

Housing chief executives WhatsApp summary

6 July 2022

A note to readers

These are the summary of recent highlight notes of Campbell Tickell's WhatsApp chat group for Chief Executives of housing associations and ALMOs in all four UK jurisdictions and the Republic of Ireland. A full summary of discussions from the inception of the group is available on request.

This is a closed group, open only to CEOs in housing associations and ALMOs. It currently has around 220 members.

While discussions are confidential and unattributable, members of the group are keen for the content themes and issues to be shared widely to assist with broader understanding.

Please note:

The following digest highlights matters that have been discussed in the group. None of the content should be treated as representing the collective views of the group as such or be attributed to any of its members. The group is an information-sharing forum and not a policy-making body.

Contact us

If you are a housing CEO who would like to join, please email james.tickell@campbelltickell.com or greg.campbell@campbelltickell.com.

For any media enquiries, please email sonia.black@campbelltickell.com.

Latest highlights, 13 May – 30 June

Learning and development

1. Members discussed the topic of learning and development for leadership staff at length. Some CEOs used the group to seek recommendations of training providers for safeguarding and risk management. Members shared the training courses and e-learning modules they have found beneficial.

Non-Executive Directors induction processes

2. One CEO asked members to share their induction programs for new Non-Executive Directors (NEDs). The approaches social landlords take in their NEDs induction processes include one-day strategy sessions, board buddies, one-to-ones with each business director and meetings with residents and stakeholders. One CEO mentioned that NEDs have found speaking to tenants with learning disabilities and mental health challenges particularly insightful.
3. One CEO stressed that transparency when discussing business issues with new NEDs is essential due to the challenging environment the social housing sector is currently operating in.

Income generation and diversification

4. One CEO asked members to share their approach to income generation. Some social landlords have diversified their income generation activity into non-core business areas such as direct labour organisations (DLOs), services to other landlords and construction.
5. Some members felt that the diversification of business activity may divert board and executive management resources away from delivering high-quality and efficient core housing services.
6. Some members noted that the risks, complexity, and costs of non-core business income generation are substantially different from securing the equivalent efficiency savings on core operations. One member noted that the growth of digital self-service and digital delivery is a straightforward method of generating equivalent cost efficiency savings.

Measuring inflation in financial projections

7. Considering the recent economic downturn and market volatility, social landlords face uncertainty in how the Consumer Prices Index (CPI), real inflation and rent price increase assumptions should underpin their mid- and next-year financial projections. Members raised several critical roadblocks to accurate financial forecasting, such as higher inflation levels, unknown fixed prices on some costs and material inflation uncertainty.
8. Members debated the trade-offs of approaches to calculating inflation. One member pointed out that the CPI measurement is a composite measurement of goods. Due to not factoring in substitute products, consumer habits and product quality changes, CPI predictions may be a temporary cost distortion and has a margin of error that may lead to over or underestimated inflation predictions. Therefore, some landlords are focussing on 'real inflation' measurements, particularly in their higher spend areas.
9. Differential inflation (the differences in inflation rates between countries) was also mentioned as critical. One member noted that differential inflation is the most significant stress test risk for their inflation forecasting assumptions.

Cost of living crisis - staff pay

10. Members discussed their approaches to adjusting staff pay in response to increased living costs. Some members have considered or have implemented two flat rate payments to staff, with each payment being six months apart. Each bi-annual flat rate payment to staff ranges between £400-£600 amongst social landlords.
11. Other social landlords have increased their staff pay via an annual salary increase. One member sought external HR consultation and deployed a 3% annual pay increase in April. This social landlord is also considering a cost of living pay increase through a non-consolidated bonus payment to staff in October.
12. Other members are taking a hybrid approach. One member has provided one £600 payment to staff in April, alongside a 4% salary increase. One member is considering an August 0.5% overall pay increase, which would be translated into a flat rate. This flat rate approach means that lower-paid staff would benefit the most.
13. There is a consensus amongst members that the purpose of salary increases is to mitigate the impacts of the increased cost of living on staff, alongside helping social landlords to retain their staff.

However, many members agreed that increasing their overall staff pay costs must be carefully balanced against the recent or future increases in rent or service charges that tenants pay.

Cost of living crisis – offsetting increased business costs

14. Some social landlords are also exploring ways to offset increased business costs through reassessing allowances, rates, and benefits.
15. Members shared their approaches to offsetting the increased business costs they face. Some members have adjusted their expenses policies. In the context of remote and hybrid working, one member no longer classifies home-to-office mileage costs as reimbursable expenses.
16. Another member is increasing their number of fleet vehicles, purchasing small electric vans and electric car stock for car-sharing arrangements. One social landlord is encouraging their staff, when undertaking their day-to-day duties, to walk and cycle around their housing patch. One member commented that a walk and cycle approach is inappropriate for staff of organisations that operate in a large geographical area.
17. One social landlord has set up an internal 'cost of living group', which is considering various approaches to offset rising living costs for staff and tenants. Discussions in this group have included reassessing benefits, fuel and mileage rates, fundraising, carpooling rates, and bulk energy procurement. This CEO noted that their 'cost of living group' has helped generate new ideas.

Boiler shortages

18. Many social landlords have experienced boiler shortages. It appears suppliers have significantly decreased their boiler manufacturing output. Members shared the details of the suppliers to which they have switched.

The use of digital media in reporting

19. One member sought advice on using multimedia to engage residents, particularly in their annual reports. One member noted that they have successfully used an annual report calendar format, which is designed by tenants.
20. Some social landlords have embedded the distribution of digital media content as part of their longer-term reporting strategies. Other members have suggested using social media and podcasts to engage a broader range of relevant stakeholders. Members felt that using diverse forms of multimedia for reporting to residents is a growing and increasingly pertinent issue.