CIVICA

The changing landscape for social housing

A practical guide to achieving a sustainable future

Contents

> **"**We can't be sentimental about the past. We have to look forward. In ten years' time, the housing world will look significantly different than it is today.**"**
>
> **Helen Chard,**
> Housing Strategy & Enabling Service Manager,
> Gloucester City Council

Introduction

The world we live in is changing fast, demand for social housing is outstripping inefficient supply three to one. Multi-agency working, government policy and a changing population continues to place enormous pressure on the sector and the leadership teams that deliver these essential services.

This report, 'The Changing Landscape for Social Housing' provides guidance and advice on how to combat these challenges to future proof service delivery in the communities they serve.

Civica, in partnership with Solace and The Chartered Institute of Housing (CIH), brought together a group of social housing and private sector experts at a Leadership Forum to explore these challenges, identify how they're responding to them and how to do so more effectively. As part of this discussion they also reviewed growth strategies whilst remaining true to their social purpose, as well as how technology can assist and even promote change.

Ultimately, the Forum concluded that **social housing providers need to act fast, think radically about how they deliver their service, and take some risks along the way in order to survive**. They also agreed that there is not only a skills shortage across the sector but that boards need to reaffirm their core purpose, close the skills gap and ensure they have the right balance at the top to drive the change the sector needs.

An independent survey was conducted with 100 senior decision makers from across the sector to confirm the pressures and challenges housing providers face, and also explore the priorities and plans they have in place.

"Social housing providers have been dealt a tough hand but are starting to embrace a more commercial and collaborative way of working to ensure they continue doing what they do best."

Paul Bradbury,
Executive Director, Civica

Executive summary

The social housing landscape has, and continues to be, shaped dramatically by a number of shifting elements, including central government policy, wider economic trends and of course the unknown impact of Brexit.

This web of pressure is mounting and radical transformation is required for social housing providers to cope with the financial demands placed upon them. To address this head on, they need to start working differently now, not in five years' time.

The landscape shows no signs of settling for the foreseeable future. **The Institute for Fiscal Studies estimates that the 1% rent reduction policy will reduce social landlords' rental income by £2.5 billion, by 2020.**

This puts the sector in completely uncharted territory and, as consolidation within a fragmented industry continues, things are expected to look vastly different by the end of the decade.

"It is worrying that our analysis shows that of the £45 billion the government earmarked for housing up to 2020/21, just £2 billion was assigned to sub-market rented housing. This situation must change if we are to make a lasting impact on poverty by 2030."

Gavin Smart,
Deputy Chief Executive, Chartered Institute of Housing

The Leadership Forum explored these challenges, how they're responding to them and how to do so more effectively. The discussion covered the following themes:

Servicing a changing population
Balancing an expanding, ageing and diverse population, many of whom expect to transact online and/or access products and services immediately, alongside those who are digitally excluded.

Change in government policies add additional pressure
The challenge of having to cope with numerous legislative changes and housing policies that impact organisations differently. Housing organisations should consider collaborating to have a stronger voice but to also establish new working relationships with the government.

Seven leadership attributes to ensure success
Organisations need strong leaders who can develop a culture of change and innovation with a commercial focus. As well as a flexible workforce who are not only able to cope with these adjustments but also help create the best possible outcomes for the tenant.

Three Cs for survival
Social housing leaders must review their strategy for implementing change and explore new ways of working, including consolidation, collaboration and commercialisation, to ensure organisations not only survive, but thrive.

Technology driving positive outcomes in the community
Consider how more advanced solutions such as connected devices, smart buildings and data analytics offer ways to manage property assets and resolve issues before they even become a problem.

Our recent research identified the following five strategic priorities for social housing providers, throughout the UK, over the next 12 months:

- **Safeguarding jobs**
- **Cutting costs & driving efficiencies**
- **Improving customer service & satisfaction**
- **Dealing with changing regulations & reforms**
- **Expanding into rental & sales**

"The post-Brexit policy and political environment make this a pivotal time for social housing. The government has promised to build more homes of all tenures that everyone can afford and this research very clearly highlights there is a consensus that this is what we need."

Terrie Alafat,
Chief Executive, Chartered Institute of Housing

Servicing a
changing population

A shift in consumer behaviour and increasingly diverse communities means housing providers have to work harder to meet tenant demands.

Compounding the challenge for housing providers is the fact that for every 1,000 council homes allocated each year, more than 3,000 people join the housing list. With unemployment figures of 1.65m and over 203,500 empty properties, managing the housing crisis has become a continuous headache.

By **2027**

=	**70 m**	The UK population is projected to reach 70 million
+	**25%**	Over a quarter of people will be non-British
+	**26%**	Of the UK population will made up of Generation Y (those born between 1980 & 2000)
+	**5.8m**	There will be an additional 5.8m elderly people
+	**80yrs**	1 in 12 of the population is projected to be aged 80 or over (by 2039)
−	**3.3**	There will be just 3.3 working people to support every person of a pensionable age

Social housing providers also say that **low wages and unsecure employment options and the growth of the private rented sector are driving further changes** in the communities they serve. **89% admit that they are not likely to cope** with all of these current changes but **60% seem more confident that they'll be very likely to cope** in 3 years' time.

Four characteristics of the social housing tenant

Knowing that the changing social housing landscape is being driven in part by shifts in the make-up and demands of tenants, the Leadership Forum believes the future social housing tenant will have four characteristics:

1. Part of a diverse & increasing population

2. Marginalised & conflicted

3. Connected, mobile, independent & self-serving

4. Divided over data

1. Part of a diverse & increasing population

66% of social housing providers confirmed they are working with an increasingly ageing population, while another **44%** said their tenants are becoming more culturally and linguistically diverse.

Aside from the aforementioned diverse community complexities, the spiraling costs of homes on the private rental and purchase market is adding to the housing crisis. Due to the affordability gap, more and more young professionals and working families are accessing home-ownership through social housing providers. There is also a growing number of multi-generational households as over 18s stay at home longer or 'boomerang' back to save for deposits, while grandparents move in with their children to reduce the cost of private care.

According to the Local Government Association, 88,000 social homes will be lost to Right to Buy by the end of the decade.

With increasing demand for limited social housing stock, the Leadership Forum argued that housing providers need to start thinking now about how housing stock is replenished, designed, redesigned and managed for all aspects of society.

"Going back 40 years, life expectancy was shorter and inheritance would be passed on sooner. The age at which people are able to buy property is constantly creeping up and we will soon have a huge proportion of young people that just won't be buying outright."

Helen Chard,
Housing Strategy & Enabling Service Manager, Gloucester City Council

2. Marginalised & conflicted

In some communities cultural diversification has created divisions, and occasionally conflict. A report into community cohesion conducted by the Local Government Improvement and Development Agency suggests that increased diversification has led to mistrust within communities across the country.

The outcome of the EU referendum has been taken by many as a vote of discontent from those who feel excluded from economic prosperity, with around two thirds of social housing users voting to leave the EU.

Our leaders commented that social housing providers are having to manage popular misconceptions that people born outside of the UK get preferential access to social housing. With increased tension within communities as the British population continues to diversify, there is a risk that this perception will increase.

"We risk going back to the days of council housing being a no-go zone as opposed to a balanced community where people can thrive."

Su Spence,
Chief Executive, Poole Housing Partnership

3. Connected, mobile, independent & self-serving

The vast majority of tenants are connected, mobile, independent and self-serving.

According to Ofcom, smartphones have overtaken laptops as the most popular device for getting online. Two thirds of people in the UK own a smartphone, using it to browse the internet, access social media, bank and shop online.

Tenants expect immediate access to services via the internet and apps on their mobile device. And this demand for self-service cannot be ignored, people want to use public sector services that are compatible with their lifestyle. Social media has fast become the chosen method of communication for Generation Y and the Leadership Forum agreed housing providers should respond accordingly.

However, they must be mindful that there are still a significant amount of 'digitally excluded' people, either due to cost, access or lack of skills. Just 38% of those aged 75 and over are internet users, while 25% of disabled adults have never accessed the internet. Unsurprisingly, 99% of 16-24 year olds have, and do so on a regular basis. 45% of social housing providers surveyed say that changes in the community are driven by a mix of digital engagement. But they also recognise that they need to better understand the needs of the local population.

"We don't know enough about our customers, we have to be smarter."

Lindsay Simons,
Director of Corporate Services, South Lakes Housing

4. Divided over data

The use of mobile to purchase goods or services means that people are becoming accustomed to sharing their personal data.

While some will transact in this way and openly share information in exchange for services, others are more cautious and demand guaranteed data security.

The Leadership Forum felt that social housing providers need to educate and build trust with tenants about data security. They urged the industry to embrace the ability to get to know their tenants at a granular level and use this information to better target and deliver effective services. For example, segmenting data to identify members of the community who require additional support, and providing it.

Only
26%
of people trust the government not to sell their electoral roll and demographic data without their consent

Change in government policies **add additional pressure**

The Leadership Forum highlighted the impact of significant changes to housing policies and legislation.

Until recently housing associations have been largely protected as they straddle both the private and public sectors, with business plans built on stable long-term revenue predictions. **But the introduction of Universal Credit, 1% rent reduction, devolution, and the extension of Right to Buy have all rocked the boat.**

Social landlords have also found it harder to survive without a guaranteed revenue stream. Local authorities are finding it easier to adjust as they've already faced several years of austerity, making them well-versed in looking at transformative ways to deliver services as efficiently and effectively as possible.

A staggering

94%

of social housing providers believe the government needs to improve its current housing policy

"The lack of affordable housing to rent or buy is now a national crisis and confused or contradictory government policy makes finding solutions more difficult."

Kim Ryley,
Chair, SOLACE in Business

Universal Credit

Our research shows the future of funding arrangements for supported housing remain a cause for concern, **with 42% of social housing providers wanting the government to revisit welfare cut decisions.**

Bolton at Home calculates that supporting tenants on Universal Credit costs five times more than tenants on legacy benefits. It has taken legal action against 25% of its tenants on Universal Credit compared with an average of 6% across its other homes. The future funding arrangements for supported housing remain a cause for concern.

1% Rent reduction

The Institute for Fiscal Studies estimates a funding gap created by the 1% social housing rent reduction will amount to £2.5 billion by 2020. **Almost half of the social housing providers surveyed** want to see the annual 1% rent cut reduced or scrapped entirely.

"Our rental income in four years' time will be 14% lower than we thought in our business plan. The 1% cut doesn't sound like very much, but this is what it means."

Lindsay Simons,
Director of Corporate Services, South Lakes Housing

Extending Right to Buy

Organisations would benefit from the capital gains of selling their assets to provide affordable homes and reinvest the money to build replacement homes. However, this creates another problem and leaves a temporary shortfall of rentable properties.

65% say government could improve housing policy by focusing on a broader range of tenures beyond home ownership i.e. including building new homes for social rent

"Whilst the small number of lucky winners from this policy will understandably be grateful for the chance to buy their housing association property. Ultimately, far more people will lose out and be left with no choice but expensive, unstable private renting."

Campbell Robb,
CEO, Shelter
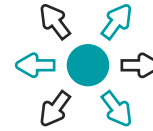
Devolution

The concept of localising power to create the best possible outcomes in a community is a good one. However the lack of prescriptive detail means that the role of housing in devolved areas is unclear. In principle, it is an obvious policy area for devolution as local authorities already have control of both the planning process and the development of their Local Plans.

Only **21%** of social housing providers are planning to participate in devolution

"Most of the devolution discussions have effectively been conducted by the key local authorities with a reduced number of people involved in discussions with HM Treasury. Devolution represents one of those opportunities for social housing to influence that process for the better."

Peter Gillett,
Former Chief Finance Officer, Bristol City Council, now Director of Cothan Solutions

The three Cs **for survival**

The Leadership Forum agreed that developing creative and innovative ways of navigating a safe route through the rapidly changing landscape is key.

They called for social housing leaders to review their strategy for implementing change, and to explore new ways of working to ensure that organisations not only survive, but thrive; and ultimately provide the best possible outcomes for the people they serve. Providers must consider which approaches are appropriate to their organisation, form impactful relationships and evolve their wider organisational strategy and processes accordingly. All without losing sight of their key focus, values and social purpose.
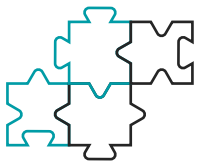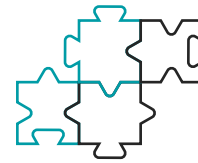
1. Consolidate to grow

2. Collaborate to achieve positive outcomes

3. Commercialise to generate income

"We need to be innovative, creative and commercial but not give up on our social mission. It's making this the most exciting time of my social housing career."

Tom McCormack,
Chief Executive, Hexagon

1. Consolidate to grow

Mergers are becoming the norm in a sector facing decreasing revenues and increasing service demands.

The Leadership Forum stated they were seeing smaller providers fighting for survival by being incorporated into larger organisations to be better able to withstand market changes. They also discussed how large players, such as Affinity Sutton and Circle, are combining their collective power to negotiate better deals with suppliers to build more homes and invest in local communities. It was also noted some have merged to fill skills gaps, diversify and build the scale required.

A further

28% plan to consolidate to achieve their strategic priorities

The Leadership Forum concluded that wherever you stand on the merger debate, you must consider whether a merger can support the strategic objectives of your organisation, help support your funding gap or expand on the service you deliver to your community.

"Before merging, organisations need to make sure they're clear on their reasons for doing so. Consolidating with a larger player isn't always the right answer."

Gavin Smart,
Deputy Chief Executive, Chartered Institute of Housing

2. Collaborate to achieve positive outcomes

The Leadership Forum unanimously agreed that collaboration is vital to success in the social housing sector.

Specifically, that providers should tune into their social mission by leveraging the additional expertise and resources that are available in other organisations.

To achieve their strategic priorities, social housing leaders have said they're already planning to collaborate with:

- Private funders, such as banks, bond investors etc **33%**

- Central government organisations, such as the departmentof communities & local government, homes & communities agency **29%**

- Private developers & landlords **26%**

- Other social housing providers **25%**

- Local public sector organisations, such as schools, NHS trusts, GP surgeries **18%**

"Housing providers and public sector organisations should work hard to develop a shared agenda to plug gaps and address budget constraints."

Terrie Alafat,
Chief Executive, Chartered Institute of Housing

Social housing providers will achieve a more positive outcome working together with other public and private sector bodies. Health, social care and housing working together are key to physical and mental health, with good quality social housing being an essential contributor to wellbeing and quality of life. Many are already beginning to recognise the need to collaborate across local authority boundaries. And as local authorities become house builders again, the sector needs to work together to deliver the best possible outcome for the citizen.

But the whole sector must work hard to initiate horizontal integration in response to the national social housing crisis. This is even more key in devolved areas, where the Leadership Forum agreed that housing associations aren't influencing the local authorities' agenda enough. They must proactively engage and seek to have a greater influence in devolution discussions.

"The industry should look to the devolution process in Greater Manchester, where local authorities and housing providers are collaborating to create a clear vision for economic regeneration, housing and transport links."

Su Spence,
Chief Executive, Poole Housing Partnership

3. Commercialise to generate income

Commercialisation and diversification to generate revenue is not an entirely new concept for housing providers.

Housing Associations already generate 22% of their income from non-core activities, such as community-based work, care and support; as well as non-social housing lettings and sales. And, as discussed in Civica's Commercial Imperative report, 40% of local authority leaders say commercialisation plays some part in their current strategy.

40% of social housing providers plan to focus more on commercialisation and development of new income streams

The Leadership Forum believes that diversification and commercialisation will continue to be one of the most important priorities for social housing providers over the next decade. And that senior decision makers must start thinking about short, medium and long term strategies for generating their own income.

Effective ecommerce strategies will also need consideration as it is widely acknowledged that the UK population has embraced online shopping with retail providers like Amazon. Adopting this approach within social housing is required with careful consideration of which technology is fit for purpose to cater for the diverse needs of its community.

> "We're already developing the housing stock with solar panels and are seeing a return on that. We are dealing with fuel poverty and selling additional capacity back to grid."
>
> **Su Spence,**
> Chief Executive, Poole Housing Partnership

Seven leadership attributes
to ensure success

In order to survive, the social housing industry must drive significant transformation within the next 12-18 months.

To achieve this, organisations need strong leaders who can develop a culture of change and innovation with a commercial focus. Leaders need to inspire a flexible workforce who are not only able to cope with these adjustments but also help drive forward progress to create the best possible outcomes for the tenant.

The Leadership Forum agreed that it was essential for everyone within these organisations to be able to adapt, analyse, self-critique and have a passion to genuinely and consistently improve. An understanding of the rapidly changing digital demands of communities is also key.

They agreed the following seven skills are required to meet the needs of today and tomorrow.

1. Ability to adapt
2. Foster a collaborative and innovative culture
3. Enhance commercial expertise
4. Deep understanding of assets and analytics
5. Ensure effective governance and risk management
6. Be skilled communicators
7. Don't stand still

" What you need is a cultural change and a shift in thinking amongst the staff in housing associations and housing providers. You need to recognise the world you are now living in and be clear about the values that drive you. **"**

Kim Ryley,
Chair, SOLACE in Business

1. Ability to adapt

As the role of social housing organisations adjusts to the changing landscape, so too do the skills required and responsibilities of senior management and front-line staff. Leadership teams need to become more commercially astute to create a sustainable business model, drive innovation and maximise the technology across the organisation. It is also important to provide 'soft skills' training, such as interpersonal and communication. Front-line staff must be ready to take on more varied responsibilities, such as managing and delivering quality health and social services, and renewing community cohesion.

Almost half of social housing leaders agreed that change management is a vital skill for their organisation. Whilst only a third agreed developing the right strategy is important

41% change management

37% the right strategy & development

2. Foster a collaborative and innovative culture

As discussed more widely in our previous report, **Invigorating the Public Sector Revolution**, for any effective change to take hold in any organisation, it requires innovative leaders to drive change and win the hearts and minds of staff.

Fostering a collaborative culture where everyone is focused on the same end goal – creating effective and efficient services which will benefit the tenant – will be crucial to future success. **31% of social housing leaders agreed they must be prepared to act as 'change agents' to lead innovation and empower staff to make decisions in order to meet market demands.**

While the Leadership Forum agreed that across the housing sector there has been a positive attitude of 'keep calm and carry on' despite the recent economic and legislative changes, there also needs to be a balance between embracing radical change and measuring risk.

3. Enhance commercial expertise

Social landlords have a difficult balance between maximising assets in support of their social purpose versus protecting the bottom line. That being said, simply staying afloat is not an option. Organisations must think innovatively, review how digital technology can drive efficiencies and make the most of existing assets and partnerships.

Battling with tight budgets, an unstable economy and increasingly complex demands from tenants, social housing providers need strong leadership, discipline, tenacity and commercial acumen to identify new revenue streams and open up new channels to market, enhance efficiencies and improve the lives of all tenants. **Surprisingly, only 25% of social housing providers said having a commercial understanding is essential!**

4. Deep understanding of assets and analytics

The Leadership Forum agreed that asset management is one of the biggest issues for housing providers. They believe that this is because the majority don't have access to the most effective applications and tools, or lack the expert knowledge to get the most out of existing technology to efficiently manage their portfolio and make informed decisions.

Being able to better match tenants with suitable properties, monitor usage and behaviour patterns will become invaluable for decision making. For example, organisations can use predictive analytics to plan for future programmes of work such as repairs and servicing. Fundamentally, housing providers need to be proficient in using asset management technology and understanding the information this presents as well as collecting information from across a number of sources and devices.

5. Ensure effective governance and risk

In any organisation a clear strategy around risk and governance is paramount. With external pressures continuing to be exerted on social housing providers and legislation continuing to change, **38% of social housing leaders said governance will only become more challenging.**

For an organisation to run efficiently, effective policies and procedures need to be developed, communicated and routinely managed to avoid any reputational risk.

In particular, as social housing providers expand their range of activities and their exposure to the housing market through sale, part sale and rental housing their risk profile and pro-cyclicality increase. Leaders and boards need to ensure they have the right skills to carefully manage these changes so as not to undermine the organisation.

"Governance sits at the heart of any successful organisation. All organisations need strong, skilled boards and clear, effective governance frameworks so they cannot just survive but thrive."

Wayne Story,
Group CEO, Civica

6. Be skilled communicators

To constantly adapt, create a sustainable commercial business, drive innovation and use technology effectively, excellent communication skills across the entire organisation is paramount.

The importance of communicating effectively with internal colleagues is just as important as communicating with customers, tenants and suppliers. Leaders need to create a strategy for consistent communication across multiple platforms.

As tenants become more engaged and active across multiple channels, the sector must look to emulate the communication procedures of the private sector. Tenants expect to communicate and interact with in the same way they do with their banks and retailers – they want a consistent experience throughout.

Only **19%** agreed that social housing boards and leaders need soft skills such as people management, communication and collaboration to drive success
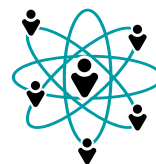
7. Don't stand still

The Leadership Forum agreed that housing leaders need to be better at setting a clear vision, identifying what needs to be delivered and how can it be improved. **Creating a continuous business improvement cycle provides leaders with a toolkit to review and challenge outcomes versus improvements.**

Social housing leadership teams need to continually ask themselves, and those within their organisation, "how can we be better, be more efficient? Are the changes we're making actually benefitting tenants? Do they value the changes made? Have we asked them?"

Technology to drive
positive outcomes in the community

50% of social housing providers plan to use digital transformation as the key driver to achieve their strategic priorities, to modernise service delivery to customers and unlock significant savings

While we can't predict the future, using effective technology, efficient processes and partnerships is undoubtedly the key to success.

The Leadership Forum outlined that the role of digital transformation within social housing providers is two-fold: at a basic level it is able to help drive cost-savings and improve efficiencies, but more advanced solutions such as connected devices, smart buildings and data analytics offer ways to manage property assets and resolve issues before they even become a problem. Both of these must ultimately be used together to drive positive outcomes for the community, such as supporting the NHS by offering health and social care services to allow people to stay in their homes longer.

The Leadership Forum also highlighted that housing providers aren't making the most of existing technology. Explaining that it's not just about buying the latest technology but it's also about whether it's actually relevant to your audience, and then how you change processes to maximise it.

As such, the Forum listed three imperatives to drive positive outcomes in their communities:

1. Use digital alongside traditional to create a considered channel shift

2. Invest in connected devices and collect data to improve efficiencies and implement preventative measures

3. Develop inspirational partnerships

"Technology isn't solely about greater efficiencies but also about outcomes for people. We need to acknowledge that smartphones are now the platform of public choice and to make more of data analytics. Housing providers must also look ahead to how the rise of the Internet of Things (IoT) has the potential to super-charge buildings management."

Kim Ryley,
Chair, SOLACE in Business

1. Use digital alongside traditional to create a considered channel shift

Despite the obvious cost and efficiency improvements associated with adhering to the Government's Digital by Default agenda, channel shift for housing providers must be nuanced due to their diverse communities and regional restrictions.

Figures from Doteveryone show that 23% of the UK does not have the basic digital skills needed to survive in our evolving digital age, and that many people simply can't afford access to the internet.

The Leadership Forum agreed that the channel shift strategy must be developed on a deep understanding of their communities needs. The right blend may be a mix of digital and traditional channels, the key is to ensure these work together in harmony and facilitate self-service.

Only
26%
of social housing providers say they completely understand their communities digital needs

Richmond housing partnership fully-embraces digital

RHP leads the way in the UK housing sector for the numbers of residents engaged and transacting online.

They have verified email addresses for 80% of their residents and nearly half their residents are signed up to their online portal. They were the first housing organisation to create a facility where customers can book their own repairs appointments online. 68% of all repairs are now managed in this way, and 98% of payments are made electronically. Additionally, customers can see the work due for their home over the next five years, as well as rating it online in real time.

50% of residents are signed up to their online portal

First housing organisation to offer repairs appointments online

98% of payments are made electronically

68% of customers repairs are managed online

2. Implement preventative measures with connected devices and data

The Leadership Forum agreed that the Internet of Things (IoT), presents a huge opportunity for social housing providers in the way that they manage their property assets and provide in-home care.

Even more interesting is the role of technology in housing, the use of better analytics and informatics around customers and tenants, and the sheer transformational power of the Internet of Things, but only **36% stated they are aiming to use big data, data analytics and business intelligence tools to collate and analyse customer data**. The Leadership Forum argued that the advent of smart homes and data analytics will see housing providers more effectively:

"The housing sector is being squeezed from both ends – with dwindling financial support and growing demands from increasingly diverse and vulnerable citizens. Those who want to thrive, rather than just survive, are using digital solutions to positively transform their organisation in order to face today's challenges and those of the future."

Paul Bradbury,
Executive Director, Civica

- **Monitor entire buildings, anticipate where repairs are necessary and respond to issues faster**. They will be more strategic and proactive in commissioning bulk repairs and replacements to minimise disruption and costs. Devices such as Housemark smart carbon monoxide detectors and smart boilers offer real-time remote reporting of key information, operating status and faults.

- **Predict rent arrears before they happen**, identify tenants who've gone into hospital or whose children are about to leave home, and ensure the right information and new services are promoted to the appropriate audience.

- **Support health and social care services by monitoring resident behaviour**, automating communication between different organisations and spotting potential issues before they even happen. All of which will allow people to spend more time in their homes instead of hospital.

42% of social housing providers are planning to invest in the IoT and smart technology in the next 12 months

3. Develop inspirational partnerships

Organisations say that better use of technology would help meet their strategic objectives.

The Leadership Forum cited the value of technology partnerships, with innovators in the sector or those outside, such as retailers, financial service organisations or technology partners.

David Loudon, founder of DtL Creative, the social housing management consultancy, talked about a client, Hanover Housing Association who had been working with John Lewis. Loudon says that the partnership helped Hanover in its strategy looking at technology, processes and culture when dealing with customers to take on more of a retail-style approach in engaging with tenants.

The housing leaders surveyed agreed they would need to **collaborate with other organisations where technology or knowhow already exists (53%)**. They also felt that **working with private sector partners would help them to leverage and optimise the use of their technology (52%)**.

"The biggest problem providers face is knowing that their systems are not good enough. Often they don't know how to redesign these processes, which means the biggest danger is that they get little benefit from new technology. There needs to be greater efficiency in capturing data and using data intelligently, not filling the same details again in another system."

David Loudon,
Founder, DtL Creative

Seven steps **to sustainable success**

The Leadership Forum agreed there are seven key factors which social housing providers can action immediately to ensure they stay on track:

1. Understand your tenants

- Engage with your tenants to understand their service experiences, preferences, ideas & channels of choice
- Use data analytics & business intelligence to understand current & projected demographics of your tenants & their needs
- Use information & align your strategy to ensure it meets future demand

4. Consider commercialisation

- Embrace commercial revenue generating opportunities which support your social mission & close your funding gap
- Consider trading directly with your community, making the most of existing assets, sharing & selling services amongst peers & driving digital to create efficiencies & new revenue steams
- Confirm clear strategy & objectives with risk management measures & maintain strong governance with regular process reviews
- Ensure you develop a culture of risk taking & innovation to support creative commercial ventures

5. Re-caliibrate your leaders

- Ensure current & future leaders have the skills to evolve with the changing landscape
- Board members must have a mix of in-depth housing & commercial market knowledge
- Consider how the organisation & tenants could benefit from insights from sectors such as retail, finance & IT
- The 'new' board must have an appetite for measured risk-taking with a commercial focus

7. Close the skills gap

- Review current capabilities to see if they stand-up to current & expected market changes
- Identify areas of strength & develop training schemes to share this knowledge across the organisation
- Identify areas for improvement & invest in training, i.e. lack of internal IT, partnering or diversification expertise
- Form long-term, strategic relationships with expert partners who specialise in these areas

2. Define clear outcomes

- Be clear on the core purpose of your organisation, its role & focus on social, commercial, community, etc.
- Develop & agree a clear set of strategies and objectives, with performance measures, to monitor outcomes effectively
- Put in place procedures to measure the success of service strategies & then develop future interventions based on what works

3. Consolidate or collaborate

- Consider if, how & why consolidation or collaboration might offer your organisation & community strategic value
- Where relevant, form mutually-beneficial relationships with complimentary business strategies, missions & goals to drive economies of scale & best practice
- Collaborate with other local service providers and community organisations to offer the best possible service to your tenants
- Define your role & influence in your region's devolution process with health-based spending an increasingly important part of funding services

6. Maximise technology

- Review existing technology to ensure you're making the most of existing investments
- Ensure future technology investments are reviewed in-line with strategic objectives & positive tenant outcomes in mind
- Automate administrative tasks to drive efficiency savings
- Consider how connected devices will help you deliver a better service & pre-empt problems
- Collect community data & analyse to tackle issues before they happen & model the population to manage future demands
- Use technology & analytics to make informed commercial & social decisions

Conclusion

It is very clear the social housing sector is being forced to quickly reform and some have already started on the complex and challenging transformational journey to change future service delivery for the better.

With a demanding and ageing population, and significant financial constraints, new technologies and data analytics must be used in order to adapt.

As the population is projected to grow with 5.5m aged over 80 by 2039, and just three workers to support every pensioner, housing providers need to have a more integrated approach to enable people to live independently for longer. Meanwhile, engaging with the younger population through apps, mobile and social media is a significant shift to a lower cost self-service option, plus it's a faster communication channel for customers to engage with.

"Social housing providers cannot be certain of much at the moment, but we can be sure that things will continue to change, whatever the immediate outcome. The ability to confidently navigate this changing landscape is what will set those who thrive and those who don't survive apart. Navigation is made significantly easier with the right skills, strong leadership, supportive partnerships, detailed data and efficient processes."

Wayne Story,
Group CEO, Civica

Housing providers must really challenge their existing business strategies to ensure they are sustainable whilst developing a greater appetite for risk. Cultural change at board level and throughout the workforce is needed, though the sector must not lose its core knowledge, experience and expertise. They will also need to consider other means of efficiency savings and income generating initiatives, such as collaborating or consolidating with other providers, partnerships with the private sector, or indeed trading services to the community. It is important to learn from best practice and look to private sector organisations to assist in new ways of working and building a foundation for innovation.

Data is one of the most powerful tools. Effective customer engagement utilising intelligent data will bring greater efficiencies, financial stability and in many cases, new income streams. More importantly, effective data on your assets will enable housing providers to manage demand vs supply more effectively. Whether it's turning empty properties back into use faster, or building homes for shared ownership or outright sale, to provide an additional source of income.

It may look daunting, but this new world poses an exciting opportunity to radically rethink the way housing providers operate for the benefit of tenants and local communities. Doing nothing is no longer an option!

"Housing associations need to work together, with other local partners, and they must be more assertive in actively seeking to influence government policy."

Kim Ryley,
Chair, SOLACE in Business

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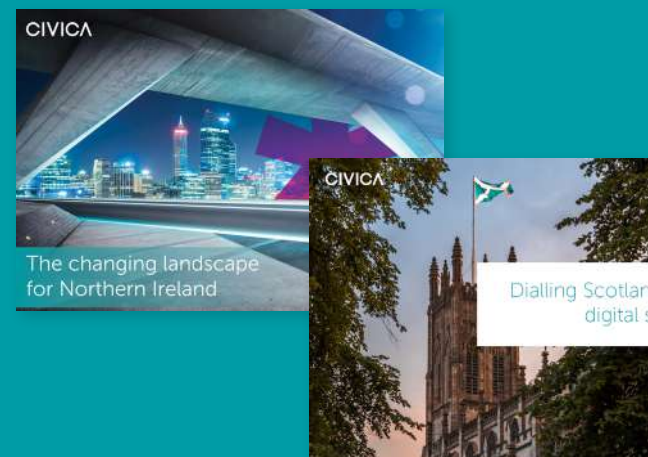
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