

## Housing chief executives - WhatsApp summary

16 August 2022

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### A note to readers

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These notes summarise recent discussions on Campbell Tickell's WhatsApp group for Chief Executives of housing associations and ALMOs across 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

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If you are a housing CEO who would like to join, please email [james.tickell@campbelltickell.com](mailto:james.tickell@campbelltickell.com) or [greg.campbell@campbelltickell.com](mailto:greg.campbell@campbelltickell.com).

For any media enquiries, please email [sonia.black@campbelltickell.com](mailto:sonia.black@campbelltickell.com).

### Latest highlights, 30 June – 1 August

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#### ***Resident satisfaction surveys***

1. Some social landlords have noticed a decreasing number of positive ratings from their Survey of Tenants and Residents (STAR). Members noted that the cost-of-living crisis could in part explain this trend. Several group members reported a decrease in positive STAR results after shifting to digital-only surveys.

#### ***CPI and impact on residents***

2. One group member is conducting an analysis to inform their rent-setting discussions. This social landlord asked members to share information on the impacts of specific consumer price index (CPI) components on tenants.
3. The housing sector is operating in a challenging economic climate. The sector is currently considering approaches to rent increases in 2023, given that the September CPI, on which the maximum rent increase would be based under present arrangements, is likely to be in double figures. In response to a request from group members, Campbell Tickell hosted a rent-setting webinar on 28<sup>th</sup> July. A summary of the event is appended.

***Resident appointments***

4. One member sought information on the considerations social landlords should take when appointing a resident into an employment role. Most members follow their standard recruitment policies when appointing a resident. The additional considerations relating to employment of a resident are assessed through a standard declaration in the recruitment process.

***Specialist and generalist service delivery models***

5. Taking account of new digital technologies, one group member is considering moving to a generalist service delivery model. Members discussed their approaches to and experiences with specialist and generalist service delivery models.
6. Specialist delivery models comprise separate teams that focus on specific thematic areas such as allocations, income collection and tenancy management. Generalist service delivery models do not have separate teams dedicated to specific areas. In the generalist model, neighbourhood officers operate within a particular patch and act as the customer's first point of contact for most issues.
7. Some members noted that specialist approaches risk baking inefficiencies into service delivery, because the customer may be unable to resolve their issue without contacting numerous staff.
8. One social landlord has shifted to a generalist 'locality working' service delivery model. This delivers services via dedicated housing teams that work within and are accountable to a small housing patch. This model enables housing teams to build relationships within small communities and learn about local issues. Customers have responded positively to the locality approach.
9. Some organisations operate a hybrid service delivery approach. All service teams deal with customer transactions across the organisation. However, these teams aim to build a meaningful relationship with the customer. This organisation at the same time employs housing officers with a specialism, such as anti-social behaviour, disability, and financial support.
10. Several group members noted that the very process of changing a service delivery model (rather than the outputs of specialist or generalist models) has the greatest impact. A change in the service delivery model is seen as a catalyst for cultural, performance and organisational change.

***IDAs***

11. One group member asked for examples of good practice for assessing stock condition coverage for IDA purposes. Members agreed that assessments on repair demand, customer complaints, satisfaction, damp, and mould are all relevant.
12. Members suggested that social landlords monitor data accuracy and ensure tradespeople validate lifecycle dates on components.
13. One member raised the importance of alignment between accounting for assets and approaches to planned replacements. Achieving sufficient alignment would create an inbuilt way of evaluating component lives and risk of early failure.

***Approaches to hybrid meetings***

14. One group member invited views on approaches to improving hybrid meetings. Many group members have found that using a smart camera (in particular the [Owl](#)) in hybrid meetings is effective. This camera moves to the in-office staff member that speaks. This allows those attending via Zoom/Teams to follow the in-person discussions. Members use a large screen in meeting rooms to display the Zoom/Teams call to in-person attendees.

## **Appendix**

### Rent setting webinar summary: 28<sup>th</sup> July 2022

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#### Background

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The housing sector is operating in a challenging economic climate. In the context of a cost-of-living crisis, rapid inflation and increased expenditures, the sector is currently considering approaches to appropriately increase social rent prices. The rent-setting decision social landlords are facing will have implications for their organisation's capacity to meet the needs of tenants, complete development plans and remain financially viable.

On 28<sup>th</sup> July, Campbell Tickell hosted a webinar to discuss rent-setting for 2023. The webinar was attended by CEOs of housing associations and ALMOs across the UK and the Republic of Ireland.

The purpose of the webinar was to provide social landlords a forum to discuss approaches, challenges, and trade-offs in relation to rent-setting decision-making.

The webinar was chaired by James Tickell and featured an expert panel.

**Mark Washer, Chief Executive Officer, Sovereign Housing:** Mark joined Sovereign as CEO in June 2018, from his role as Chief Financial Officer at Clarion Housing Group. He has worked in the housing sector for 25 years and was, until recently, Vice-Chair of the National Housing Federation.

**Yvonne Castle, Group Chief Executive Officer, Johnnie Johnson Housing:** Yvonne became Johnnie Johnson's Group CEO in May 2017. She has worked in social housing for many years with significant experience in providing executive leadership for a range of housing associations nationally.

**Helen Routledge, Director, Campbell Tickell:** Helen has over 20 years' experience as a senior financial professional in the housing sector. Until 2016, she was Finance Director at Gateway Housing, where she improved the operating margin, raised £60m of funding, set up an outright sales subsidiary, delivered stress-testing and demonstrated compliance against golden financial rules.

#### Introduction

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**James Tickell:** James opened the webinar by highlighting the key topics in the rent-setting debate. He noted that rent-setting decisions have implications for fulfilling development projects and maintaining the sector's basic financial strength and viability. He commented that there is an ethical dimension to rent-setting, specifically, a tension between meeting long-term priorities whilst also minimising the negative impacts rent increases may have on tenants.

#### Remarks from the panel

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**Mark Washer:** Mark noted that a fundamental rent-setting challenge is balancing current tenants' needs against future tenants' interests within the context of increasing expenditure of social landlords. Mark explained that the cost-of-living crisis and the potential 10% CPI rise would disproportionately impact tenants.

Mark commented that housing organisations have already 'baked in' economic efficiencies after the 2008 financial crisis. Subsequently, most cost savings will be drawn from cuts to levels of investment in existing homes.

A 5% cap on rent increases is no longer sufficient for housing organisations to meet priorities such as development, decarbonisation, the Decent Homes Standard and regulatory expectations. Mark noted that in his opinion, the appropriate rent-setting solution should be different for each organisation. He commented that the housing sector should lobby government for flexible rules regarding rent increases and recovery plans.

**Yvonne Castle:** Yvonne explained that social landlords who provide independent living services have an additional challenge of refurbishing their schemes to increase their suitability over the longer term. She emphasised the importance of varied modelling and stress-testing when making rent-setting and development decisions.

**Helen Routledge:** Helen discussed recent economic forecasts and the possibility of CPI being in double-digits. The Rent Standard should consider local market contexts. In the face of increased raw materials expenditure, CPI increases and operational costs, correct rent-setting is critical to the viability of a housing organisation. She outlined some key considerations when rent-setting. These include evaluating the implications of rent increases on rent collection rates, impairment charges and longer-term plans.

In the context of political uncertainty, Helen noted that organisations might benefit from voluntarily showing restraint in the level of their rent increases. This would allow for meaningful planning, especially if government subsequently decides on an inflexible rent cap. She emphasised that varied (re)modelling is critical. In particular, golden rules relating to triggers, covenants, and liquidity should be rigorously stress-tested.

## Discussion highlights

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**The tension between the needs of current and future tenants:** Attendees largely agreed that any decisions regarding rent-setting involve balancing current tenants' interests against prospective tenants' needs. In part, this means weighing the level of rent increases against the need to improve the quality of existing stock. This issue of improving the quality of housing stock is compounded by the forthcoming Consumer, Home and Place Standards.

There was consensus amongst participants that, as far as reasonably possible, social landlords should focus on delivering plans to improve the quality of their stock. The main income stream to deliver on these plans is rental income. Therefore, landlords largely agreed that rent increases should be towards the higher end of the permitted rent increase.

Participants noted that there is no 'one size fits all' solution to selecting and balancing delivering their charitable priorities against deciding on the affordable level of rent increases.

**The socioeconomic impacts on tenants:** Webinar attendees discussed the implications of the cost-of-living crisis on their tenants, and it was recognised that their tenants were being disproportionately impacted. Participants raised concerns regarding the current benefits cap. It was noted that the current Universal Credit rate might leave claimants, specifically those under 25 years of age and single, on the poverty line.

It was recognised that tenants might well prioritise paying for utilities over keeping up with rent payments. Social landlords must nonetheless consider their ability to support these tenants, to avoid arrears and evictions.

The importance was stressed of creating customer profiles of different house compositions, accommodation types and sizes. These profiles could be used to assess social groups' capability to afford levels of rent increases, and would enable informed differential rent-setting decisions to be made.

**Tenant involvement in rent-setting solution:** Some attendees raised the importance of co-designing rent-setting agreements and long-term priorities with residents. One contributor noted that paternalistic approaches could lead to the needs of some vulnerable groups being excluded.

Several participants highlighted that co-designing rent-setting agreements with tenants should be approached cautiously. The rent increase is counter to a tenant's financial interests, and participation opportunities may elicit adverse reactions. One social landlord has recently engaged with tenants and observed that tenants are not anticipating significant rent increases, given the increased living costs they are facing.

Some attendees stressed the importance of providing tenants with information on why social landlords have to implement rent increases. Several participants noted that tenants should be presented with data that explains the longer-term considerations that underpin rent increase decisions.

### Closing remarks

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**Helen Routledge:** Helen emphasised that the sector should demonstrate a voluntary collective restraint when increasing rent-setting levels. She acknowledged however that this is not viable for all organisations.

**Yvonne Castle:** Yvonne noted the importance of using data to create customer personas to assess the impacts of rent-setting for tenants.

**Mark Washer:** Mark reiterated that social landlords should collaborate to lobby government for flexibility in the Rent Standard.