

Welcome to the seventh 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.

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FINANCE, PAY, NORTHERN IRELAND...

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Value for money - from principle to reality

By Tom McGregor

Speaking of his Model T Ford, Henry Ford famously said "You can have any colour as long as it's black". It didn't do his business any harm, but this approach may not achieve high customer satisfaction these days. How do we find the right balance between standardisation, and innovation and diversity?

Preparing budgets for the new financial year will have meant identifying savings whilst at the same time seeking service improvements. Gershon properly emphasised the need to protect front line services while maximising efficiency in back office functions.

A major step to greater efficiency is removing duplication across the organisation by consolidating similar roles, processes and activities. There is often more scope for this and achieving economies of scale than senior staff assume. How to tackle this?

One approach is to investigate where the same processes are performed in different parts of the organisation. Such duplication is often disguised by different names for similar processes. These can include handling enquiries, performance management, appointment taking, recording/data entry, and business information reporting. Duplication may be common after substantial organisational change, where systems and processes have not yet caught up.



Henry Ford's Model T Ford.

Progress with this approach also helps reduce 'silo operations' so that resources can be used more effectively to create a unified, joined-up culture.

An often surprising area of duplication is IT systems. A useful approach is to work with staff to identify all IT applications used across the organisation. There are commonly many more IT applications than systems. This will usually mean that there are non-standard ways of working, resulting in duplication, inefficiency and risk to valuable data.

Project management is another area to consider. How many projects are running in your organisation? Are all on the corporate project list? Often staff may be working hard on projects not recorded on any corporate list or on projects at odds with the corporate business plan or each other!

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As well as tackling the 'low hanging fruit' above, it is important to approach VFM in a way that is sympathetic to your different business areas and your diverse customer needs. Too much standardisation is unlikely to give you an agile organisation that can easily adapt to changing markets. One thing is certain: if Henry Ford - who changed the world with standardisation and assembly line production - were around today, he would have achieved that balance between standardisation and the flexibility to offer each customer the service they need.

Tom McGregor is an Associate Consultant at Campbell Tickell.

To discuss how you can develop an effective approach to value for money and efficiency, please contact him at tom.mcgregor@campbelltickell.com.

'Avoid Panic and Naïve Opportunism!'

That was a key message from a meeting in December focusing on housing development in South Africa and the work of Homeless International (HI). Featured speakers were Taffy Adler, CEO of South Africa's Housing Development Agency (HDA) and Larry English and Derek Joseph from HI.

Taffy charted South Africa's housing journey since the end of apartheid in the early 1990s. Headlines included 25% increase in population over a 15 year period, unofficial unemployment at 40%, the housing backlog having risen from 1.9m to 2.4m, and 20% of the population living in informal settlements. The HDA was established in 2009 to acquire and develop well-located land and buildings, and provide project management and housing development services.

HI is working locally to promote and support the establishment and growth of Community Development Enterprises. Their basic model involves developing an 'enterprise capability' through using micro-loans and service payments to fund and build housing projects and community organisations. The meeting was jointly sponsored by the National Housing Federation and Campbell Tickell.

For details of how you can support the works of Homeless International, please contact Pauline Lewis at pauline@homeless-international.org, or visit www.homeless-international.org.



Taffy Adler (far left) CEO of South Africa's HDA and the opening slide of his presentation (near left).



Development at different stages. Taken from the HI presentation.



Progress has been made but the challenges remain severe: the geography of apartheid still persists; housing is unaffordable for many; and bureaucracy, corruption and political interference can all get in the way of efforts to deliver real improvement.

Larry and Derek highlighted the major concentrations of urban populations living in slums in different parts of Africa. The problems are especially severe in countries such as Nigeria, Sudan, DR Congo, Ethiopia, Kenya, Tanzania, Mozambique and Namibia.



Equality Impact Assessment *To do or not to do?*

By Niku Mawby



What are EIAs?

They are a way of assessing the impact of decisions because of “protected characteristics”: age; disability; gender reassignment; marriage/civil partnership; pregnancy/maternity; race; religion/belief; gender; sexual orientation.

There has never been a legal requirement to produce EIAs: they just became an accepted approach for public sector bodies and others.

What's required of Public Bodies?

Public Bodies are required to “have due regard to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out duties.”

Due regard means removing or minimising disadvantages, trying to meet needs that are different because of protected characteristics, and encouraging people from protected groups to participate in public life or other activities where their participation is disproportionately low.

A Public Body should be able, if challenged, to demonstrate how it had due regard. This means showing “the likely effects of their policies and programmes on different people” (Maria Miller, Minister for Women & Equalities, December 2012). The Home Office says “this can be shown in a variety of ways such as minutes of a meeting where the issue was discussed or by publication of the data that supported a key decision”.

And Registered Providers?

Registered Providers are not Public Bodies under the Equality Act 2010. However, an organisation that exercises a function which would otherwise be exercised by the State, and where individuals have to rely upon that organisation for that function, may be regarded as a Public Body. The Equality & Human Rights Commission advises they should ensure they comply with equality duty.

So what's all the fuss about?

Recent press reports have given the wrong impression that the law has changed and that organisations no longer have to have due regard to equality matters. This is not the case.

What did the PM say?

Although the process is not prescribed, it is clear that the Prime Minister (talking to the CBI in November) believes equality issues need considering during policy making, not after, and policy makers are free to use their judgement. This was emphasised in a letter to Council Leaders and CEOs from the Parliamentary Under Secretary of State, DCLG, which mentions a “proportionate, timely approach to assessing equality [that] is properly considered from the outset with a simple audit trail.” He goes on to say this does not need “resorting to unnecessary lifestyle or diversity questionnaires.”

Winds of change

As a result of the Red Tape Challenge, the Government has announced a review of the Public Sector Equality Duty. The aim is to reduce unnecessary bureaucracy and disproportionate burdens on businesses. This will report by April 2013. A separate, fundamental review of the remit of the Equality & Human Rights Commission is also underway.

In conclusion

What's important for service providers and employers is that sensible and practical assessment informs the decision-making. For this to happen effectively, there's no need for long, costly, bureaucratic processes that result in indigestible reports.

Niku Mawby is a Senior Associate Consultant of Campbell Tickell - niku.mawby@campbelltickell.com.



Private Rented Sector trending

By Debra Yudolph

London Fashion Week this year attracted many new designers, who in the past had chosen New York or Paris to show their collections - highlighting London as a world city and good news for the British economy. New looks paraded up and down and the 'key trends' will be translated to the high street or bought online.

If there's a trending property equivalent to London Fashion Week, it's the Private Rented Sector. That is despite it being seen as a brand by many as the tenure of last resort, despite it not yet attracting many new investors, and despite there being no recognisable branded large scale rented developments.

The PRS has grown steadily and now houses over 3.4m households, up from 2m in the early 1980s. It is now bigger than the social housing sector.

Demand from wealthy overseas investors is being met by new build properties, e.g. in the Battersea Power Station redevelopment. Meanwhile domestic demand is growing but left unsatisfied because of lack of mortgage availability. The average age of a first time buyer is over 35. However, there has not been an increase in long term, large scale investment into purpose-built properties for rent.

Things look set to change. Following Sir Adrian Montague's review of the Private Rented Sector, the Government has launched two financial initiatives: a £200m Build to Rent Fund and a £10bn Debt Guarantee. They are keen to break down the perceived barriers to investment and to ensure that properties are well designed and well managed. A Private Rented Sector Taskforce is being established to bring together developers, managing agents and institutional investors, to support expansion of the sector and facilitate delivery of these initiatives.



Thames Valley Housing Fizzy living apartments, Canning Town.

Registered Providers are obvious players in this market, either as direct investors or property managers. Thames Valley Housing have led the way with Fizzy Living (pictured above) - a cleverly branded offer to the 'renty somethings', using social media to attract prospective tenants and technology to support management processes. So far they have 80 completed properties in Canning Town but interest has been huge - testament to the power of a brand!

M&G and Genesis Housing recently completed a sale and leaseback of the 'Stratford Halo' (see page 5) with 401 apartments to be let at market rent - a different approach but nonetheless a demonstration of potential partnerships between institutional investors and RPs.

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To find out more about QR codes visit:

www.whatisaqr.com



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There will also be a large scale mixed tenure rented development when East Village (previously the Athletes' Village) starts to be occupied in summer 2013. Not designed specifically for the PRS, it will be fascinating to see if the 'Olympic effect' translates into rental demand and premium values.

Many other RPs are quietly building market rent portfolios or actively considering this market. However, the challenges of building or managing large scale private rented portfolios are very different from traditional affordable housing and leasehold management. Satisfying the expectations of investor and customer alike can be difficult and the skills required are in short supply in this emerging and changing market.

Rethinking the importance of a brand to attract customers and investors, and using technology to improve communication and management could be fundamental ingredients for growth of the Private Rented Sector.

Debra Yudolph is a residential property specialist and a Campbell Tickell Associate Consultant.

To discuss how your organisation could engage with the private rented sector, contact Maggie Rafalowicz at maggierafalowicz@campbelltickell.com.



Genesis Housing's Stratford Halo, offering unparalleled views of the Olympic Stadium and the Orbit Tower.

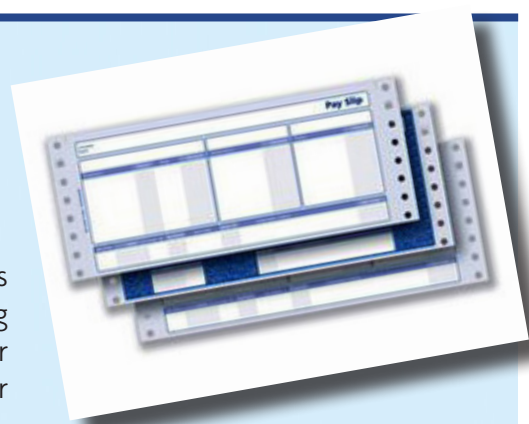


The headlines on pay

By Gera Patel & Clare Roberts

Salary review is a key element of CT's HR consultancy. This last year has seen a big increase in demand - from organisation wide reviews involving the pay of hundreds of posts to assessing a handful of roles in a particular team. This is not surprising, given wider economic challenges. Here's our advice for those making decisions about pay.

- **Are recommendations based upon the right data?** Question the sources of data. You should look for triangulation - data from a range of sources, with examples from what peer organisations are paying, published salary surveys and current jobs being advertised. If relevant, you'll need information from outside the sector, where new recruits are coming from a different industry. There needs to be evidence of comparability, like for like roles and a reasonable number of comparators.
- **Is there consistency in treatment of senior and junior staff?** Pay structures may necessarily vary across seniority levels, but questions should be asked if different types of recommendations are being made for senior staff compared to all other staff. Are cost of living recommendations the same, are you being asked to agree median salaries for all staff and upper quartile for executive staff? Differences may be required, but the key is clarity about why differences exist and whether they can be justified.



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- **Is reward being used to address other issues?** All organisations can point to a thorny staffing issue they hoped would just 'go away'. Salary reviews though are meant to be transparent, so it is likely that the spotlight will be cast on any earlier 'fudges'. Make sure decisions about salary differences are transparent (especially when involving performance related pay) and are not being used to 'punish' a member of staff with whom there is an issue that is not being addressed. Worth thinking about when you are also being asked to approve a restructure.
- **What is exceptional?** When deciding on bonuses or one-off payments, are you sure you're rewarding exceptional performance? Does meeting the usual targets for business improvement (e.g. reducing rent arrears 1-2% or improving customer satisfaction 1-2%) qualify as 'exceptional'? Improvements should be acknowledged but if your bonus system is based on rewarding exceptional performance, there needs to be a clear view of what is exceptional in your organisation.
- **Are you seeing the complete picture?** You need to make sure that you have all the detail needed to make an informed decision about the total package. This is especially important for executive salaries - pension and car allowances can be important for overall reward. Especially if you have different advisors assisting in this decision, make sure you receive timely advice to make complete decisions about total reward.
- **It's not rocket science, is it?** Salary review is not an exact science: it's about judgement. Data needs to be robust and objectively analysed but ultimately market data only provides a framework. You still need to take a view on what is right for your organisation, taking account for instance of stock size, turnover, number of employees, complexity of the business. This is not about steering away from difficult decisions. It is about ensuring that you have access to the right range of information to make an informed and transparent decision.

Salaries are probably best reviewed every 2-3 years, so it is important to keep up to date with what is happening to market pay in between making these critical decisions.

For a confidential discussion about salaries, call Gera or Clare on 020 883 6777 or e-mail gerapatel@campbelltickell.com.



Northern Ireland housing – into the 21st Century!

By Paddy Gray

Northern Ireland is often referred to as a place apart within the UK. This was understandable during the troubles and indeed politics have been determined by the co-existence of two communities with differing identities and aspirations. There has been much talk over the years of divided communities, civil disturbance, and the establishment of special administrative machinery suited to the circumstances. Since then significant impact has been made by many government agencies, in particular the Northern Ireland Housing Executive (NIHE), an organization at the forefront of transforming housing conditions throughout the province and providing a social housing system acceptable to all. Critics, however, have pointed out that under the framework of Direct Rule that existed since the early



The Northern Ireland Housing Executive headquarters in Belfast.

1970s, much NI housing legislation mirrored that introduced in GB. This period has been described as an era of 'democratic deficit', whereby local politicians had little or often no say in the formulation and development of housing policy.

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What have we today? We now have a fully functioning Assembly with a Department for Social Development responsible for housing. Indeed there has been much interest in housing recently. This was not just a result of the introduction of the first ever Housing Strategy, published by DSD for consultation last December, but was also due to the Minister's statement on January 9th 2013 which, whilst acknowledging the great work of NIHE, declared that "the current model is simply not sustainable, does not make best use of public resources nor does it allow sufficient flexibility and focus on supporting tenants and meeting their needs now and in the future." He declared his aim as "to create effective structures for the social housing sector, that will put in place a sustainable housing system fit for the 21st Century". The press loved it, with the BBC leading "NI Housing Executive to be abolished under new plans". This caused a major stir amongst local politicians, trade unions and others, some claiming that any new service will be "for profit and greed, not housing need".

Northern Ireland
Housing
Executive

"an organization at the forefront of transforming housing conditions throughout the province"

But structures have changed little since NIHE was set up in 1971. At one stage the organisation owned and managed around 200,000 properties. It still has 89,100 units, dwarfing the 30 housing associations, which have a combined total stock of 28,300. The real issue of course is money as the NIHE still comes under PSBR rules. The Minister has announced that he intends to implement the new structures by March 2015. Moves are afoot to determine the best model and how this can align itself with the housing association movement and the 11 new councils to be formed from the existing 26, following the Review of Public Administration that has been ongoing for a number of years.

Inevitably there will be a split between the landlord and strategic functions of NIHE to facilitate borrowing from the private sector for much needed investment in the existing stock and to meet the growing demand for social housing: there are currently around 40,000 households on the waiting list, over half recognised as in housing stress. The question is how this will be implemented. Will NIHE become one, or a number of new housing associations? Will some of its stock be transferred to existing housing associations? Where will the strategic function go?



The Northern Ireland Housing Executive Rathcoole estate in Newtownabbey, County Antrim.

It is certain that change will take place but this will need political agreement and leadership to create a system fit for the future while continuing to deal with legacies of the past like housing segregation. Politicians and policy makers need to be imaginative in their approach and find new ways of working together. We still have more 'peace walls' now than when the Assembly was established. Any new structures will have to consider how we can work not only to make the physical symbols of separation a thing of the past but also to encourage active integration between the present communities in Northern Ireland.

Paddy Gray is Professor of Housing at the University of Ulster.

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 over 250 organisations recruit to more than 550 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.

Strategic choices for Councils and ALMOs

The reform of local government housing finance has created new council housing businesses up and down the country. Meanwhile changes to welfare and allocations, together with reduced budgets, make for an especially challenging environment. Positive partnership working is crucial to overcome these challenges for the benefit of tenants, residents and communities.

HRA Reform puts a premium on strategic asset management, including potential for new development. Some authorities will be able to manage the changes within existing resources. For others, it brings opportunities to forge new links and delivery structures with partner organisations.

Campbell Tickell has a strong track record working across the country with councils and ALMOs to help them maximise new opportunities and marshal scarce resources to achieve their goals. Examples of our work include:

- ⊕ Housing options appraisal
- ⊕ HRA business planning
- ⊕ Asset management
- ⊕ Estate regeneration support
- ⊕ New build development support
- ⊕ HR support and recruitment
- ⊕ Value for money service review
- ⊕ Leasehold management review
- ⊕ Contract tendering and management
- ⊕ Advising on joint venture companies
- ⊕ Resident involvement, consultation and scrutiny
- ⊕ Strategy development – older people, private sector, allocations policy