

IMPROVED EFFICIENCY UNDERPINS DECENT HOMES PROGRAMMES



“During these challenging times, efficient procurement and programme management will be crucial, not only to maximise outputs from allocated resources, but to justify future funding tranches.” Rebecca Bennett Casserly - Head of Residential-Affordable

The Government’s commitment to the house building industry should be applauded. The £1.5 billion redirected to the national affordable housing programme, council house building programmes and the kick start initiative will undoubtedly unlock significant numbers of schemes which have stalled. These are all valid policy responses to tumbling values, a lack of liquidity in the financial markets and an all round lack of confidence.

But this redistribution of resources comes at a price; as of the £586 million to be found by Communities and Local Government, £461 million will come from the Homes and Communities Agency’s existing programmes and will include £183 million of ‘managed savings’.

No guarantees

ALMOs which have yet to secure 2 stars to unlock their decent homes’ allocations have been told that they can

expect to wait until 2011/12 before programmes can be started and promises to tenants honoured. With the current public expenditure round due to come to an end in 2011, there can surely be no guarantees about the timing and quantum of funding in future years.

Those large scale voluntary transfer associations dependent on ongoing gap funding to deliver their decent homes’ programmes must also be vulnerable and, whilst funding may not be frozen, associations are likely to come under increasing pressure to offer up savings.

Slow to adopt

But, will efficient construction management on its own be enough? How many affordable housing providers can honestly say they manage their organisations as efficiently as possible? The sector has been slow to adopt private sector approaches to the management of both frontline and backroom services and objective analysis of customer interactions, with the consequent development of target operating models supported by complementary corporate infrastructure only now being considered by a relatively modest number of leading landlords.

With rent reductions looming, worrying pension funds and capital receipts all but evaporated, surely there has never been a more pressing need for affordable housing landlords to address the deficiencies of the past, which have been masked by unrealistically cheap capital and the consequent asset bubble. Landlords owe it to their tenants and broader stakeholders to optimise their investment potential.

“Landlords have to stop paying lip service to efficiency and deliver or reap the consequences.”

Commitment to efficiency?

It looks increasingly likely that if the sector cannot demonstrate a genuine commitment to efficiency across all areas of organisational performance, a combination of pressure from the Homes and Communities Agency, which may choose to withhold funding, and the Tenant Services Authority using its new, far more stringent powers, will want to have their say. When you add the emergence of profit distributing providers into the mix, the challenges for the affordable sector as we have come to know it have never looked more stark.

Landlords have to stop paying lip service to efficiency and deliver or reap the consequences.

We currently work with over 100 clients in the affordable housing sector including ALMOs, local authorities and housing associations. We provide expert advice in the procurement and delivery of capital and revenue programmes.

We are working with leading clients to address the challenges resulting from recent policy developments to deliver the improved organisational performance that are a prerequisite for those that want to survive and prosper.

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