

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

In this issue

**PAGE 2**

**Social Housing goes mutual**

*In the second of a series of articles about new directions for ALMO's Gerald Davies highlights a unique new model.*



**Also inside...**

- P3 Economic case for housing
- P4 Resident scrutiny
- P6 Welfare reform



**Why am I here?**

By Ziggy Crawford

Ziggy Crawford, Chief Executive of Barnsbury Housing Association, highlights the challenges for smaller housing association in the face of the Regulator's focus on 'value for money' in its new draft regulatory framework.

So the Tenant Services Authority would like to see a more robust approach to value for money, with providers considering mergers, shared services and partnerships. This is a real challenge for very small providers - we are a 230-odd home general needs association. We do have a strong asset base, we want to be independent, but we are not providing bespoke specialist services.

Our Board wants to see evidence of how we use our capacity to benefit residents, the community and the neighbourhood. The Board expects more than just a good landlord service.

The impending welfare reforms have focused minds on how able we are to identify residents most affected and what we can do to mitigate some very dire straits for people. This is much more complex than simply watching out for rent arrears. We can't save the world but perhaps we can make a practical and measurable difference for individuals in our homes.

We can use our resources to deliver a decent community programme - providing chances for all ages to meet, socialise, talk to us and their neighbours.

We have residents who would be in care if we did not support their neighbours in keeping them safe.

Because we are small, we can dedicate time to local initiatives, such as the neighbourhood Well Winter Outreach project.

We try to keep a firm grip on everything going on round our patch and signpost residents wherever we can to take advantage of what's on offer - from advice to activities to work opportunities.

How do I evidence value for money for these activities? Do the majority of residents truly value them? How can we assess the trade-off between retaining control and independence, whilst delivering pretty bespoke services to our residents, against the development prospects that might arise from a merger of some sort?

It looks like we could have some small development opportunities in the future - our council may identify local infill opportunities - so we will be able to take advantage of our asset base for new homes. I breathe a sigh of relief.

But I am convinced we really do need good evidence of what makes the difference. I would like to explore partnerships and sharing to make more money available for resident support. I am just not sure how to do that without feeling as though the sharks are circling!



Ziggy Crawford is Chief Executive of Barnsbury Housing Association





# Social Housing goes mutual

By Gerald Davies

In the second of a series of articles about new directions for ALMOs (Arm's Length Management Organisations), Gerald Davies highlights a unique new model.

A perennial but mistaken criticism of housing stock transfer is that it is privatisation. The argument goes that because the housing stock is no longer publicly owned by the Council, it is therefore private and (it is implied) available for profit. The fact that housing associations cannot operate like that is ignored: sometimes the mud sticks. One in five tenants' ballots go against transfer. This criticism and the fear it creates have played their part in many of these.

Various models have been developed to involve tenants in owning the transferred housing stock, both to avoid potential mergers that lose local identity and to overcome the perceived 'democratic deficit'. This has included tenant members owning a third of the voting power through to the Community Gateways where tenants can hold a much bigger share of the voting power and help shape the strategy of the organisation, and the Community Mutuals in Welsh where the tenants own the housing stock. The ethos of these organisations centres on building a strong sense of community responsibility.

In Rochdale, something more radical and innovative has developed. A three to one majority of tenants voted in December to transfer the Council's 13,700 homes to Rochdale Boroughwide Housing. This is a transfer with a difference: crucially it is a true mutual owned through membership jointly by tenants and employees, on co-operative principles.

## So how will it operate?

### Membership

The key to the mutual is its two constituencies of membership – tenants and employees. The transformation to the new mutual governance structure will not happen when the stock is transferred, but must occur within 15 months. This will allow the membership to be built to a reasonable level. The members will elect most of the Representative Body and be able to vote at general meetings.

### The Representative Body (RB)

Most of the RB's membership will be tenants and employees on a ratio of 2:1. There will also be places for council nominees and other groups that the RB wants to involve, e.g. NHS, Police, educational bodies.

The RB will:

- Determine policy;
- Appoint (and remove) non-executive directors;
- Monitor progress;
- Feed into future plans and strategy;
- Receive the annual report and accounts.

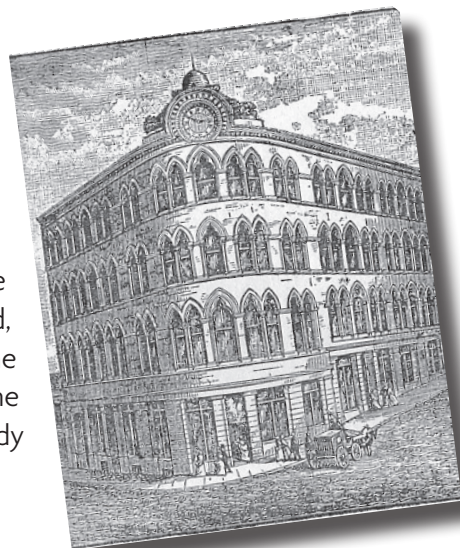
### The Board

This will comprise eight non-executive and two executive directors. It will be responsible and accountable for running the organisation with the framework set by the RB.

How different will Rochdale be from other transfers? The key is the power of the members through the Representative Body, where employees and tenants come together and have major influence on the Board.

In 1844, Rochdale gave birth to the Co-operative Movement. We may now be seeing it give birth to a new form of co-operative ownership of housing.

Gerald Davies is a Senior Associate of Campbell Tickell



*The first Co-op shop: Central Store, Toad Lane (1868). A cut-stone building 70 feet high, it cost the Rochdale Pioneers £17,000.*



# Making the case for housing

By David Williams

A recurring theme of the International Housing Summit held recently in Rotterdam, was a recognition that the problems housing providers face in the UK trying to match dwindling supply with increasing demand are not unique – if anything, our challenges are insignificant when compared to those of India, South Africa and even Australia.

For these countries, the scale of the problem is mind-boggling. Not only are providers faced with the demands of exploding populations, responses are required to floods, earthquakes, a lack of basic infrastructure, extreme poverty and displacement. In many ways, there is much to applaud in the UK if measured against this backdrop.

Delegates attending the conference agreed that a more sophisticated case needs to be made to acknowledge and measure the positive effect housing investment has on the wider economy. The current government appeared to acknowledge the importance of this debate in preparing for the comprehensive spending review, which was published in October 2010. A series of Treasury ‘tests’ were devised that sought to establish, amongst other things, the economic case for housing (and other areas of spend) and would, we were told, inform the evaluation process. The signals appeared to suggest that if investment generated a positive effect elsewhere (health, education etc.), it would attract, if not a firm tick in the box from the chancellor, at least a nod in the right direction.

Regrettably, despite these good intentions, the ink was barely dry on the directive before communities secretary Eric Pickles marched into the Treasury declaring that

the Communities and Local Government department would be able to stump up savings of 30%. It is not clear how the wider benefit was assessed, but one might assume this was not at the forefront of the debate.

To an extent this is understandable. A combination of poor information that directly establishes ‘cause and effect’ (more convincing to the Treasury than the butterfly wings of Chaos Theory), a government advisory structure where cross-departmental working and analysis is still unnatural, compounded by the pressure to extract savings quickly, does not create an environment dedicated to a sober and considered evaluation of cross-government costs. The financial relationship between social policy, health, education and investment is complex and at present there are few pegs on which those in favour of reform can hang an argument that change is not only desirable but essential.

Those readers who follow closely the debate on mobility may recall a report from Human City, Counting the costs, that identified the financial effect on the wider economy of a lack of social mobility within the housing sector.

The report estimated that an inability on the part of social tenants to move home easily costs £542 million each year (£2.5 billion over the life of a parliament), with the costs to social care (the state providing for elderly relatives, for example) especially significant.

At micro level, for instance, I recall a study that established that by fitting stair gates in new homes for families with young children, the potential savings to the local health economy funding is scarce and unlikely to satisfy demand, all was 2 per cent of accident and emergency spend.

*Continued on page 4*

CT Favourites Gallery

## New Extra Care developments by Saxon Weald



Project management of the new schemes was supported by Campbell Tickell senior associate Daphne Ingham.

From right to left: Cranbrook Extra Care Langney, Eastbourne, East Sussex. and Abbotswood Extra Care, Rustington, West Sussex.



# From rats to roofs - a look at resident scrutiny

By Radojka Miljevic

So the icy brave new world beckons for housing providers, stripped of any comfort blankets – goodbye to the Audit Commission and hello to a regulatory committee of the Homes and Communities Agency focused on economic standards only. Who will care about service quality and improvement? Who will look to drive best practice? This is where great governance – a diverse and ‘upskilled’ Board that is fit for purpose – and local accountability in the shape of resident scrutiny steps in.

For some, resident scrutiny will be an operational activity, focused on testing the quality of the service. For others it means a strategic residents’ group evaluating how their housing provider meets service promises and formulates priorities. The National Housing Federation in its 2006 report ‘*What tenants want*’ identified a strategic group’s role as (among other things) identifying ‘key issues, from rats to roofs, that it wants the provider to focus on’.

There is no ‘one size fits all’ for resident scrutiny. An organisation isn’t a blank page, but a complex work of cultural legacies, promises and retold stories – it’s perfectly understandable that evolving another part of the organisational structure will look or feel differently in different places, and in any case everyone has started at different times. Reassure yourselves: it’s not a competition, but an exploration to find out what works for your organisation. Be shameless and ask others who started earlier on this journey what did and didn’t work,



*Resident scrutiny panel at Seven Locks Housing*

and what they’ve learned. Anyone who is asked will probably enjoy being viewed as a source of expertise! More importantly, ask your own residents’ group what they feel comfortable with tackling in the first instance.

Some important principles and boundaries, remain, however. Your resident scrutiny group needs to work independently of the Board, so the old successional route to the Board that might have operated for some as a means of recruiting resident Board members ought to be dismantled. There’ll also need to be clarity about how the panel links with the Board (so that recommendations are treated seriously), with the rest of the resident involvement structure, and indeed with residents more widely.

## Making the case for housing

Continued from page 3

The Rotterdam conference recognised that this was not easy territory. But in a world where unconditional acknowledged the need to work harder to demonstrate the wider economic advantage investment in housing can generate.

Without it, housing may continue to be the poor relation, and only the recipient of investment when the economic cycle is favourable.

*David Williams is a Senior Associate of Campbell Tickell*

*This article ‘Making the case for housing’ first appeared on [www.insidehousing.co.uk](http://www.insidehousing.co.uk)*

## Want to get started?

- Think about how you'll get people interested – offer some capacity building training to whet their appetites, and make sure it's fun and interactive
- Apply some rigour to how you select your panel, so that you make sure your panel are competent or have the potential to acquire the competencies they need
- Once you have them, get them to be clear about their scope. A facilitated discussion around a checklist can help – are you monitoring service standards (yes or no), are you monitoring key performance indicators (yes or no), do you have a commissioning budget (yes or no), and so on – do this before you finalise any Terms of Reference
- If the panel feels overwhelmed by the size of the task ahead of them, or have some early moments of floundering, reassure them – it's normal, nearly every panel has felt this at some point. Keep calm and carry on, as the posters say
- Consider introducing the panel to the Board in a 'get to know you' session. This can help calm nerves and reassure the panel that the Board isn't entirely perfect either – every individual will have different skills to bring.
- Invest in training for the panel, but don't neglect your staff also. A pumped up panel without a responsive staff group is a recipe for disaster.

## Already up and moving?

- Consider approaching a panel at another organisation to meet together, swap ideas and lessons learned, pay jointly for training
- Apply some robust tests to the difference you are making – and evaluate your own effectiveness.

Do not underestimate how much confidence can be an inhibitor for residents. Training alone isn't always the answer. Other interventions, such as coaching or mentoring, can have a powerful effect on panel members' ability to challenge effectively and contribute.

Remember that resident scrutiny doesn't sit in a little bubble outside the organisation and needs to be embedded as part of a culture that focuses on residents and customers, and takes a serious interest in listening to them. Scrutiny should be about unlocking the customer experience rather than death by performance indicators and big stacks of papers.

***This is your chance to do things differently – be bold!***

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*Radojka Miljevic is a Senior Consultant at Campbell Tickell*



*This article first appeared in 24 Housing magazine in Feb 2012*

The LinkedIn logo, consisting of the word 'LinkedIn' in a bold, black, sans-serif font, with a blue square containing a white lowercase 'in' to the right.

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# Welfare Reform; tough times for income collection

By Helen Gregory

The Welfare Reform Bill introduces the biggest change to the welfare system in the UK for over 60 years.

Some say a week is a long time in politics! That was certainly the case when the new welfare reform plans were debated and defeated several times over in the House of Lords on the 26th January 2012.

Despite those temporary set backs, the Bill passed the final hurdle in the House of Lords on 1st March and has now been sent for royal assent.

The 2010 Department for Work and Pensions White Paper (Universal Credit: Welfare that Works) set out the Government's principles for the reform of the benefit system. The Government's stated purpose in making these changes is to reduce the financial and administrative barriers that currently discourage people from taking up work.

The main changes outlined in the Bill that will impact on tenants and Social landlords are:

- the introduction of a Universal Credit;
- a benefit cap of £26,000 per household;
- cuts in Housing Benefits for residents who are under-occupying their homes.

## Introduction of Universal Credit

Universal Credit will create a single income benefit for working-age claimants, replacing several different types of benefit. (Housing Benefit will be paid through Universal Credit).

Current proposals are for Universal Credit to be paid four-weekly in arrears directly to the tenant. This is a risk to landlords who will no longer have the assurance of Housing Benefit being paid directly into the tenants rent account. A government pilot scheme of six housing providers has been set up to trial the change in payments being made direct to tenants but findings will not be available until at least July 2012.

60% of the rental income of a typical housing provider comes from Housing Benefit. The removal of rent-direct poses a significant risk that arrears will increase.. A pilot scheme that L&Q ran in 2002 to test a similar approach saw

arrears rise from 3% to 9% before settling at 7%. This would have a significant impact on most providers' cash flows.

Introduction of the benefit cap – for every working-age household, the benefit cap of £26,000 translates into total household welfare payments being limited to £500 per week for two-parent and lone-parent households and to £350 per week for single-person households where no children are present. Local Authorities have some leeway to make transitional support payments, but clearly their funds are severely constrained at present.

The Government has advised that people claiming working tax credits and disability living allowance will not be affected. The cap is expected to affect 67,000 families in the UK. The majority of these will be in Greater London (Source: DWP statistics 2011).

Under-occupation charges - Housing benefit charges for under-occupation - will come into force on 1 April 2013. The penalty will be approximately £12 per extra bedroom not occupied. The increase in charge will only apply to tenants of working age. It will not apply to tenants of pension age. 26% of tenants in the South East will be affected.

## So what does this all mean?

The government's proposals in theory will make it easier for people to go back to work. A benefit system that is flexible that does not penalise people working less than 16 hours a week, with a single point of application, has got to be good news for low income families who currently cannot afford to work. We all know of cases where tenants are reluctant to start a new job because of the disruption caused by the change to HB and tax credits.



## Welfare Reform Bill

### CONTENTS

#### PART 1

#### UNIVERSAL CREDIT

#### CHAPTER 1

#### AWARDS

Of course, most tenants do and will continue to pay their rent; But there will still be a period of transition while tenants review their finances and plan or learn to budget differently.

However, we also know that tenants on low incomes are already struggling in the current difficult economic climate. The pressure to maintain a basic standard of living and keep a roof over one's head has never been greater. A lump sum payment of Universal Credit will have to be prioritised to pay rent; which may prove a distraction to some tenants with competing priorities.

**One inner London Housing Association with 3,000 properties is making an £800k provision in its 2013/14 budget, to meet the extra cost expected from direct payment.**

The cap will, over time, cause a shift of benefit-dependent households out of the most expensive areas to cheaper ones. In the short term will be real financial difficulties for some larger families.

We recommend using customer profiling to identify vulnerable tenants and advise of the pending changes.

Offer support to Tenants with choosing alternative payment methods as well as with budgeting if required. While the majority of tenants want to pay their rent, the change of payment needs to be managed to ensure a smooth transition.

The welfare reform changes do pose additional risks to landlords. So start using the time now to gear up income teams and think about the following: Does your income collection procedure prescribe enough preventive action at the early stages. How pro-active is it? Do you have a pre-tenancy service that maximises the opportunities to discuss planning to finance your housing costs? Do you know how many tenants are currently receiving housing benefit? Do you know how tenants are under-occupying?

Use this information to complete a risk assessment, to allow your income teams to target resources effectively.

*For further information or advice, contact Helen Gregory [helen.gregory@campbelltickell.com](mailto:helen.gregory@campbelltickell.com).*

*Helen Gregory is an associate of  
Campbell Tickell*

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## How to avoid expensive mistakes in recruitment

CT has a first rate track record in sourcing high quality interim managers, permanent executives and non-executive board members. Over recent years, we have successfully helped nearly 250 organisations recruit to more than 500 senior or specialist roles. Our recruitment activity has a national spread. The range of organisations we work with encompasses housing associations, councils, ALMOs, care and support providers and charities.

It is easy to make expensive mistakes in recruitment. Our networks are second to none. Our success rate in helping organisations fill permanent vacancies first time is over 95%. Our first time success rate filling non-executive board roles is nearly 100%.

**To discuss how we can help meet your recruitment needs, please contact Gera Patel on 020 8830 6777, [gera@campbelltickell.com](mailto:gera@campbelltickell.com).**

# the bigger picture...

Good governance is always aspirational. You work as a diverse team in pursuit of a vision, never quite arriving at a resting point.

We act as a critical friend to help you have a different conversation with yourselves – whether to help you improve, change your structure, turn things around, or clarify accountability to residents.

We work holistically. Our understanding of team dynamics and of housing allows us to connect your vision and values with what you deliver on the ground.

Whatever your size, specialism or domain, we can help on a range of issues, including:

- ⊕ Board development, coaching, mentoring
- ⊕ Governance and policy reviews
- ⊕ Advice on regulatory matters
- ⊕ Board remuneration review
- ⊕ Board member recruitment
- ⊕ Board and Chair appraisal
- ⊕ Refining group structures
- ⊕ Facilitating awaydays
- ⊕ Succession planning
- ⊕ Skills audits