

INFLUENCING / INFORMING / NETWORKING



**CEO Forum held in Birmingham by The Housing Forum and Baily Garner
11th November 2015**

**"Collaborating for value: Reassessing Development Plans with 1% rent
reductions"**

**Key words: innovation in housing funding, starter homes, redefining affordable housing,
efficiencies in asset management**

The conclusions of the Forum are:

- Future funding for housing is likely to be volatile - interest rates must rise at some stage and there will be more government cuts.
- Universal credit will change tenants' views of rent costs and the value for money of housing management and maintenance services.
- Starter homes will become the affordable home ownership offer.
- Various housing associations approach development issues differently: some nationals are specifically looking to invest in the regions to build for sale or private rent; other local housing associations will cease development to concentrate entirely on statutory core services; and these different approaches are a challenge for the organisation of contracting and building teams.
- Commercial realities will drive client efficiencies in asset management. Long term relationships and "lean" working practices are more likely to make the public sector attractive to contracting firms when supported by a rethink in terms of approach and combined integrated working.
- As the construction industry in general will grow by 22% over five years and there is a skills shortage already, the public sector will face some competition in securing contracting resources, so a lot can be gained from jointly reviewing practices and making efficiencies.
- Investors see strength in the public housing sector and are keen to invest in rented housing.
- The housing supply chain has to be innovative and find local solutions to build and maintain homes for all income levels.



The Forum was chaired by **Tim Bush** of Baily Garner, one of the leading interdisciplinary construction consultancy providers to the housing sector. This Forum is focusing on the public rented sector and it is clear that there are regional differences with housing associations in the south identifying proposals to increase revenue through sales but such opportunities being very limited north of the midlands.



Tim was joined by Baily Garner's **Andy Tookey**. Andy gave a national perspective, commenting that many housing associations will want to be more in control of development by establishing independent development companies to enable investment in private rented sector housing and other products.

Clive Skidmore of Birmingham City Council set out the Birmingham context. The impact on the city of rent reductions is estimated to be £42m over the next four years. Birmingham does not propose to cut back on housing investment, instead aiming to strengthen the asset base with higher value new homes, replacing 60 year old housing stock.



Quality is a key aspiration as very few organisations will now be building homes to rent. Housing is a high political priority but there is no national plan to deal with major and persistent long term delivery issues. The current Housing and Planning Bill is focused on short term outcomes to expand home ownership. Housing costs and development finance have to be closely watched as uncertainty over interest rates continues to have a significant impact.

Kerry Bolister of Sandwell MBC gave the perspective of the neighbouring borough, which has a legacy of sites requiring remediation that are unlikely to be viable for housing development without subsidy. Progress is being made to set up a framework for the West Midlands combined authority later in 2016. Infrastructure will be a priority to deliver the major uplift in new homes needed for the West Mids.



There is a range of investors looking at housing, and **Steve Partridge** of Octopus QSH explained that investment can be available for innovative schemes but the landscape has changed as Government policy direction moves from grant to guarantees. Since the July budget, there has been some short term withdrawal by some housing associations from the market but affordable rent is still a very good investment prospect. A well regulated sector is attractive as regulation protects investment value.

The following people took part in the Forum in Birmingham:

- 🏠 Richard Baker, Business Unit Director (West Midlands), United Living
- 🏠 Neil Baxter, New Business Director, Keepmoat
- 🏠 Kerry Bolister, Area Director Homes & Communities, Sandwell MBC
- 🏠 Tony Bunney, Development Manager, Galliford Try Partnerships Central
- 🏠 Tim Bush, Equity Member, Baily Garner **(Host)**
- 🏠 Alex Dixon, Director of Development & Construction, Bromford
- 🏠 Shelagh Grant, Chief Executive, The Housing Forum **(Co-Host)**
- 🏠 Angus Kennedy, Chief Executive, Community Regeneration Partnership
- 🏠 Chris King, Managing Director, Kier Living
- 🏠 Frances McConnell, New Business Director, Willmott Dixon
- 🏠 Steve Partridge, Executive Director - Finance & Investment, Octopus QSH



The cross-sector membership
network for housing and construction

"More Homes, Better Homes"

- 🏠 Anthony Riley, Group Director of Development & Operations, Waterloo Housing Group
- 🏠 Clive Skidmore, Head of Development, Birmingham City Council
- 🏠 Andy Tookey, Equity Member, Baily Garner and Board Member, The Housing Forum **(Co-Host)**
- 🏠 Mike Turner, Development Director, Ian Williams

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