ct BRIEF

Campbell Tickell
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Nick Walkley
Chief executive, Homes England

We are Homes England

Homes England

This is already proving to be a year of significant change for Homes England. The repurposing of our organisation was the chancellor's headline announcement at the autumn budget at the end of last year. I then started the new year by hosting secretary of state Sajid Javid at the Alconbury site to launch Homes England.

This former airbase is being transformed with up to 5,000 new homes and is a great example of the successful creation of new communities that Homes England needs to help replicate in many more places.

More than a name change

In creating Homes England as a new organisation this is much more than a name change. Homes England will act differently from its predecessor the Homes and Communities Agency (HCA). We are adopting a more commercial approach by bringing together money, land, expertise and planning and compulsory purchase powers to accelerate the supply of new homes and address affordability issues.

This means we can respond to the long-term housing challenges facing this country by playing a far bigger role in investing in supply to help deliver the government's ambition of 300,000 homes a year by the mid-2020s.

This simply can't be achieved by doing more of the things we've always done. It will mean taking a more activist approach – intervening in the market to drive the development industry and house builders to change with us.

> *"We want to intervene in markets differently and work with a wider group of stakeholders."*

Sajid Javid touring the Alconbury development in Cambridgeshire, where 5,000 new homes are being built

Wider reach

As Homes England we want to intervene in markets differently and work with a wider group of stakeholders. This means from small developers – through the excellent work already being done with our £3 billion Home Building Fund – to international investors.

The enthusiasm among partners and the wider industry for this more assertive approach over the weeks since our ministerial launch has been striking. It is clear that there is broad support for our mandate and for us to play a more proactive role.

My initial priorities for the year ahead are to make sure Homes England continues delivery of our existing programmes – making sure we don't take our eye off the ball while we build a new organisation capable of responding

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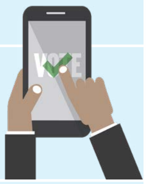

Sue Harvey
Partner, Campbell Tickell

Irish reclassification haunts social housing

CAMPBELL TICKELL

Do you remember where you were on Halloween 2015? That was the day the Office for National Statistics (ONS) reclassified all English housing associations from private non-financial corporations to public non-financial corporations (PNFCs) in the National Accounts. The ONS was on a roll: less than a year later it followed up this decision with matching rulings for Scotland, Wales and Northern Ireland (see box: Reclassification timeline).

The key impact was to bring onto the public sector balance sheet £66 billion of housing association debt, along with the associated assets. In all four jurisdictions the key triggers for reclassification were seen to be central or local government control of housing associations.

The key triggers for reclassification were seen to be central or local government control of housing associations

Reclassification timeline

October 2015 Office for National Statistics reclassifies all English housing associations as public non-financial corporations.

September 2016 ONS makes matching reclassifications in Scotland, Wales and Northern Ireland.

November 2017 ONS returns English housing providers to the private sector. Similar moves underway in Scotland and Wales.

December 2017 Central Statistics Office recommends reclassification of Irish approved housing bodies into local government sub-sector.


Classification of Approved Housing Bodies under ESA 2010

Central Statistics Office
20 December 2017

Financial impact

What initially appeared to be a dry and statistical matter caused consternation when it became apparent the moves could seriously limit the amount of borrowing available for investment in social housing, together with other changes limiting the autonomy of housing providers. Trick or treat?

In the case of the English associations, relatively swift action by the government in introducing a range of deregulatory measures into law saw the sector reclassified back to the private sector within two years. Deregulatory measures to enable similar reclassification in Scotland and Wales are passing through the respective devolved legislative bodies.

Progress in Northern Ireland has been delayed by the lack of a functioning government since March 2017, but the intent remains to achieve a reclassification to the private sector here too.

It is not just the UK's private social housing providers that have been affected by the statisticians and their new-found interest in our sector.

The Irish experience

Just before Christmas the Republic of Ireland's Central Statistics Office (CSO) announced that it will recommend to Eurostat (the EU body with the final say on these matters) that 14 of the largest Approved Housing Bodies (AHBs, the Irish equivalent of housing associations) should be reclassified into the local government sub-sector from their current classification as non-profit institutions serving households.

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to the country's long-term housing challenges. And then making sure we step up to these challenges by significantly accelerating housing delivery over the next few years.

Funding offer

Building on our strong track record in successfully managing affordable housing and land programmes, we also want to offer a bespoke mix of direct capital grant and financial transactions to provide different solutions in line with local ambitions. We're therefore open to discussions with stakeholders to find the best solution that works for them (see box: Who to contact).

For more information on Homes England, visit www.gov.uk/government/organisations/homes-england *or follow us on Twitter.*

Who to contact

To discuss local solutions with Homes England's regional teams, contact us via our regional general managers:

- North West and Midlands – Karl Tupling
- North East, Yorkshire & The Humber – Rob Pearson
- South East – Paul Kitson
- South West – Kevin Bourner

To discuss the issues raised in this article, contact

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The Irish social housing sector is very different from that in the UK. There are approximately 520 AHBs managing around 27,000 homes but just 18 of those have stock of more than 300 homes. These 'Tier 3' bodies account for 80% of the sector's stock. The largest, Clúid Housing, manages approximately 6,000 homes. Many of the smaller organisations are single-property organisations, often 'staffed' entirely by volunteers and funded through charitable donations.

Another difference with the UK is that more than 99% of the capital funding for Tier 3 AHBs has come from the government. Contrast this with grant making up just 33% of the historic funding for the top 300 English associations at the time of the ONS decision (the remainder being private debt and retained profits). This is the key driver of CSO's decision and it is difficult to envisage it being reversed in the short-term.

Impact of reclassification

The consequences for the reclassified AHBs are wide-ranging, will develop over time and many will hinge on the 'destination classification'. There are crucial differences between being part of local government versus being considered PNFCs. The possible longer-term consequences include:

- the assets being necessarily aligned with the debt, and hence 'owned' by the relevant central government department or local authority;
- being subject to public sector spending controls which can be administratively onerous, and which could include headcount freezes, permissions being required for capital expenditure, salary restrictions and/or redundancy limitations;
- a requirement to obtain annual business plan approval from the relevant government department or local authority, which in turn can present government with the opportunity to control strategy, policy and capital projects;
- freedom to borrow new funds in own name being replaced by the need to apply to use government general borrowings, which in turn are subject to the restraints imposed by the Eurozone fiscal rules. This could severely constrain the capacity of AHBs to fulfil their development ambitions or to contribute to stock transfer plans;
- accounting policies and audit arrangements needing to align with those of the public sector, including coming within the remit of the comptroller and auditor general.

Campbell Tickell is supporting parts of the sector to press the arguments, and the next move for Irish AHBs is in the hands of Eurostat. The Irish government expects AHBs to deliver a significant share of their ambitions to build 47,000 social homes by 2021. So has this target been put in jeopardy by the proposed reclassification? Scary indeed.

To discuss the issues raised in this article, contact

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In numbers: Social housing in Ireland

27,000
Social housing units managed by 520 Approved Housing Bodies

18
AHBs that own more than 300 homes

6,000
Homes managed by the largest AHB, Clúid Housing

Clúid Housing's €4.4 million Castlegate Hall development in Adamstown on the outskirts of Dublin

THE DIARY

ESPO Consultancy Live!
18 April 2018 | Leicester
ESPO is the Eastern Shires Procurement Organisation, which operates frameworks of approved suppliers for councils and other public sector bodies. The frameworks are fully compliant with UK/EU procurement legislation. CT is on the frameworks and will be exhibiting at this free event.
www.espo.org/spotlight

Social Housing Finance Conference
3 May 2018 | London
This one-day conference for finance professionals covers the latest strategic and technical financial issues. Key topics include Brexit's impact on UK housing and Grenfell – the sector response and Hackitt Review. CT will be there – visit us on our stand.
www.socialhousing.co.uk/events/social-housing-finance-conference

How can councils and housing associations work together to deliver more homes?
27 June 2018 | Manchester
CT and Bevan Brittan are hosting a breakfast seminar exploring this topic. Reserve your place now!
events@campbelltickell.com

Carers Week
11-17 June 2018
See page 13 and find out more at www.carersweek.org

Ben Collins
Chief executive, Northern Ireland Federation of Housing Associations

Progress in Northern Ireland despite political uncertainty

More than a year after the collapse of the Northern Ireland Assembly and Executive, we are still without a government at Stormont. This is clearly disappointing as we want to see local democratically elected representatives making vital decisions on the vast array of issues which need to be addressed, especially as there are budget pressures across all government departments. So what are the key issues and how are these being approached?

In numbers: Housing associations in Northern Ireland

20	£3.5 billion	£311.6 million
Housing associations	Total assets of those associations, which own 49,000 homes	Combined annual turnover of the 20 associations

Supporting people

In March 2017, the Northern Ireland Housing Executive (NIHE) announced a 5% (£3 million) cut to funding for accommodation-based services within the Supporting People (SP) programme, which helps vulnerable people live as independently as possible. In response, NIFHA and partners ran an extensive campaign for the funding to be reinstated and safeguarded for future years.

In October, one-off funding of £2.6 million was allocated to SP. NIFHA and partners continue to campaign on this vital issue, pointing out that every £1 spent on SP saves the public purse £1.90 that would otherwise have to be spent on health, care, and other services. We continue to work with the Department for Communities (DfC) to develop a new system of funding that is ring-fenced and which protects the viability and quality of services.

Welfare reform

There has been a real sense of partnership over the past year between government departments, NIHE, and other organisations in the housing sector. The work we have been doing to help to facilitate a smooth roll-out of universal credit across Northern Ireland is a clear example of this. At NIFHA we continue to work with the other housing federations across the UK on this and other issues.

In addition, we engage with both the DfC and the NIHE to help housing associations prepare for the possible end of welfare supplementary payment in March 2020 and to reduce the negative impact of welfare reform on affected households.

Reclassification

We are working closely with the DfC to take all necessary steps to ensure the reclassification of housing associations in Northern Ireland as public sector bodies can be reversed. Until we get either devolution restored or direct rule from Westminster, we will need the derogation from the UK Treasury to continue.

We will also continue to collaborate with the DfC and the NIHE to explore and promote innovative housing solutions and to deliver and sustain shared neighbourhoods.

While we appreciate that it would require a new Northern Ireland Executive to implement this policy, we continue to lobby for a three-year development programme, rather than the current annualised one. This would benefit both housing associations and contractors by relieving time pressure and allowing a more flexible, even workload.

Decision-making has stalled since the collapse of the devolved government in Northern Ireland

Community investment

As well as building homes and providing support services, Northern Ireland's housing associations and partners spend on average £8.7 million each year investing in projects such as community centres, play parks, preventing fuel poverty, creating jobs, and delivering activities to reduce isolation.

We will continue to work in partnership with government departments and the NIHE, and also in coalition with other bodies in the construction sector and local government, on planning and other issues.

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Dawn Matthews
Senior HR and recruitment consultant, Campbell Tickell

Getting recruitment right

CAMPBELL TICKELL

Recruitment! One word, three syllables. Who would have thought this single word could incite so many emotions? Depending on how you look at it, this word could fill you with excitement, fear, happiness, irritation, enthusiasm, exasperation – the list is endless.

Somebody has left your organisation, or due to growth you need to recruit new staff – what is your initial reaction?

Excitement: because you have an opportunity to choose who's going to join your team, fresh ideas, innovation? Frustration: because you have to go through a rigorous process to find a suitable candidate to fill a vacancy, and your day job doesn't stop?

Perhaps you feel a combination of emotions. Happy: because the organisation is growing, or your team member has secured a promotion. Sad: because that's another task to add to your list, and a valued member of your team is leaving.

No matter how recruitment makes you feel, it is an inevitable process in every organisation, regardless of size, location, culture or industry. Ultimately you want to employ someone who has relevant skills and experience, is personable and fits in with your organisation's culture.

Here are some considerations for your recruitment process.

A well-considered recruitment process will help secure candidates who are the right fit for your organisation

Locating candidates

Where do you look for candidates? Online media such as LinkedIn, Twitter, job sites or your organisation's website? Traditional methods such as a half-page advert in a national newspaper, with an editorial giving some insight into your organisation's aims and ethos? A print advert in the relevant trade journal? There are a range of choices, all of which can be suitable depending on the role – one size does not fit all.

If you are recruiting to an executive-level post, you may wish to commission a consultancy to manage the process with you. This includes designing an advertising strategy, recruitment pack, targeted head-hunting, interviews and assessment centre. This means you'll receive expert support and advice, as well as the opportunity to recruit to the role first time, especially as a suitable consultancy should be able to access candidates who are not necessarily active in the jobs market.

The 'new' world of work

Organisations are constantly seeking ways to work intelligently and more efficiently. This can include automating tasks, delivering services with fewer people and less financial resource, which in turn means shaping roles to meet business demands. Restructures can result in tasks being streamlined, organisational models becoming flatter, some posts being made redundant, and office space potentially decreasing – but there remains a need for recruitment. Creativity needs to be applied when embarking on a recruitment process.

Candidates' needs

The reality is that people like flexibility. The majority would like to have a work-life balance and do not necessarily want to be stuck in a building from 9am-5pm every weekday. Your staff are your biggest asset, so making roles appealing is important, both in terms of successful recruitment and retention. Therefore, it is worth asking the following questions before starting a recruitment campaign:

- Why would somebody choose to apply for a role at your organisation?
- What makes being an employee with you better than being an employee elsewhere?
- What do you want this person to do?
- What skills and experience are necessary?
- How are you going to reward their efforts?

The answers to these questions will help shape the advert and the recruitment pack.

Forward thinking organisations focus on measuring outcomes rather than attendance. So, where the role allows, ensure flexibility is a feature, for example by offering the chance to work remotely or flexible working hours. These benefits are not only enticing to millennials but older candidates too.

A happy workforce is a strong workforce, with increased retention and reduced staff turnover. If you get recruitment right from the outset, you'll save a lot of time and money in the long run.

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Greg Campbell
Partner, Campbell Tickell

Managing risk in procurement

CAMPBELL TICKELL

Carillion's recent and dramatic collapse (even though predicted by some observers) has once again highlighted the challenges of making procurement effective.

Although Carillion was primarily a constructor, its diversification into other sectors – facilities management, prisons and hospitals maintenance, transport infrastructure management, cleaning and catering, housing management for the armed forces – gives a sense of how many sectors have been affected by the collapse. It received £1.7 billion revenue from state contracts last year and employed 43,000 staff.

For most organisations – unless they have a philosophical objection to doing so – it is better to provide services in-house using their own resources. In practice, this is often not possible, for a variety of reasons: they may lack the necessary expertise; or the scale of their operations cannot deliver value for money in comparison with the market; or it may be judged necessary to tender particular services in order to benchmark in-house operations.

Awarding contracts for maintenance and other services on price alone can lead to serious problems down the line

Istock

Outsourcing

When an organisation opts to outsource a service, it should do so for sound and documented reasons. And it should have a clear strategy for its actions and what it is seeking to achieve. These should include:

- rationale for contracting out;
- anticipated benefits of an external contract;
- estimated cost of the outsourced contract;
- analysis of the provider market;
- risks that the procurement needs to manage;
- arrangements for clienting the contract and for reviewing performance.

In a sense, the key issues to consider ought to be obvious (see box overleaf: Managing your risks – a checklist). Yet time after time, we see organisations that have failed to consider them. We have seen contracts placed with providers whose finances are shaky; contracts awarded on price alone without proper regard to quality and whether the bid will actually meet the service requirements; and contracts awarded to firms that have priced jobs unrealistically low.

"The key issues to consider ought to be obvious yet time after time, we see organisations that have failed to consider them."

History repeating

You don't have to look hard to see the results. A few years ago, it was the collapse of significant repairs contractors Connaught, Rok and Kinetics. This left a string of commissioning organisations in the lurch, with no one on hand to deliver their repairs services. New contractors had to be brought in, at high cost and with inevitable disruption. In part as a result, insourcing of repairs services has become more popular than it has been for decades.

More recently, these same issues have come to light with the Carillion collapse. Once more, councils and others have opted to bring services in-house (for example, see here). And recent reports of share price hits, restructurings and other problems for several more major support services providers have worried many organisations that have substantial contracts with those companies and other large-scale outsourcers.

These worries have gone hand in hand with recently highlighted concerns about private finance initiative (PFI) and its high costs and rigid pay and performance structures (for example, the recent Smith Institute report *Out of Contract*).

Hopefully this time we will we learn the relevant lessons and make sure our procurement activity is thought-out and our arrangements robust.

A version of this article appeared in Inside Housing online in March.

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Managing your risks – a checklist

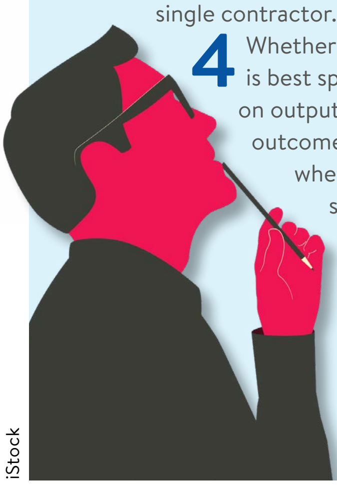
Managing the risks should include looking at:

1 What the market looks like for the particular service, including how wide a range of providers exists.

2 Whether your contract is large enough to be attractive to reputable and well-resourced providers.

3 Whether the whole of the service should sensibly be placed with a single contractor.

4 Whether the service is best specified based on outputs and outcomes, or whether you should more appropriately specify inputs and methods.



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5 Whether the specification, including any performance metrics required, is reasonable, especially if there is a performance-linked element to the fees.

6 Whether your budget for the services is sufficient to cover the likely tender fees range, and if it isn't, whether you need to reduce the specification – plus if you do that, whether the scaled-back specification will meet your needs.

7 Whether the services are realistically deliverable for the tender price quoted, and what happens if the contractor finds they are not.

8 Whether the contractor is financially robust, and what will happen if they go bust.

9 Whether the service will represent a disproportionate amount of the contractor's overall business, or if the contractor is already providing services to you, a disproportionate amount of their business is with your organisation.

10 Whether you have allowed enough time for the new contractor to mobilise the service.

11 What other clients of a contractor say about their performance.

12 What the results of services delivered elsewhere by that contractor look like (e.g. repairs, cleaning, grounds maintenance – are you doing site visits?).

13 Whether you are sufficiently geared up and resourced to manage and monitor the contract effectively.

14 Whether you are integrating your activities sufficiently with the contractor (e.g. on a repairs contract) to ensure a seamless service.

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Rosie Chapman
Senior associate, Campbell Tickell

Achieving change in membership organisations

CAMPBELL TICKELL

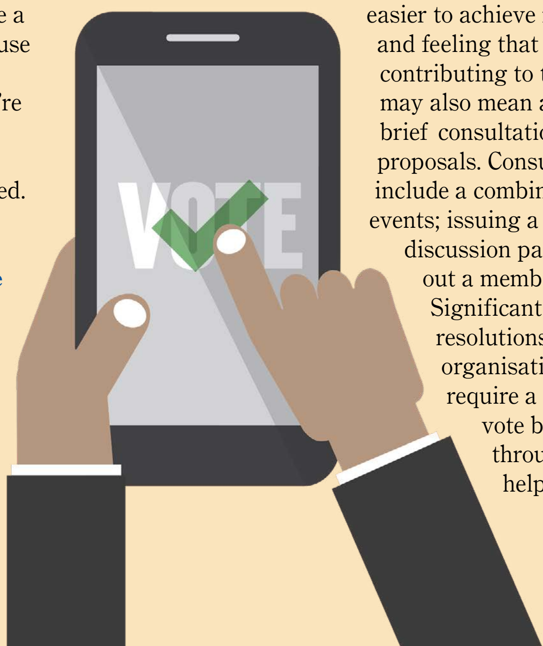
Membership is a feature that's common to many charity and not-for-profit organisations. It's often part of the governance model of organisations in the sports sector (such as the Football Association or Rugby Football Union), or campaigning charities.

Members have the power to take certain fundamental decisions, such as making changes to the constitution, or altering the shape and nature of the board. In many cases, they also elect some or all of the board. Properly engaging with members is therefore critical if an organisation wants to achieve complex change.

Here are eight key steps to give organisational change the best chance of success:

1 Know your members. At a basic level, this is about keeping records up to date and regularly spring cleaning, something which is even more important now that General Data Protection Regulation (GDPR) is coming on stream in May. Some members regard themselves as donors, supporters or volunteers and may not realise they have constitutional rights, so routinely remind them of their membership status and what that means. Members will often have a strong affinity to the cause and have firmly held views – that's why they're members after all – and it's another reason they can't be taken for granted.

Electronic voting can engage members who would not attend a general meeting or fill in a paper form and ensure more voices are heard



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2 Don't underestimate how long the process will take. Properly engaging with members means planning well in advance as it can take a year or more to make changes, especially if there is a sizeable membership and different types of members. Identifying key milestones and deadlines can help, for example links to other events such as an annual conference, or deadlines to meet the notice period for calling a general meeting.

3 Delegate to a task and finish group, including some board champions, to oversee the development of the proposed changes and how these will be communicated. Report progress to the board.

4 Take members on the journey. Explain what you want to do and why. Explain why it will benefit the charity – it may be to access new opportunities, to reflect good practice, to improve accountability, or to streamline the charity's governance. Work hard to ensure people understand what the proposed changes aim to achieve.

5 Consult and listen. Present options, if possible, or put together a compelling case for why only one approach is preferred. Consulting on a range of options can make it easier to achieve members' 'buy-in' and feeling that they are contributing to the answer, but it may also mean a second round of brief consultation on those final proposals. Consultation could include a combination of regional events; issuing a consultation or discussion paper and carrying out a members' survey.

Significant changes (special resolutions) to an organisation's constitution require a 75% majority vote by members to go through, so it clearly helps if members genuinely feel they have contributed to the development of the final resolutions the general meeting is asked to approve.

6 Consider taking items in bite-sized chunks. Some proposed changes may be uncontroversial, for example changes that will enable virtual or electronic board meetings. It may make sense to present administrative and tidying up clauses to one general meeting, so the benefits can be realised immediately, while taking longer to consult on more substantive changes.

7 Make the most of electronic proxy voting. Don't rely on members turning up at the general meeting to get changes agreed. Although electronic, as opposed to paper proxy voting, can feel like an additional expense it enables an organisation to reach out to 'everyday' members who may not feel the need to attend a general meeting or to fill in a paper form but will engage online. Put bluntly, this can also help ensure that all voices are heard, and that no cliques dominate.

8 Engage lawyers early. Do not under-estimate how fiddly drafting changes to constitutions can be, it needs people with a very keen eye for technical detail. Even organisations with access to in-house governance specialists will find it helpful to get external legal advice. At the very least, lawyers can carry out a final review of the draft resolutions and proposed changes to the constitution.

To discuss the issues raised in this article, contact

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Case Study

Regulating Irish housing

CAMPBELL TICKELL

Greg Campbell
Partner,
Campbell Tickell

The UK is not alone in experiencing a housing crisis. Ireland also has major challenges: rising homelessness; too few new homes where they are most needed; homeowners unable to keep up mortgage payments and at risk of losing their homes. Yet while the country's population is under 5 million, there are more than 500 registered housing associations (see pages 2-3).

The great majority of associations – or AHBs (approved housing bodies) – are small. Just 18 have more than 300 homes, and total AHB stock is under 30,000, while council housing accounts for 125,000 homes.

Development plans

Government is committed to action, and wants 47,000 new social homes to be built by 2021. Yet new social housing, formerly funded by 100% capital grants, is now typically funded by state loans of up to 30%. And government-backed loans may well not last forever: as in the UK, private finance will be needed to fund new social housing.

Yet without an effective form of regulation that demonstrates effective financial planning and management of risk, it will be hard to access funding at scale.

In 2013, the government launched its Voluntary Regulation Code for AHBs. Although AHBs are not required to sign up to this code, if they want to access government funding, they are expected to do so. Statutory regulation is on the way: this is now expected later in 2018.

Financial standard

To give substance to the voluntary code, the housing regulator committed to introduce a set of standards. The first of these was the Financial Standard, and CT was commissioned to support the Housing Agency Regulation Office in developing this.

We consulted a range of stakeholders, including AHBs of different sizes, regulation officers, banks and investors. We developed a framework for financial regulation, and for assessing AHBs' compliance with best practice in ensuring financial viability. This was designed to enable both assessment of the risk being taken on by an AHB, and its viability on short-term and long-term bases.

The Irish government wants 47,000 new social homes to be built by 2021

The document (see here) was published in 2015 and details the expectations of each AHB in relation to financial viability. Meeting these standards should help ensure future viability for these organisations, with long-term protection for their housing assets and their tenants.

Governance standard

Last year, we were again commissioned by the regulator to develop the corresponding Governance Standard. The work again included extensive consultation with regulation officers, and with working groups of AHBs of different sizes and their trade body, combined with drawing on best practice in governance in different sectors and different jurisdictions. The Standard was published in December 2017 (see here).

To find out more or discuss the issues raised in this case study, contact

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Cheryl Stevens
Communications manager, Bromford Group

Fail to prepare, prepare to fail

Bromford.

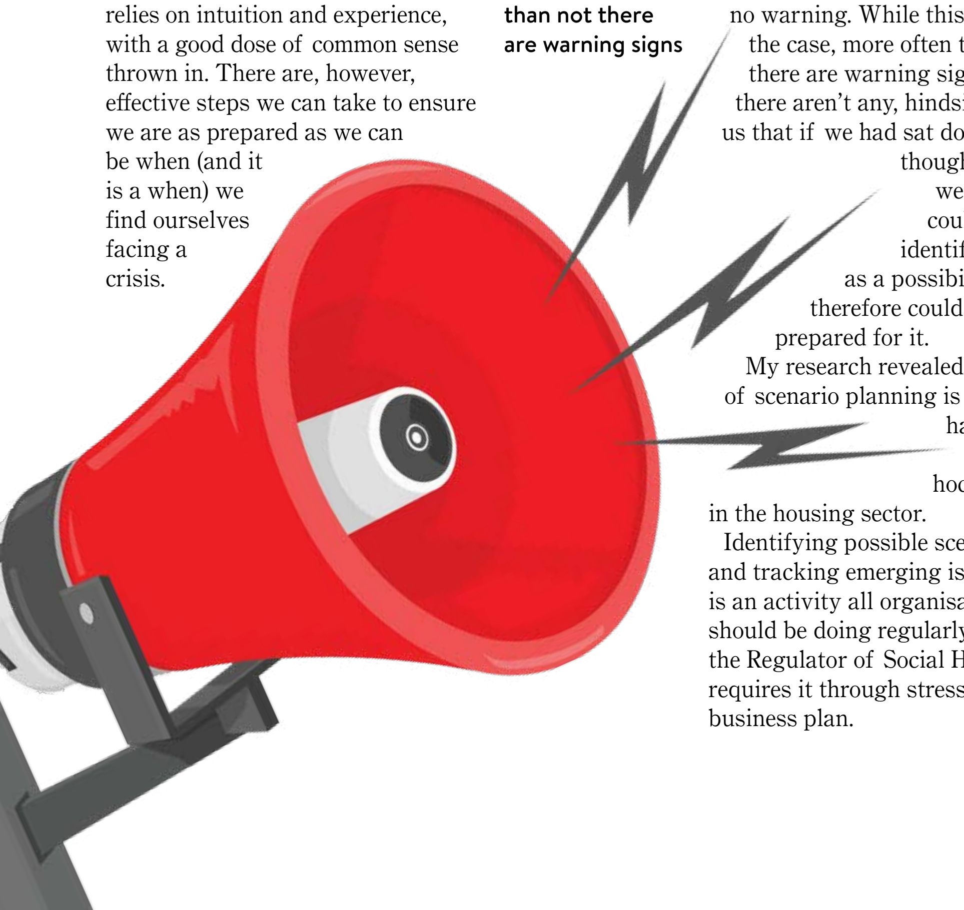
Last year I spent time researching how prepared the housing sector is should crisis strike. We all know events such as last year's tragic Grenfell Tower fire can unfold within minutes, leading to devastating consequences for not only the victims, but also their families, friends and the wider community.

While the safety and wellbeing of our customers is an undisputed priority, another consequence of such tragedies is the effect they can have on the survival of organisations seen as either responsible or closely associated with the incident.

As the story picks up pace, an organisation's reputation is put on the line. It can find itself propelled into the limelight via a vast range of communication channels, driven by both the mainstream media and the general public.

Coping during a serious crisis often relies on intuition and experience, with a good dose of common sense thrown in. There are, however, effective steps we can take to ensure we are as prepared as we can be when (and it is a when) we find ourselves facing a crisis.

A crisis can feel like it comes out of nowhere, hitting an organisation witout warning, but more often than not there are warning signs



1 The home of crisis

Where does a crisis actually 'sit' in an organisation? Sometimes crisis planning takes place in corporate departments when the crisis is driven by a particular issue, such as a regulatory downgrade. On other occasions it sits within operational teams to deal with unexpected incidents, such as a gas explosion.

It is a mistake for organisations to tag crisis planning onto their business continuity and risk functions, as this can become too rigid and procedural. Instead, create an overarching strategy, sponsored by organisational leaders, to give a greater presence and enable planning to be less process or finance driven.

2 What does crisis actually look like?

Sometimes a crisis feels like it has come out of nowhere, hitting an organisation unexpectedly with no warning. While this can be the case, more often than not there are warning signs. And if there aren't any, hindsight tells us that if we had sat down and thought about it, we probably could have identified it as a possibility and therefore could have prepared for it.

My research revealed this kind of scenario planning is currently happening in a very ad hoc way in the housing sector.

Identifying possible scenarios and tracking emerging issues is an activity all organisations should be doing regularly – indeed the Regulator of Social Housing requires it through stress-testing a business plan.

"There are effective steps we can take to ensure we are as prepared as we can be when (and it is a when) we find ourselves facing a crisis."

3 Love the brand

Building reputation and communicating well with stakeholders may help us cope better when crisis strikes. The duration and severity of a crisis can be minimised when an organisation produces ongoing engaging and effective messaging.

My research identified that although the housing sector generally understands the link between building reputation and minimising impact, we could all benefit from adopting a more strategic approach to nurturing relationships with those who may be our biggest advocates during times of trouble.

This ongoing work requires an effective public relations plan. It may not necessarily prevent a crisis but it can play an effective role in how we resolve it.

4 The right structure

When a crisis hits, there's often an overall idea of who needs to do what, but if structures and systems are not identified beforehand, it can lead to duplication, poorly managed resources and worse, an organisation that doesn't seem to know what's going on.

Surprisingly, only half of the organisations I surveyed had a crisis response team in place. This team will be able to make strategic decisions and issue instructions to operational teams, enabling them to

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manage the situation in a controlled way and will include the leadership team and representatives from finance, communications, human resources and IT.

Ensuring spokespeople are media trained is also crucial. Ideally an organisation should have at least two spokespeople to ensure continuity, as we all know many serious situations don't disappear at the end of a working day. A concise crisis manual capturing this information and detailing who to contact, how and when should also be available to colleagues.

5 Preparing the message

Once possible scenarios have been identified, it shouldn't be difficult to build a bank of pre-drafted initial response messages, ready to adapt should crisis strike.

Consider identifying team members who will be responsible for disseminating the message as the crisis unfolds, as it will take precedence over day-to-day content.

Tesco didn't grasp this and, when in the middle of the famous horse meat scandal, failed to stop a scheduled tweet informing customers that after a long day, they were ready to 'hit the hay'.

6 Trusting our people

Some leaders keep crucial information to themselves for fear of it causing unnecessary distress or losing their colleagues' respect. This is counter-productive: well-informed, trusted colleagues have the power to collectively remedy or ease a serious situation. Ill-informed or mistrusted colleagues have the power to make an incident a whole lot worse.

Every single colleague is a powerful spokesperson for our organisation and because of this, organisations need to embed an internal culture that is transparent, respectful, engaging and demonstrates trust for its people from top to bottom.

If we don't engage with colleagues frequently or openly both during a crisis or day-to-day activities, we'll have little chance of coping well when things get serious as a result.

> *"Well-informed, trusted colleagues have the power to collectively remedy or ease a serious situation."*

This may all feel very time-consuming and resource heavy, however smart organisations recognise that the work they do today, can make all the difference to their survival tomorrow.

@cherylstev

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Sue Harvey
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Message to boards: stick to your financial golden rules!

CAMPBELL TICKELL

As the environment in which housing associations operate becomes ever riskier, regulatory expectations of boards have risen accordingly. Having a clear view of an organisation's financial risk appetite has become an important control in balancing strategic ambitions with continued financial resilience. We have found the use of 'golden rules' can really help inform these discussions.

So how best can this be done?

Solid gold rules

1 Under 10 board-monitored rules. Concentrate on three rules that guard your most sensitive vulnerabilities. Too many rules and only the chief financial officer will understand and remember them.

2 Ensure each rule is precisely defined. Everyone must understand there are red lines never to be crossed, rather than goals to be aspired to, or posts that are moveable under pressure.

3 Monitor the golden rules both forwards and backwards. This means going beyond monthly box-ticking, to considering trends and demonstrating the rules will be met in every cash-flow forecast and iteration of the long-term financial plan.

4 Build two-way feedback loops into your stress-testing. Demonstrate compliance or breaches of your golden rules when presenting the 'perfect storm'. Use the results to adjust the cushions to support any mitigation strategies.

In-depth assessments

We have undertaken more than 250 regulatory In-Depth Assessment (IDA) rehearsal interviews for housing associations in England. During these we explore how, for example, a board is assured that development aspirations can be delivered without jeopardising financial stability. Articulating financial risk appetite, by way of clearly defined golden rules or cushions, is an effective first-line response to this question and an effective way to demonstrate how board-level assurance is achieved.

In addition to having robust golden rules, the board must be able to demonstrate their understanding of what these rules mean and their application in the business. Weak finances can see your viability rating fall. Weak rules or poor board control could call into question your governance rating.

The most common golden rules we have encountered include clear cushions over lenders' interest and gearing covenants. Minimum cash-holdings and floors on levels of liquidity also feature, as do rules about the amount of security available to be charged to lenders or swap counterparties.

Carefully constructed rules tell you as much about what you can do as what you can't

Other possible measures include caps on the proportion of income expected from market-facing activities or the amount of working capital locked into the development programme, the share of market tenures in that programme and cushions over other financial covenants, where applicable.

Through our IDA preparatory work, we have distilled four top tips for effective golden rules (see box: Solid gold rules).

Liquidity

Boards sometimes struggle to understand or appropriately monitor their own rules, particularly around liquidity.

Liquidity rules are often defined either as a number of months before new borrowing will be needed i.e. "we will always have enough facilities to fully fund all our activities for the next 12 months", or as assurance that the committed development programme can be fully funded out of available facilities (a simple pass/fail test).

It's when probing these rules that we most often encounter confusion. What is included in the calculation? Does it include facilities that are available but not secured? Does it include any anticipated sales income (clue – it should not)? How is development spending defined and forward-monitored (contracted vs committed vs aspirational)? Is the likely impact on the liquidity rules built into every significant decision-making process?

Rules are often seen as restricting opportunities, but carefully constructed rules tell you as much about what you can do as what you can't. The golden rule in building a more resilient, entrepreneurial organisation? Implement some robust golden rules.

A version of this article appeared on Social Housing's website.

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Emily Holzhausen OBE
Director of policy and public affairs, Carers UK

The future of caring

carersUK
making life better for carers

Caring for a loved one can be immensely rewarding but it can also be incredibly tough. Without the right support caring can have a devastating impact on the health, financial security and relationships of carers.

Carers UK is the UK's only membership charity of unpaid carers – supporting the millions of people who care every day for loved ones with disabilities, who are seriously ill or just need a little help as they get older. We provide expert information and advice; connect carers to each other; look for new ways to reach and support carers, and campaign to give carers a voice.

In Carers Week 11-17 June we are bringing together hundreds of organisations and volunteers to reach more people than ever with information about caring and to think about how we can all work differently to support carers. So what are the key issues?

In numbers: The UK's carers

6.8 million
Estimated number of carers – a rise of 1 million over 15 years

11%
Proportion by which carer numbers grew over a decade

£132 billion
Value of unpaid care

1 in 9
Number of people who already combine work with care commitments

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The growing contribution of unpaid care raises big questions for our society and economy

Reliance on unpaid care

Families are doing much more than ever before. The number of carers has risen by around 1 million over the past 15 years, to an estimated 6.8 million. Over a decade, carer numbers grew by 11% – far outstripping population growth. As the government considers the future of social care funding in its forthcoming Green Paper, carers must be at its heart. Our health and care system has always relied on care provided by family and friends. But the growing contribution of unpaid care – now valued at £132 billion a year – has consequences not only for the individuals involved, but also raises big questions for our society and economy.

A growing crisis in care

The National Audit Office report on the financial sustainability of local authorities published in March, is the latest alarm bell to ring about the state of social care in England. Organisations like Carers UK have been warning about this growing crisis for several years. Increasing pressure is being placed on family and friends as the number of people with care and support needs who are unable to access any or enough publicly funded care has grown.

Looking at care in the round

What changes do families need to see in order to make caring sustainable now and in the future?

The development of a cross-government action plan to improve support for carers; proposals to address the future funding and delivery of social care through a Green Paper; and a longer-term policy agenda looking at the challenge and opportunity of an ageing society for the UK's industrial and economic future all present opportunities to deliver real improvements.

The Carers Action Plan is due to be published soon by the government and will look at short-term measures across employment policy, health and social care which can ease the pressures on carers.

In the longer term, Carers UK wants to see proposals in the Green Paper that realistically reflect the way people live. This must include the capacity of family and friends to provide care, given the challenges of caring at a distance and juggling care with the imperative to work longer. One in nine people in the workforce already combine work and care and millions have already left work to care full time.

As well as the care and support services needed, the Green Paper must also look at employment rights. Specifically this must mean a right to paid time off work to care, and housing, in order to make unpaid care sustainable.

These are issues at the heart of the kind of society we want to live in. After all, practically all of us will either be caring for someone or need care ourselves at some point.

Find out more at www.carersuk.org and pledge your support to Carers Week at www.carersweek.org

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Inspiring **people**
Delivering **change**

Building financial resilience

With the growing challenges of market-facing activities, shorter term funding and Brexit uncertainty, your finance function must enable your Board and executive team to confidently drive strategic direction while balancing ambition with prudence.

We can strengthen your approach to defining financial risk appetite, business planning, stress testing, partner assessment, stock rationalisation, value for money, and IDA preparation.

We bring the tools and experience to help you confidently chart a successful future.

FIND OUT HOW WE CAN HELP:

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