ctBRIEF
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Andrew Van Doorn chief executive, HACT

What is the social purpose of housing now?

"The language and debate around social purpose in the housing sector has been bubbling up for some time now. It's becoming a lively debate, one of much passion, of many views and of many positions – as it should be.

For some, this is a reaction to a sense of unease around the increasing diversification of housing into more market-facing products. These embrace more commercial behaviours, viewed as a move away from the sector's history – sadly, and quite unfairly, using social purpose as the beating stick.

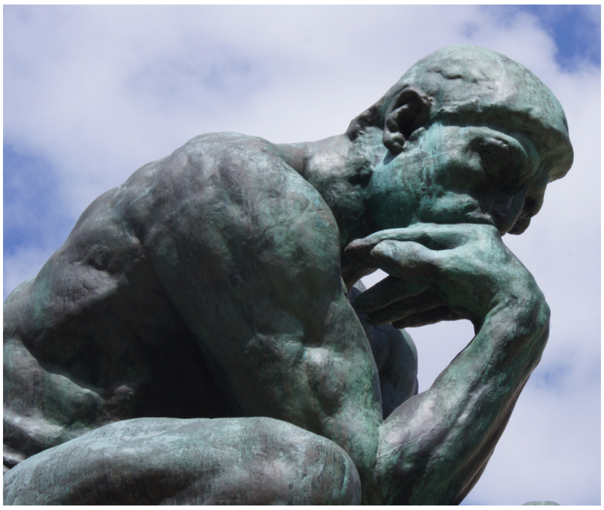
For others, social purpose is an attempt to re-assert a core part of our identity that shapes and guides our organisations – placing value in our history and defining our values for today and into the future.

Social purpose isn't and should never be just about one thing. There is no defining or guiding sector-wide statement or position.

Providers of social and affordable housing are a diverse group, and no matter how large or small, we all face an exciting defining point in our history. After decades of being told who we are and how we should behave, by both regulators and inspectors, those choices are now in our hands, as a result of the steps to deregulate housing associations.

As deregulation is taking place in a highly politicised environment, certain questions feel even more urgent: Who are we? What are the rules? How do we know we are doing well? What is our purpose?

Social purpose guides an organisation to make a positive impact in society in a way that generates long-term business growth. It looks at how an organisation can solve a societal issue that affects their lives.



Fredrik Rubenson

Time to think: Questions such as 'What is our purpose?' seem more urgent than ever

"After decades of being told how we should behave, by both regulators and inspectors, those choices are now in our hands."

Andrew Van Doorn, HACT

At its core, providing social and affordable housing to people on low incomes is a clear social purpose. Doing this as not-for-profit businesses only strengthens this. But this is just a starting point, the platform, on which we will express our values as individual organisations, with different characters, offers and ambitions.

The charges laid against us, both within and outside our organisations, seek to create false dichotomies between being a developer or a community investor, being focused on existing tenants or new home owners, being commercial or not-for-profit. But we can be both, and to think otherwise serves a narrow view of who we are and the impact we make.

However, at a time when complexity is rejected in favour of simple 'truths', this narrow view of housing providers risks cutting through into public and political consciousness, damaging confidence and undermining our transformational drive and potential.

Being clear about our social purpose

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THIS ISSUE

Edited by Stuart Macdonald and Zina Smith

Iain Turner policy and research officer, Campbell Tickell

Running an effective board appraisal

"Appraisals are an essential governance tool. They enable boards to: take stock and consider the strength of governance; consider whether they have the right people to take them forward; and formulate plans for future improvement. Without undertaking regular self-appraisals (at least every two years), boards risk becoming stagnant, inward-looking and losing sight of their purpose and role.

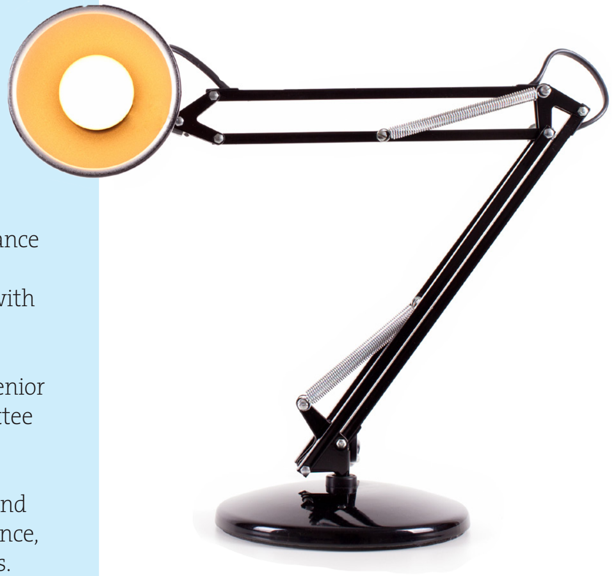
For larger organisations, an external evaluator can be brought in to review governance protocols and skills every three to four years. For smaller organisations, a well-structured internal appraisal process should be sufficient to provide assurance to funders and stakeholders that the organisation takes governance seriously – although it's worth investing in at least an observation of a board meeting every two to three years to challenge or affirm the board's interpretation of its own performance.

The performance of the board can be self-assessed by members via a survey. There are numerous online survey tools allowing organisations to collate responses and gauge an overall picture of how their board is operating. Such an assessment can focus on the performance of the board both collectively and of its individual members across a range of areas such as: business skills; finance; communication; knowledge of the sector. An effective appraisal survey can tease out any gaps to be addressed through succession planning, recruitment, or indeed through future learning opportunities.

Best practice

An effective board appraisal process should include some, or all, of the following elements:

- An assessment of the board's collective performance, as well as individual board member performance
- Individual appraisal interviews with the Chair
- A Chair's appraisal, run by two senior board members and Audit Committee Chair
- A review of the board's background documents, such as terms of reference, and its succession planning process.



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Survey responses can inform appraisal interviews, which allow a deeper exploration of what will help the individual or the board to perform better. These interviews can also be used to identify both learning and development needs and personal objectives for the individual that will help further the organisation's mission.

Having a strong Chair who will challenge the organisation to improve, yet also create an environment in which all board members can contribute effectively, is therefore essential. A Chair appraisal forms a key part of any wider appraisal process, involving specific questions in surveys or interviews for board members to consider how they view the Chair.

In summary, a good appraisal process will result in an organisation having a deeper understanding of the strengths and weaknesses of its board. It should also give the board an idea of what kind of skills and backgrounds it needs to be looking for when undergoing future recruitment. This will help assure stakeholders that the organisation is effectively governed and that processes are in place to ensure strong governance in the future.

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

Andrew Van Doorn

What is the social purpose of housing now?

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is now more important than ever. We need to raise it to the top of organisational strategy, creating a framework from the board to the front line that demonstrates the impact we have with people and communities, which in turn drives our business growth and success.

Each housing organisation will have its own social purpose, tailored and meaningful to its culture, activity and mission. Each organisation will need its own framework built into the organisational DNA.

Having pioneered the development of social value in housing, HACT is now exploring an approach that will transform this platform to review, describe and re-engineer the social purpose of housing.

This includes identifying and using existing resources to deliver social outcomes across the business, by embedding and integrating social purpose and building on what we already do.

Like all of HACT's work, this project is co-created with the housing sector, using our collective perspective and talents to drive forward transformational change. It is only by working collaboratively that we can get this right. We would love to hear from you if you want to be part of it.

www.hact.org.uk/what-social-purpose-housing-now

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

"Each organisation will have its own social purpose, tailored to its culture, activity and mission."

Cameron Watt chief executive, Alpha Housing

Looking for light in Northern Ireland

"The UK is in constitutional turmoil. However, beyond Brexit and the wrangling over a second Scottish referendum, in Northern Ireland the future of devolution (now without Sinn Féin's Martin McGuinness) is in doubt.

On 2 March, votes were cast in the second Assembly election in a year. This followed the collapse of the NI Executive in acrimony over a botched renewable heating scheme. Sinn Féin forced the election, and although it made gains, a new government can still only be formed if it and the Democratic Unionist Party can be reconciled. A return to direct rule by Westminster is a real possibility.

This creates huge uncertainties for NI social landlords. For example, direct rule could lead to big public spending cuts. There is no confirmation on whether there will be a social housing development programme for 2017/18, and at what level it will be funded.

But whether it's a new local or direct rule housing minister appointed shortly, the following five key issues need to be resolved.

Storm clouds over Stormont: Political stalemate has left NIHE in limbo

"Although stock transfer might be best for NIHE, the likely imposition of Great British welfare changes may mean it is no longer viable."

Cameron Watt, Alpha Housing

1 Future of the Northern Ireland Housing Executive

This is a never-ending story. Decades of under-investment mean many extra billions of pounds are required to refurbish our public landlord's 88,000 homes. As the Northern Ireland Housing Executive (NIHE) languishes in limbo due to the political stalemate, the housing association sector continues to grow and consolidate. The recent Fold/Helm merger to create the 12,000-home Radius is the latest example. Although stock transfer might be best for NIHE, the likely imposition of Great British welfare changes (so far resisted by the NI Executive) may mean it is no longer viable.

2 Reclassification of housing associations

When Welsh, Scottish and NI housing associations were reclassified as public bodies last September, the NI Executive quickly committed to reverse it. A consultation outlining the legislative measures needed to do this has been completed. A new minister must expedite the legislation.

3 Sustaining and diversifying housing supply

NI housing associations' development programme is, in relative terms, the most ambitious of the four UK jurisdictions. Associations are committed to raising the supply of social housing from around 1,500 to 2,000 new homes per year, but in the absence of private volume housebuilders, there is a major problem of undersupply in the wider market. Housing associations are finally investing in the capacity required to diversify their housing offer, including shared equity and market sale. They need funding certainty to ensure they continue to move in this direction.

4 Building shared communities

NI has made progress in bridging sectarian divisions since 1998's Good Friday Agreement. However society remains divided, and education and social housing are the two public services where divisions are most acute. Over 90 per cent of social tenants live in single-identity estates. Housing associations have delivered a few new shared developments with statutory partners. Greater political support and ambition from all partners is urgently needed.

5 Managing welfare changes

With social security notionally devolved to NI, local politicians have been able to avoid implementing most GB welfare changes until now. However as the cost of a more generous welfare system becomes unsustainable, a new housing minister will have to wrestle with how and when policies are applied, such as the Local Housing Allowance cap to social and supported housing rents. This policy could decimate both the sector's supported housing offer and new-build programme.

Almost everyone hopes that devolved government will soon return to tackle these challenges. However NI housing associations are ready to work with whoever is in power to continue building great homes and thriving communities.

Cameron Watt has left the Northern Ireland Federation of Housing Associations to be chief executive at Alpha Housing. To discuss the issues raised in this article, email zina.smith@campbelltickell.com

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Jacob Tas chief executive, Nacro

Why tackling social injustice is vital for our country's education, health and housing

"Nacro is well known for rehabilitating prisoners, integrating them back into society upon release, and influencing policy makers to ensure an improved criminal justice system. As Nacro celebrates its 50th year, we are also very proud of our achievements as a social justice charity that is tackling injustice and social exclusion through our service delivery in housing, education and health, as well as justice.

Over the last 50 years, Nacro has undergone a number of major transformations to get us to the point of being able to thrive in a radically different world today from the one we started off in. We are now delivering for national and local commissioners across England and Wales with expertise and a track record of positive outcomes through transformative services in our housing, education, health and justice work.

True to our roots, we continue to provide the rehabilitation support, education and advice that young and adult offenders need to resettle and move towards positive, independent futures. Yet we are also an educator because we believe that everyone, no matter what their background or where they live, should have the chance to achieve their full potential.

Through our technical and vocational education programmes, tailored to meet employers' needs, we support young people in deprived communities and those who have had challenges in their education so that they can have a route into employment that can kickstart successful careers.

We are also a housing provider. At the heart of our social justice agenda, is a housing system that works for everyone, including those who are homeless, care leavers, people with mental health needs or substance misuse problems, as well as those on low incomes.

We provide a wide range of supported housing across the country that provides a base and opportunity to build vulnerable people's capacity and resilience to live on the same terms as everyone else. A decent and stable home is the absolute bedrock to help people take back control of their lives.

> "The NHA intervenes in the private rented sector and works in partnership to make homes accessible to vulnerable people."

But how do people move on from supported housing? With housing associations currently housing less than 20 per cent of people who have been homeless, the depletion of council housing stock and private rented sector rents being out of reach for many, we need to look for new solutions.

Our Nacro Homes Agency (NHA) is part of this solution. The NHA intervenes in the private rented sector and works in partnership to make homes accessible to vulnerable people and help provide the 'move-on' accommodation so many need, at the same time as providing confidence to landlords.

But this can only go so far. We desperately need a greater range of longer-term solutions that can help tenants who are unlikely to reach the income levels required for shared ownership, so that they can also have a greater stake in their homes and communities.

At Nacro we are grateful for the passionate and committed people and organisations that have helped us to deliver over the last 50 years. And, as we look to the future, we are proud to have the expertise and resolve to tackle some of the country's most challenging social concerns.

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

Nacro at 50

1966 Nacro is formed from the National Association of Discharged Prisoners' Aid Societies

1972 Nacro Community Enterprises, Nacro's housing arm, is founded as a subsidiary

1980 Nacro provides work for more than 800 16-18 year olds on work experience schemes

1986 Nacro's housing projects provide places for over 450 offenders and single homeless people

1992 Nacro's 42 new careers training centres support 4,940 unemployed adults and 1,180 disadvantaged young adults

2006 Through more than 200 projects, Nacro's 1,400 staff and 1,100 volunteers work with 81,000 people

2010 Nacro's 'Change the Record' campaign calls for reforms to Criminal Records Bureau checks

Zina Smith marketing & communications coordinator at Campbell Tickell, and trustee, The Disability Foundation

How does a small charity survive in the UK today?

"A recent study by NCVO, the Road Ahead, notes that charities have always found innovative solutions to challenges. Given the current strains on the sector, an optimist might say small charities have a lot of opportunity to demonstrate their skills in this way.

Before delving into a case study, it is worth outlining some key findings of two reports that detail the current and future challenges for the charity sector.

The Social Landscape report, (CAF/ACEVO, 2017) found that confidence in meeting service demand has declined, while income generation and financial sustainability remain the top concerns for charity CEOs. Increased competition for funding coupled with rising demand for services, has led to just one in seven charities reporting they are confident they can meet service needs.

Meanwhile, the Road Ahead (NCVO, 2017) also notes that any rise in sector income has tended to help a few large charities. To cope with this, small and medium-sized charities are looking toward collaboration, partnership and merger in order to bid for publicly funded contracts and for future financial sustainability. Despite these strains, optimism in the delivery of charitable services does exist, albeit less than in previous years.

> **"Just one in seven charities reporting they are confident they can meet service needs."**
> Social Landscape report

In this context, what does survival, and more positively, innovation, look like in a small charity today?

The example of a small charity, The Disability Foundation, for which I am a trustee, shows how one can continue operating effectively in the current operating environment. TDF has adopted a new funding model and increased collaboration and outreach services, with the support of a committed and dedicated team.

A new model

TDF provides complementary therapies to any person with a disability or chronic health condition, as well as all those involved in their care. The charity is based on the grounds of the Royal National Orthopaedic Hospital (RNOH), in London, and has been in existence for nearly 20 years.

Several years ago, TDF went through significant transformation. Historically the charity had relied on generous donations from individual donors, as well as fundraising events and membership fees. Like other small charities TDF was severely affected by the knock-on effects of the recession, in which, over time, a few significant donors withdrew their funding. The charity thought it may have to close its doors.

Initially, TDF sought independent advice to establish a new sustainable funding model. This led to the creation of a volunteer-led therapy programme, reducing staff costs and enabling donations to flow straight back to the running of the charity. As a result, some tough decisions had to be taken, such as board and staff restructuring. But diversifying the funding streams so as not to rely so heavily on private donations has been a key factor in enabling TDF to continue operating.

One concern of relying on volunteers was retaining committed and well-trained therapists. This concern has been disproved overall. Volunteers are fully qualified and just as thoroughly vetted as any paid staff. They also receive training and support from other mentor therapists, thereby improving their therapeutic skills.

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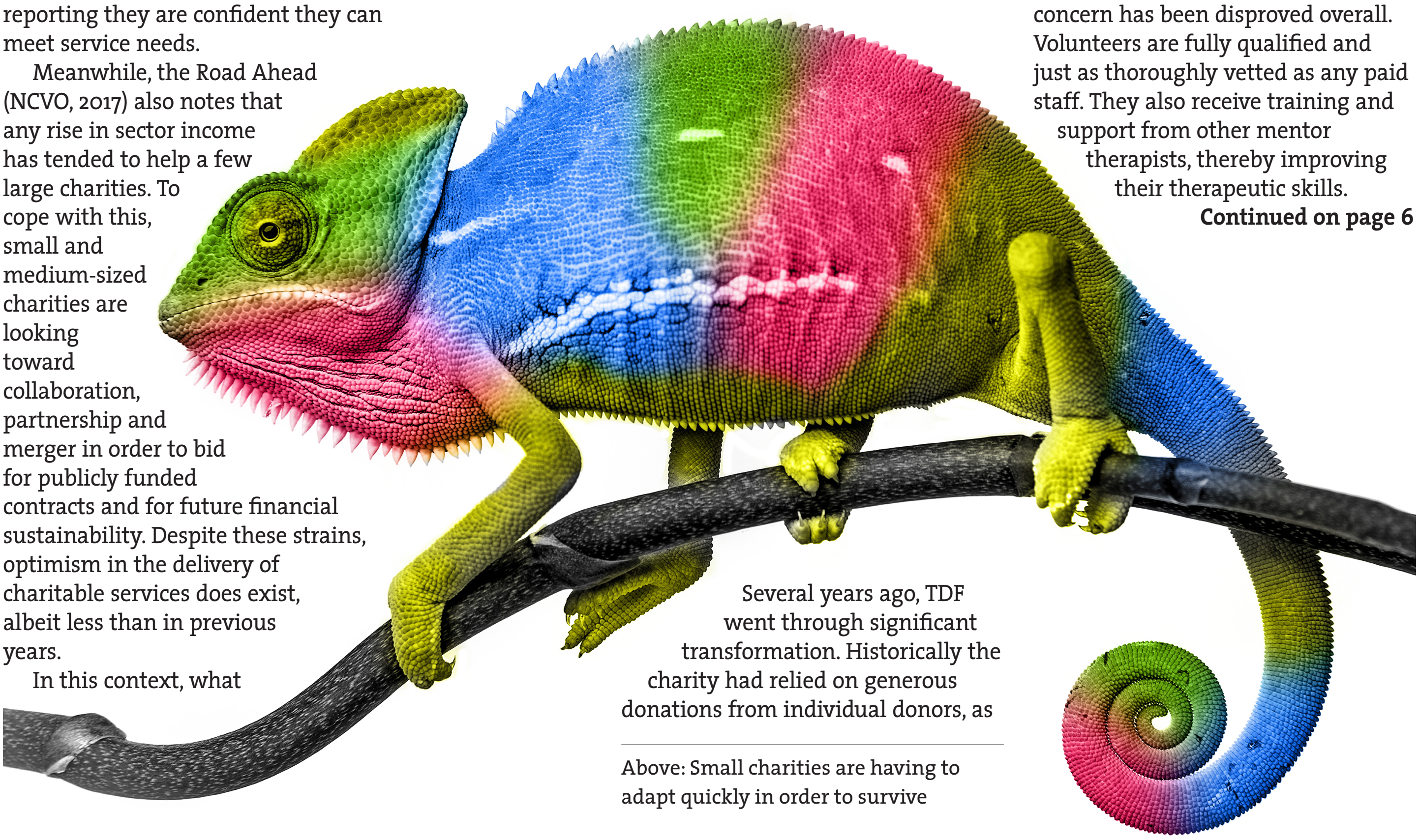

Above: Small charities are having to adapt quickly in order to survive

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Zina Smith

How does a small charity survive in the UK today?

Continued from page 5

As a result, the charity has been able to extend its opening hours and enable more people to access a greater variety of treatments at more varied times. TDF has therefore been able to meet greater service demand in the local community.

Collaboration and outreach

Secondly, a significant outcome of the sustainable model has been a more outward-looking service approach. TDF has been developing outreach volunteer therapy services and now collaborates with the RNOH, providing volunteer therapists to the sarcoma unit and the children's wards.

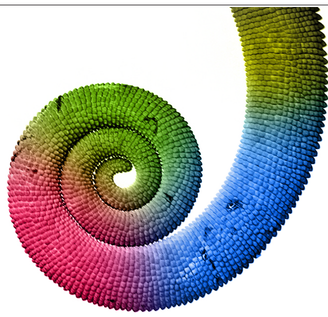
TDF is also working with a local sports team for children with autism and at a local hospice, which asked the charity to take over its therapies due to TDF's experience as a leader in the field of complementary health and disability. These community links are vital for its future sustainability and TDF continues to seek new partnerships with care homes and other local organisations, to extend the reach of its services.

Finally, TDF is fortunate to have a strong team of committed staff and volunteers who are keen to see it remain open. Many of the team have had their own personal experience of disability or of caring for someone, which adds to the commitment many feel toward the charitable goals and their personal investment of time.

"The charity has been able to extend its opening hours and enable more people to access a greater variety of treatments at more varied times."

Despite this positive picture, there is both a very real time and resource constraint on the amount this small team can achieve. More funding is needed to invest in staff costs, training, equipment and programmes to broaden the reach of its charitable services.

The charity will need to continue building on the work it has achieved, strengthening and formalising partnership agreements, retaining its committed staff and volunteers in a competitive environment, and further diversifying funding.



To see another 20 years (and hopefully more!), TDF will need to meet both internal and external challenges ahead, such as fundraising for a new building, and meeting increasing regulatory requirements.

This case demonstrates, in common with other small and medium-sized charities, that innovative thinking coupled with committed action can enable a charity to survive. While optimism in the delivery of services may have declined on previous years, there is reason to believe that many will survive into the future, if they take the right steps now.

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

CAPTION COMPETITION

Wembley ice-rink proves a challenge for some, but don't worry CT's Jon Slade and Nicola Lewis are here to help!

Email your best captions to zina.smith@ campbelltickell.com or tweet them to @campbelltickell1 before 2 May 2017 for the chance to win a mystery prize!

LAST ISSUE'S WINNER

Congratulations to Campbell Tickell associate Roger Maddams, for his entry for February's competition: "As your new Elf and Safety Officer I forbid you to climb that Christmas Tree whilst wearing non-flame resistant tinsel round your neck. Please at least remove the tinsel."

Gemma Prescot head of interim management, Campbell Tickell

IR35 and public sector bodies: All change

"After nearly a year of speculation, anticipation and general panic, April 2017 will see the implementation of new rules surrounding 'off-payroll' working in the public sector. These will have wide-ranging implications for many organisations and for interim managers themselves.

CT has been consulting widely both about the challenges of this new legislation, and about the advice and solutions available to public sector organisations and interim managers.

What is IR35?

IR35 (or the 'off-payroll' rules) was introduced in 2000. It governs how interim managers and freelance consultants operating through professional service companies or 'umbrella companies' can be paid and manage their income (see www.gov.uk/topic/business-tax/ir35 for further information). Someone who should be classed as an employee of the organisation for which they are working is inside IR35.

Currently if an interim deems themselves outside IR35, then payments are made to their personal service company (PSC) gross and they are liable for their own deductions. For interims who deem themselves inside IR35, they will have to account for and deduct PAYE employment taxes and national insurance contributions (NIC) through their PSC. Currently very few interim managers and consultants deem themselves inside IR35, believing they are truly operating as temporary workers and managing their PSC as they see fit. If HM Revenue & Customs (HMRC) finds any issue with this, it is the interim that shoulders the liability.

What is changing?

HMRC has long felt that even with IR35, individuals who work in this way are still non-compliant with tax legislation and thus able to avoid PAYE or NIC. This is largely because the interims themselves make the decision regarding whether an assignment is subject to IR35.

"Daily rates of pay may well increase as interims look to protect their take-home pay."

The government has now shifted the IR35 determination from the PSC to the end-client, to try to force more 'fairness' in the tax system, with interims no longer able to 'side-step' IR35. The government believes that this will raise an extra £25 million per year in taxes and NICs.

What are my responsibilities as a hirer?

From 6 April, public sector bodies are responsible for determining whether an interim contract falls inside or outside IR35. Organisations will make this judgement largely by using HMRC's online tool. This is still in the testing phase and there has been much talk about how fit for purpose it will be. The final tool should be ready to use on 1 April. (To try out the current version, go to www.tax.service.gov.uk/check-employment-status-for-tax.)

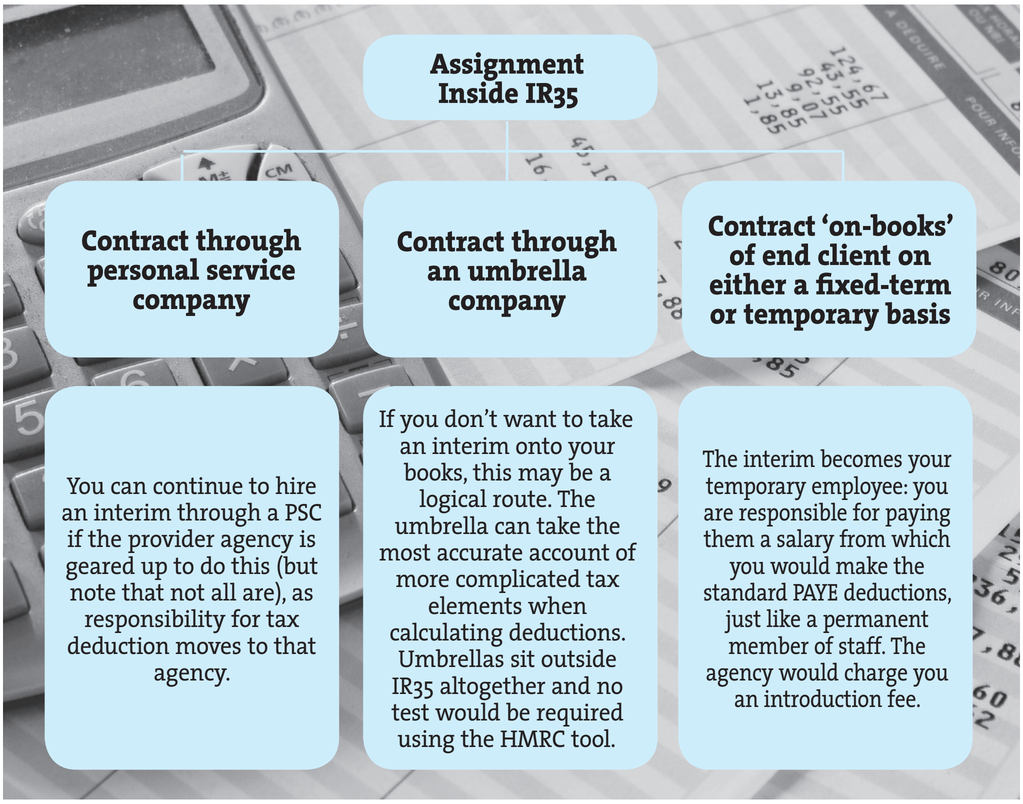
From CT's own testing, it is clear that the end-client should use the tool in collaboration with the provider, in order to access critical information required for the test.

What if a contract is deemed as inside IR35?

For interims deemed by the end-client as inside IR35, the nature of the contract will have to change. It will be very difficult for interims to avoid the full burden of PAYE and NICs as though they were normal employees. There is a danger that work on such a basis may be seen as less favourable, because it is bureaucratic and ignores their current circumstances, which are based on their taking the risk in such areas as short-term contracts, pensions and sick leave. This could well reduce the availability of talented interims. Daily rates of pay may well increase as interims look to protect their take-home pay.

The ways in which a public sector end-client can contract are now restricted. For interim managers themselves, there are no routes that avoid paying income tax and NICs on their gross salary, with the net amount being paid to them. The table below summarises the options.

To discuss how IR35 affects you, email gemma.prescot@campbelltickell.com



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Greg Campbell partner, Campbell Tickell
Maggie Rafalowicz associate director, Campbell Tickell

Rents post 2020

"The government is still working through its housing policy. There has been a degree of reshaping since the policies introduced following the 2015 general election. Initially the focus was on (a) a major boost in home ownership, (b) a significant increase in new housing output, and (c) a reduction in housing-related costs borne by the state.

This set of positions has since moderated: there is still a desire to reduce public spending on welfare (especially in the light of the Brexit decision and the effects on the economy that are working through in different ways), and there remains an acknowledgement that housing delivery has to increase. However, the overriding commitment to increase home ownership at the expense of rented housing is dissipating.

So what does this all mean for housing associations and local authorities attempting to predict what rent policy will look like once the current four years of annual 1 per cent rent cuts has run its course by April 2020?

According to well-informed sources, before opting for the 1 per cent annual rent cuts, the government was also considering a 2 per cent annual rent cut. Following analysis, it was advised that, whereas housing associations (and arguably local authorities) could weather a 1 per cent cut, if 2 per cent were introduced, this would lead to a significant reduction in development programmes. The decision was therefore for 1 per cent cuts.

Although the government initially claimed, when introducing the rent reductions, that there would be a return at the end of the four years in 2020 to CPI + 1 per cent annual rent rises, nobody truly believes this will happen.

"The principal options being examined are zero rent rises and CPI flat. Neither is seen as sufficient to fuel significant growth in output."

Apart from any other considerations, the rent reductions came just two years into a 10-year settlement at CPI + 1 per cent. So the suggestion has no credibility, and even if it had, the present government, while of the same party, is seen as quite different from that elected nearly two years ago. Moreover the political and economic environment has shifted considerably since the EU referendum.

In their business plans, housing associations have been modelling different rent scenarios for the post-2020 settlement. The principal options being examined are zero rent rises and CPI flat (ie CPI plus zero per cent). Neither is seen as sufficient to fuel significant growth in output.

Therefore, in order to make up the difference and enable continuing

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CPI+0%

This or a zero rent rise are how most landlords expect rents to be set post-2020

25%

Estimated number of building workers in London who come from the EU

Greg Campbell and Maggie Rafalowicz

Rents post 2020

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development by housing associations (and perhaps councils), we are seeing registered housing providers pursue a number of approaches: increasing market sales; using the proceeds from sales of existing stock to fund new development; developing shared ownership; market renting; potentially using the proceeds of voluntary Right To Buy; and developing non-housing activities of a commercial nature.

> "The government is considering whether it can link the post-2020 rent settlement to development output."

These approaches are going alongside: expenditure cuts achieved through reconfiguring services (moving increasingly to digital self-service); sharing services with other organisations; and pursuing mergers and acquisitions.

In London, the Greater London Authority's new programme includes the 'London Living Rent': rents for new homes funded through this initiative are to be linked to notionally one-third of average gross household incomes in a particular area, hence creating an 'intermediate affordable rent'. This is expected to come out at 40-45 per cent of market rent. Similar approaches are being explored in other areas.

The government is considering whether it can link the post-2020 rent settlement to development output. It is unclear whether new legislation would be required to provide for a differential approach, whereby registered providers developing new housing beyond a certain level would be allowed to increase rents by a higher level than those failing to do so.

A vehicle for such legislation, if required, could be the anticipated Housing Bill to give effect to provisions flagged in the January 2017 Housing White Paper. However, it would be a difficult measure to legislate coherent triggers, and would be liable to prove bureaucratic and contentious in its application.

For instance there would be major objections from tenants of developing housing associations whose rents were increased – unless the provision applies to new housing stock only.

Unless the government can come up with a workable formula, such a provision might prove controversial at a time when all available parliamentary time is being dedicated to Brexit-related matters. Moreover, it might not help the government's desire to get housing associations declassified and returned to their former status as private bodies.

2020 – when the new rent settlement is due to take effect – will be after the next general election. While at this point no serious commentators anticipate the Conservatives losing power, it is perfectly possible that there will be shifts in policy.

For one thing, the UK will by then be either outside the EU, or at least embarked on a transitional exit. It is very hard to forecast what that will mean in practice for new development.

However, some of the factors that will have a bearing include the weakness of sterling fuelling building materials inflation, and the potential reduction in the large numbers of UK construction workers who come from the EU (on some estimates 25 per cent of building workers in London, and 10 per cent outside).

Meanwhile there are the sort of factors in play identified in the Farmer Report on construction skills, such as the large numbers of building workers due to retire over the next decade, the low levels of new entrants to the industry, and the low levels of new housing delivered by off-site manufacturing (just 1 per cent of current output).

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

Building new homes: CT research for PlaceShapers

"Campbell Tickell is delighted to be undertaking a research project to set out the contribution that PlaceShapers' 117 members make to the supply of new homes and explore how new housing provision can be maximised in future.

PlaceShapers is a national network of community-based housing associations. More than 25 per cent of housing association residents in England live in one of their homes. Their services are used by more than 2 million people. PlaceShapers is committed to developing more homes to make a significant contribution to housing needs across the country.

Sinead Butters, chair of PlaceShapers, said: 'We are organising an important conference on development for members and key partners in mid-May. This is part of a research project being undertaken for us by Campbell Tickell, designed to establish clearly the contribution we make to new housebuilding and, significantly, how we can overcome barriers to increase our capacity to do even more.

'The minister of housing, planning and London, Gavin Barwell MP, will be joining us and the outcome will feed into a final research report to be launched at the CIH Conference in Manchester in June.'

See the latest PlaceShapers ezine: email. seegreen.net/t/ViewEmail/j/CC88A9D117BEC155/921AA633BDF6193B2A1BF84 ACBDD178B

Maggie Rafalowicz associate director, Campbell Tickell

Councils must prove themselves as developers

"In the 1950s, English councils built 1.4 million homes; in the 2000s, they built just 2,000. Housing associations and private house builders, meanwhile, were unable to keep up with demand. The shortage of homes across all tenures especially affects people on low incomes – exacerbated as housing costs outstrip inflation and welfare entitlement. During this decline, local authorities that retained housing stock were largely restricted to dealing with reducing poor-quality homes.

Decent Homes programmes alleviated matters, but the revived Right to Buy and rent reductions create a danger that the former trend may return. However, recent changes have enabled councils to take back some control over supply and management. For example, Housing Revenue Account self-financing provides more freedom to manage housing stock as a business.

Increasingly, councils are engaging directly in developing new homes. This takes different forms, including where the private sector is not delivering, such as the range of tenures available, focusing on those in greatest housing need and infrastructure investment. It involves making better use of existing assets and taking advantage of low interest rates. It includes generating income to make up for reduced government funding, low business rates and increased homelessness costs. In part, this reflects councils being less inclined to trust other providers, such as housing associations, to deliver in line with their priorities.

Beyond direct provision, in the 1990s, most councils' main role in relation to new housing was as the planning authority, and the provider of discounted land. Councils' roles have become more varied in recent years, in increasing supply, creating the vision for development, and acting as the enabler; identifying sites, assembling consortia, liaising with landowners, facilitating planning permission and exploring different funding options.

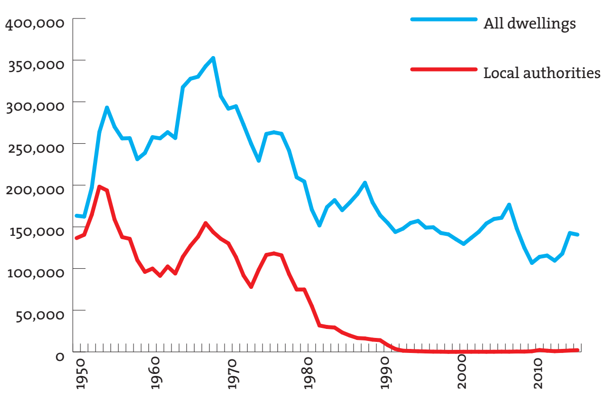
Now we see councils moving beyond the enabling role to that of developer. This can include preparing the infrastructure, decontaminating land, commissioning architects and dealing with difficult areas like estate regeneration in all its forms – physical, social and economic. The ability of councils to 'de-risk' sites has been key to progress in developing challenging schemes.

A critical element now is whether involvement in progressing a scheme can generate income for an authority, or can contribute to savings, such as on homelessness. As property values rise, councils want to benefit from this rather than transfer housing stock, as many did in the past.

Funding sources have widened, and over 120 councils have set up development companies. Usually, this is a 100 per cent owned subsidiary. However, some have created joint ventures with neighbouring councils, other public bodies or private companies. And the development companies deliver new homes across tenures – homes for sale (market or discounted), shared ownership, private rented or affordable rented sector. This is a time for councils to be bold and take the fight to the housing crisis.

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

Housing completions 1950-2017



Source: Department of Communities and Local Government

"As property values rise, councils want to benefit from this rather than transfer housing stock, as many did in the past."

THEDIARY

NFA Annual Conference

27-28 April 2017

Hyatt Regency Hotel, Birmingham

Associate Director, Maggie Rafalowicz will be chairing a workshop on providing the right homes and care for an ageing population. Partner, Greg Campbell will be speaking on a panel about the current operating environment for ALMOs, considering how ALMOs are adapting and diversifying in different local circumstances to create an ALMO model that is fit for the future.

almos.org.uk

CIH South West Regional Conference

10-11 May 2017

Mercure Grand, Bristol

This two-day conference has established itself as the essential forum for housing professionals to discuss and debate the hottest topics affecting the industry in the region. Stephen Bull, Senior Consultant will be chairing a session on 'challenges for our region' with speakers Paul Crawford, DCH, Mike Ash, Swindon BC and Oona Goldsworthy, United Communities.

cih.org

Social Housing Finance Conference

11 May 2017

Aldersgate, London

Explore the biggest questions the social housing industry is facing and identify the solutions that can help make a difference. With such an enormous period of change and uncertainty, this event is the perfect platform for leaders within the sector to come together, take stock and re-energise. James Tickell, CT Partner, will be appearing as a guest speaker.

www.socialhousing.co.uk/events

CIH Annual Conference

27-29 June 2017

Manchester Central

CT will be attending the CIH Annual Conference in Manchester. Join us at our stand G34.

cihhousing.com


Greg Campbell partner, Campbell Tickell
David Williams partner, Campbell Tickell

The rise of the medium-merger

"It may be the big housing association mergers that have attracted attention, but it is the medium-sized mergers that are increasingly motoring.

Several such mergers have been announced in the past few months and the pace is likely to increase. A nudge in the new White Paper reminds the sector that merger planning should be part of the strategic debate. This links to regulatory pressure to deliver better value for money, as well as noises off from Policy Exchange.

The housing association sector has long shown a tendency to trend: what may start off as a localised initiative gathers momentum and then extends to the point where all seem to be embracing it (whatever it is). Mergers are no exception. Combined with the undoubted benefits a well-planned merger can bring, this has created new momentum especially with medium-sized organisations, many of which have their history in the stock transfer push of the early 1990s.

Mergers grew in number over the late 1990s to mid-2000s. Things went relatively quiet following the election of the coalition government in 2010, as many waited for national housing policy to develop, and there was a focus on consolidation of group structures.

This has now been replaced, since the 2015 general election, by a spirited push for scale and the resulting policies on home ownership, grant reduction and rent-calming measures. As a result, financial pressures have increased, development has become harder, and many have sought to manage the greater risks via merger and driving higher organisational resilience.

This has combined with a change in regulation by the Homes and Communities Agency. Its approach is now far less prescriptive, but actually more challenging, as registered providers have to demonstrate how they are effectively governed, understand and manage risk, and achieve business assurance. And it has combined with a gradual change in the nature of housing association boards, with increasing numbers of entrants from the commercial sectors, who have seen mergers and acquisitions as part of the normal way in which business is conducted.

The current merger trend is driven by various factors:

istockphoto.com

- A desire for greater capacity and clout – a perceived need to achieve more bang for the buck – but also greater resilience to negotiate new and potentially greater risks, and the financial strength to provide for more development
- Seeing what the larger housing associations can achieve – in particular becoming more self-reliant and offering the scale to be able to control their destiny and reduce their reliance on others
- Changes in local government as the devolution agenda gathers pace and moves into areas such as housing and regeneration, with a sense that scale is needed to secure a seat at a larger regional table
- In some cases, fear of being the last one left unmerged in an area – the North-east, for example, is consolidating quickly
- And in some cases opportunism driven by the retirement ambitions of individuals – which was always a factor in mergers, but has become less significant in recent years, with greater focus on achieving a sound business fit.

> "Some fear being the last one left unmerged in an area – the North-east, for example, is consolidating quickly."

There is more pre-merger and merger activity in play now than for many years. In our experience, the housing providers that are refusing to explore such options, at least in principle, are few and far between. That doesn't mean that all the options being considered make sense and offer good fits between the prospective partners.

So, what is the best way to approach merger? The organisation that has decided to explore these options should conduct effective self-examination: what are they trying to achieve and what are the critical issues and requirements for them; what holds them back from achieving their goals; what kind of link-up makes sense; and indeed is merger capable of providing the answers they seek? From there, they should develop criteria for assessing where fit may exist and where it does not.

Having identified a potential partner, it is critical to confront and tackle the showstoppers at the outset, to plan and programme thoroughly, and to ensure that the merger process is sufficiently resourced so that operational performance does not dip. There are undoubtedly benefits that can accrue for many organisations from the right link-up. But that doesn't mean they are easy to achieve.

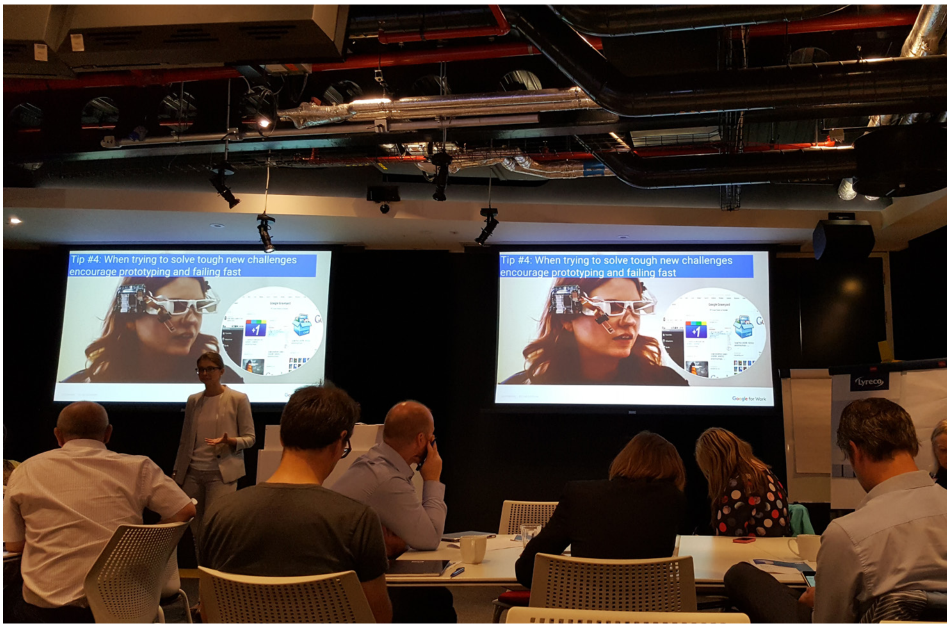
A version of this article was first published in Inside Housing. To discuss any the issues raised here, email greg.campbell@campbelltickell.com

Jon Slade senior consultant, Campbell Tickell
Liz Zacharias senior consultant, Campbell Tickell

The right connections

HouseMark business intelligence

For the past two years CT has sponsored the Housemark Business Connect Leaders' Programme. Jon Slade and Liz Zacharias look back on this year's study visits and inspirational speakers to pick out the lessons to be learned.



This year Business Connect visits included Google, Greggs, Community Shop and The Met Police

Leadership

There is no substitute for inspirational leadership. While systems and processes can support people to do good work, it is inspirational leadership which gives staff the belief that begets hard graft in testing circumstances.

The importance of this point came across in the most testing of circumstances with troops feeling empowered to shoot to kill in Bosnia (Colonel Richard Westley) and equally strongly in the commercial world at Tesla and Benugo and in a not-for-profit such as Community Shop. But inspiring leadership is chiefly a combination of perspiration and courage. It is a behaviour that can be learned. Clumsy first steps are far better than taking no step at all.

Vision and simplicity

Give yourself three seconds to say out loud your organisation's vision. If it takes longer than that to recall it, then the vision is not real to you (and who else?). If it takes longer than that to say it, well, it's too complicated. Time and again the importance of a clear, simple corporate vision came to the fore. In times of change and growth your vision is a tool you can use to make sure your plans are taking you in the right direction, by the best route. Simplicity is important. For example, Greggs ensures that every team has a one-page document that sets out the contribution that the team is making to Greggs' corporate objectives.

Changing approaches

Centralising to reduce cost, bringing production in-house because the additional asset cost is warranted by the lower production cost, investing heavily in digital transformation with the expectation of future savings, seeking to improve the collection and usage of data on customer segments. No, not a social landlord with a direct labour organisation, but Greggs.

While managing housing has its quirks, for the most part we share our issues with the wider world of business. When we only talk to other goldfish we immediately discount the entire world outside our bowl.

An interesting cross-over is the issue facing the Met Police, where officers who joined to enforce the law have found that up to 80 per cent of their workload is managing vulnerability. Plenty of housing organisations know about similar pressures falling on their staff as support services reduce or disappear. Also at the Met the use of direct entry superintendents to disrupt their long-service pyramid is identical to the clarion call for out of sector experience in housing recruitment campaigns.

Rising to the challenge: Greggs is centralising to reduce costs

Spotting the chance and making it happen

Community Shop is a fantastic example of spotting a hidden opportunity (branded food sat in warehouses that would otherwise go to landfill), using it as the cornerstone of work with people in or at risk of food poverty and building around it a comprehensive approach to building confidence, esteem and practical skills via the subjects of food and cooking.

Benugo is a comparable example, where the company took on the rundown in-house catering operation at the Natural History Museum, and turned the loss-making operation into a business generating more than £1 million for the museum and more than £1 million annually in profit for

Continued on page 14

Liz Zacharias senior consultant, Campbell Tickell

Giving new towns a health kick

"The NHS's Healthy New Towns initiative, launched in March 2016, aims to work with 10 housing developments to shape the health of communities, and to rethink how health and care services can be delivered in healthier built environments.

The NHS believes that this programme offers a golden opportunity to radically rethink how we live – and takes an ambitious look at improving health through the built environment.

As well as an opportunity to design healthy places to live, the 10 sites are an opportunity for the NHS to engage with housing and to really understand the contribution that housing and public realm design can make to health agendas.

So how well placed are the country's current policies in health, social care and housing to ensure maximum benefit is derived from this more joined-up approach?

The initial news is encouraging. Supported housing providers have made some inroads into making the case for housing's positive contribution to health. There are many examples of re-ablement, and intermediate care provision, housing-based hospital discharge services and any number of models designed to ease the pressure on the NHS and divert people from A&E.

The Healthy New Towns initiative provides a welcome opportunity for health and housing to develop a shared understanding and language, we are in the foothills of this rather large mountain but at least we are there together through this initiative.

The programme focuses on designing healthy living and wellbeing into the 10 new sites, including new technologies to, for instance, support older people to live at home for longer. The 10 sites are test-beds to see what works in terms of using the built environment to promote health and wellbeing and share the learning more widely.

All the sites are focused on inspiring collaborative working and co-production across health, housing and social care. These partnerships will focus on building healthy environments that help new communities living in these sites, encourage physical activity, community connections, data sharing and digital care initiatives.

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Barking Riverside will provide 10,800 homes on London's biggest brownfield site

Jon Slade and Liz Zacharias

The right connections

Continued from page 13

Benugo. From that starting point its track record has developed a large and profitable new line of business in many top museums and galleries and, consequently, with John Lewis.

In both cases great outcomes grew from small beginnings by holding fast to core values while creating something different.

It's not all 'do's'...

Sometimes what you take away from these visits are additions to your list of 'Don'ts'. Our visit to Google left us feeling that what is sold as quirky (sleep pods, laundry done, free food) come across as somewhat cynical ways to keep your people longer at work. And a trip to the Met Police left us feeling grateful to be wrestling with problems more manageable in scale than a service with 233 different IT systems.

What's in the box?

It's your birthday. You asked for a watch. There's a watch-box-shaped present. But which watch is it? Participating in Business Connect is a bit like that. You know there will be inspiring leaders, clever practices, effective processes and systems and great outcomes. But how does each organisation combine these to maximum effect?

While there are nuggets of good practice to be gained, the real reason to attend a visit is to understand how each organisation brings its component parts together to best effect and to take away motivation, inspiration and technical knowledge, in that order.

It is more about the watch and the story of the watch than an in-depth analysis of its components. The best of the visits leave you re-energised and determined. And in times that are cynical and demanding, that's got to be a good thing.

www.housemark.co.uk/premium-tools/business-connect/the-leaders-programme. To discuss the issues raised in this article, email jon.slade@campbelltickell.com

Liz Zacharias

Giving new towns a health kick

Continued from page 14

Turning to social care, the picture is less positive. Recent headlines report that a quarter of the country's 2,500 homecare providers are at risk of insolvency and that care companies are handing back contracts to councils. The government stated in the recent Budget that new proposals around social care funding will be put forward, and we hope some of the initial learning from the Healthy New Towns initiative is reflected within this.

We also wait to see what the promised Green Paper on the future of the supported housing funding framework will say when it is published later in the spring.

Meanwhile, in the housing sector, the Housing First model (which provides secure housing and wrap-around support to homeless people, rather than putting them into hostels) recently received a significant boost from the Centre For Social Justice's championing of the benefits of the approach.

There were also warm words from the secretary of state, Sajid Javid, and his announcement of a trip to Finland to see what has been achieved there using a Housing First approach working with people with substance misuse issues, mental health problems and complex needs linked to rough sleeping.

Mr Javid wants to see how this can be implemented in the UK. He may also like to examine the lessons from some of the numerous Housing First services in this country. There are many good stories, but also others regarding those services which are at risk due to the downward pressure on support funding and the extreme lack of affordable housing in places like London, Brighton and Bristol.

However, it is not the case that there is no money in housing. In another part of the supported housing system we are seeing independent living become an investment asset class as more large-scale investors and pension funds pour capital into developing schemes. These are based on the exempt and specialised accommodation rules within housing benefit and the ability to fund intensive housing management alongside personalised care funding.

As with all systems, the stresses emerge at the transition points, such as those points between health, social care, and housing systems. Rather than a funding framework for supported housing, a promised focus on Housing First to tackle rough sleeping, a review of funding for social care and a push for Sustainability and Transformation Plans in the NHS, why not look at wholesale review?

This could assess how we want to treat vulnerable and older people renewing the health, housing and social care social contract and aligned funding and commissioning structure across all three domains. The early lessons from the Healthy New Towns initiative and the ambition for its outcomes show what can be achieved. Let's hope this is just a first step on the road to much more meaningful collaboration and common purpose.

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

The 10 Healthy New Town sites

- **Whitehill and Bordon, Hampshire** – 3,350 homes on a former army barracks, including 'care-ready homes' adapted for people with long-term conditions
- **Darlington** – 2,500 homes across three linked sites in the town's 'eastern growth zone', including a 'virtual care home'
- **Cranbrook, Devon** – 8,000 homes, with healthy lifestyles taught in schools from a young age. Cranbrook is already thought to have three times the national average of under-fives
- **Ebbsfleet Garden City, Kent** – up to 15,000 homes in the first garden city for 100 years
- **Barking Riverside** – 10,800 homes on London's largest brownfield site
- **Bicester, Oxfordshire** – 393 houses in the Elmsbrook project, part of 13,000 planned homes
- **Northstowe, Cambridgeshire –** 10,000 homes on former military land
- **Whyndyke Farm in Fylde, Lancashire** – 1,400 homes
- **Barton Park, Oxford** – 885 homes
- **Halton Lea, Runcorn** – 800 homes

Below: The Whitehill and Bordon development in Hampshire will include 'care-ready' homes for people with long-term conditions