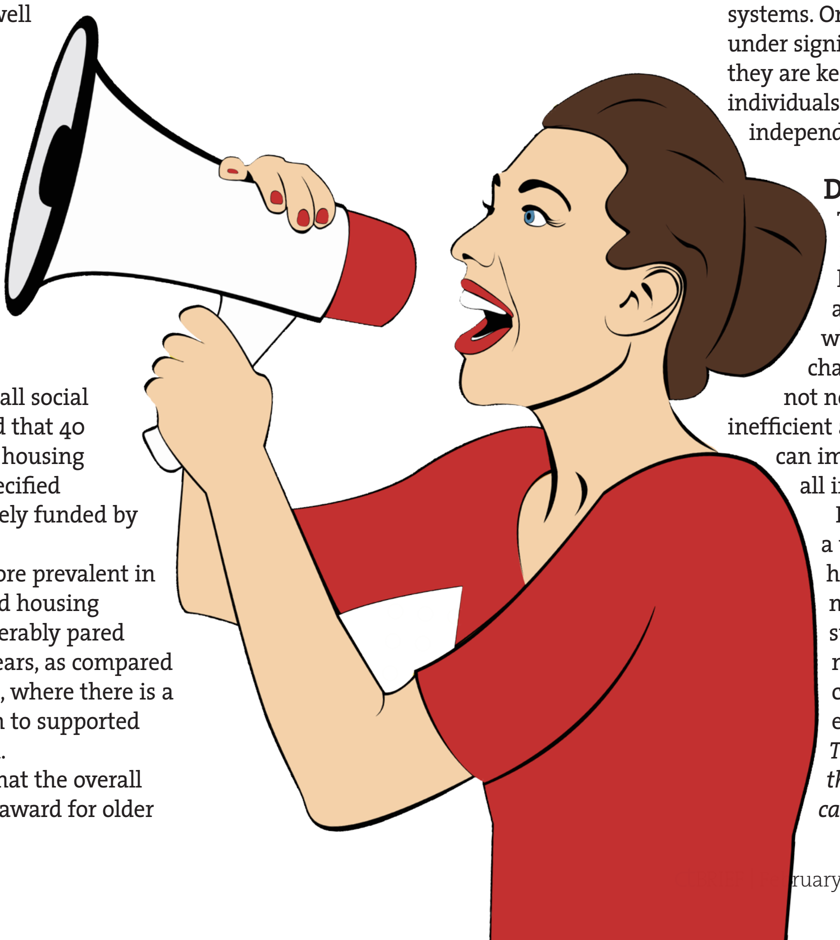
**"Even the researchers admit the diversity of the sector, what it does and for whom is challenging to capture."**

Liz Zacharias, Campbell Tickell

## Increasing demand

A recurring theme in the report was that there is increasing demand for supported housing for people with learning disabilities and mental health problems. One way in which this is being achieved is 'de-registration' – where a care home ceases to be registered with the Care Quality Commission and becomes a supported housing scheme – as well as people moving into their own independent living accommodation with personalised budgets.

There is also a push for further increases in supported housing for these client groups coming from the health and social care systems. On the one hand these sectors are under significant pressure, yet on the other they are keen to meet the aspirations of individuals for greater autonomy and independence.



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## Diversity of provision

This report provides an interesting and useful snapshot, however even the researchers admit the diversity of the sector, what it does and for whom is challenging to capture. Yet that does not necessarily mean what it does is inefficient and ineffective. Yes, practices can improve – but that is true of all industries.

For me, the Ipsos Mori report has a very clear message: supported housing is crucially important and more is needed. Let's hope sufficient thought is put into the new system to allow for this complexity and diversity of essential provision to continue.

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

**David Williams** partner, Campbell Tickell

# Rebuilding Ireland

**"In July 2016, Simon Coveney, the minister for housing planning, community and local government, launched 'Rebuilding Ireland – an Action Plan for Housing and Homelessness'.**

The plan is based around five pillars of 'concerted actions' which focus on:

- addressing homelessness;
- accelerating social housing construction;
- building more new homes;
- improving the private rented sector;
- bringing existing vacant stock back into use (see box, overleaf: Rebuilding Ireland: key actions).

The key priorities of the new strategy include addressing 'unacceptable levels of homeless families' and the number of long-term homeless in emergency accommodation, and an ambitious programme of new social house building aimed at delivering 47,000 homes by 2021. Private housing is also expected to double within four years to deliver 25,000 new homes by 2020 (see box: In numbers).

The strategy is therefore a comprehensive attempt to increase the supply of new homes across a range of tenures and at the same time, address the root cause of homelessness to reduce demand.

## In numbers: Rebuilding Ireland

**€5.35 billion**
will support delivery of 47,000 social houses by 2021

**25,000**
homes being provided per year by 2021

**€200 million**
fund to encourage private development

**325,500**
tenancies currently registered with the Residential Tenancies Board

**198,358**
vacant homes in Ireland

**6,985**
people were recorded as homeless in Ireland in November 2016

## Housing shortage

UK readers may recall the so-called 'ghost estates' of half-built or unoccupied homes that were to be found in many parts of Ireland as developers went bust in the wake of the 2008 credit crunch. In the intervening years, Ireland's economy has recovered well and the ghost estates are largely no more – demolished or occupied. Constrained housing supply is once again an issue in many areas.

While not quite as bold and ambitious in scale as its predecessor in May 2010, the strategy will certainly challenge the resources of the Approved Housing Bodies (AHBs) – registered providers and local authorities, who remain as a legitimate, and some might say, competing, conduit for new housing supply.

Simon Coveney has set out an action plan to increase housing supply and tackle homelessness in Ireland

To support the ambition, €5.35 billion of investment is available for new social housing, with the Housing Agency (the regulator) transforming itself into an active facilitator to the sector by offering advice, guidance, and a streamlined approach to new funding applications.

To encourage new private housing development, the state is promising to make available land and support infrastructure through a new €200 million fund and planning reforms.

> "Ireland's economy has recovered well and the ghost estates are largely no more. Constrained housing supply is once again an issue in many areas."

Private finance is available for AHBs through the Housing Finance Agency – essentially a government bank, which makes development finance available at preferential rates. While many see this as a convenient supply of cheap development finance, the borrowing sits on the government's balance sheet and is therefore unlikely to be a long-term solution to replace structured private finance.

## The role of AHBs

So, within this new framework, what is the role of AHBs and what will they need to do differently to be seen to respond positively?

Regular readers of this publication will recall from previous articles that the AHB sector is small by UK standards, where, despite recent expansion, it has fewer than 10 AHBs with more than 1,000 homes, and no more than three that would regard themselves as national.

Of the 700 or so other AHBs the majority are very small, often responsible for one scheme. Government expectation to support its new strategy is directed at the largest AHBs, rather than the sector as a whole.

As such, if the sector is to respond (and it does need to be seen to respond if government confidence is to be maintained), it needs to act differently. The following might act as a useful aid memoir for boards wrestling with how their organisation can optimise its ability to support the strategy:

- Tool up – the world envisaged for

**Continued on page 11**

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AHBs in Rebuilding Ireland is predicated in part on maximising access to private finance, and providing a wider range of housing product (including housing for sale). To move into this space, AHBs will need a better appreciation of the risks they will face and a clearer understanding of their own risk appetite.

● Resources – the skills required to deliver the new agenda may be very different from those currently available – both within the executive team and the board. An honest and robust assessment of skills, matched against an adopted strategy should reveal any gaps which should be plugged either by boosting the internal teams, or bringing in external support. Without this important step any attempts at diversification may create uncomfortable challenges further down the line as risks crystallise.

● Covering all bases – the breadth of ambition within Rebuilding Ireland is wider than previous strategies. Typically AHBs in Ireland have focused on the provision of new (or leased) social housing supply, and perhaps failed to present their work as part of a holistic solution.

The government strategy suggests that boards might usefully review how they can engage with all five pillars, perhaps basing their own strategic plans around the same framework. This will not only lead to fresh thinking about the role AHBs might play, but also has the potential to generate new business streams that may lead to financially viable diversification.

## A new agenda

Rebuilding Ireland sets a new and interesting agenda for the AHB sector which it must be seen to embrace if its place as a key partner of government is to be maintained.

Failure to do so increases the risk that the sector will be seen as too risk-averse and ponderous to be embraced as a vibrant and dynamic long-term provider of new supply and a contributor to resolving demand side challenges.

The risk is that others will be asked to contribute and the sector will become progressively residual and with that at the edge of the partnership with government rather than integral to it.

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

## Rebuilding Ireland: key actions

### Pillar one: Address homelessness

● Expand the Housing Assistance Payment's homeless tenancies to 550 in 2016 and 1,200 in 2017.

● Build at least 1,500 rapid delivery homes by 2018.

● 1,600 vacant units to be sourced by the Housing Agency.

● Triple the Housing First programme's unit target in Dublin from 100 to 300.

● An additional 210 emergency beds for individuals/couples and rough sleepers were in place by the end of 2016, at a cost of up to €5.44 million.

● The HSE's annual budget for homeless services to be increased by 20 per cent (€6 million) to provide health, mental health and addiction support.

● Keep people in their homes where possible, with financial and legal support for people in mortgage arrears and a national free-phone service for tenants.

### Pillar two: Accelerate social housing

● 47,000 social housing units to be delivered by 2021.

● More than 26,000 of these homes will be exclusively built as social housing.

● 11,000 homes, many of which will be will be newly-built, will be acquired by local authorities (LAs) and Approved Housing Bodies (AHBs) directly from the market or the Housing Agency.

● 10,000 homes will be leased by LAs and AHBs, 5,000 of which will be sourced via the National Treasury Management Agency's Special Purpose Vehicle. A further 5,000 homes will be secured via a pilot Repair and Leasing Initiative and under long-term lease arrangements by LAs and AHBs.

● Put in place streamlined approvals, planning and procurement to deliver these as quickly as possible.

● Accelerate the rollout of the Housing Assistance Payment Scheme.

● Prioritise the creation of mixed communities of private, social and rented housing on state lands.

● Deliver more housing for older people, people with disabilities and Travellers.

### Pillar three: Build more homes

● Build an average of 25,000 homes every year to 2021.

● Invest €200 million in key supporting infrastructure to get large sites moving and increase the supply of affordable homes


for sale and rental.

● Speed up the planning process with applications for 100+ housing units going straight to An Bord Pleanála.

● Run competitions to encourage innovative housing design and delivery and foster a skilled construction sector.

● Work with other state agencies to fund and encourage increased construction.

● 20-year National Planning Framework and land management strategy to make housing supply more stable and sustainable.

### Pillar four: Improve the rental sector

● Develop a national strategy for an attractive and sustainable private rented sector.

● Legislate to prevent evictions where five or more units are sold in a single development and strengthen the powers of the RTB to support landlords where significant arrears are owed.

● Launch an Affordable Rental scheme to deliver at least 2,000 rental properties aimed at households on low or moderate incomes by 2018.

● Encourage purpose-built rented accommodation and facilitate 7,000 additional student accommodation places by 2019.

### Pillar five: Utilise existing housing

● Provide funding to ensure vacant social housing is rapidly re-let and put in place a choice-based lettings approach for people on waiting lists.

● Buy 1,600 empty houses held by banks and financial institutions for social housing.

● Introduce a Vacant Housing Repair and Leasing Initiative to incentivise owners to refurbish and rent out vacant homes for social housing.

● Make it easier for vacant and under-used commercial property to be used for residential purposes.

● Encourage and incentivise town, village and rural renewal schemes.

*Source: Rebuilding Ireland (http://rebuildingireland.ie)*