

2020

HOUSING

The Parliamentary Review

■ FOREWORDS

The Rt Hon Elizabeth Truss MP
Melanie Leech CBE
Brian Berry

■ GENERAL REPRESENTATIVES

The High Street Group	Drumchapel Housing
Reside Manchester	Northwood St Albans
Central Housing Group	MSC Naturally
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■ FEATURES

Commentary from Andrew Neil

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The Rt Hon Elizabeth Truss MP

Secretary of State for International
Trade, President of the Board of Trade
and Minister for Women and Equalities

Even by the standards of the day – 2019 was one of the most exciting and unpredictable years in British politics.

The election we've just seen marks a huge moment in our country's history. This government is taking a decisive new direction, embracing the opportunities of Brexit and preparing our country to flourish outside the EU.

As international trade secretary, I'll be driving forward work on the free trade agreements that are going to be a priority for the government. Free trade isn't just an abstract concept bandied around by technocrats. It is crucial for a strong economy and for the ability of families to make ends meet. Free trade benefits people in every part of our country, as British firms export to new markets and people doing the weekly shop have access to a wider choice of goods at lower prices.

The essence of free trade is in the title – freedom. It's about giving people the power to exchange their goods without heavy government taxation or interference. Commerce and free exchange are the engine room of prosperity and social mobility. I'm determined to tackle the forces who want to hold that back.

One of my priorities is agreeing an exciting new free trade deal with the US, building on the great relationship between our two countries and the Prime Minister and US President. But I'll also be talking to other partners including New Zealand, Australia and fast-growing Asian markets.

And with the EU too, we want a friendly and constructive relationship, as constitutional equals, and as friends and partners in facing the challenges that lie ahead – a relationship based on a deep free trade agreement.

Our country produces some of the world's most successful exports, and the opportunity to bring these to the rest of the world should make us all excited about the future.

It is this excitement, optimism and ambition which I believe will come to define this government.

For too long now, we have been told Britain isn't big or important enough to survive outside the EU – that we have to accept a deal that reflects our reduced circumstances. I say that's rubbish. With the right policies in place, we can be the most competitive, free-thinking, prosperous nation on Earth exporting to the world and leading in new developments like AI.

To do that, we'll give the brilliant next generation of entrepreneurs the tools they need to succeed. Since 2015, there has been a staggering 85 per cent rise in the number of businesses set up by 18 to 24 year olds – twice the level set up by the same age group in France and Germany. We'll help them flourish by championing enterprise, cutting taxes and making regulation flexible and responsive to their needs.

As we do that, we'll level up and unite all parts of the UK with great transport links, fibre to every home and proper school funding, so everyone shares in our country's success.

2019 was a year of brewing economic and political revolution. 2020 will be the year when a revitalised Conservative government turbocharges the economy, boosts prospects for people across the country, and catapults Britain back to the forefront of the world stage.

“With the right policies in place, we can be the most competitive, free-thinking, prosperous nation on Earth”

Melanie Leech CBE

Chief Executive, British Property Federation



The real estate industry is redefining real estate. Our industry builds the places across the country where we live, work and relax, enabling both economic and social wellbeing, supporting quality of life and most, if not all, other business sectors.

As the representative body for UK commercial real estate, the British Property Federation works in partnership with national and local governments to make sure that we stimulate investment in the nation's physical fabric and that we maximise the positive impact this can bring in a responsible and sustainable way for both real estate and the UK.

Our industry has a huge responsibility to local communities. The BPF launched the Redefining Real Estate campaign in 2019 as a movement across the industry to rise collectively to the challenges facing us. It's a long-term, rolling programme of action to ensure the real estate industry can deliver better "net positive" outcomes in local communities, create a productive economy that delivers for everyone in the UK, attract and nurture a diverse and skilled workforce and respond to the global climate emergency.

Expectations of what we can achieve are rightly rising. Citizens are increasingly looking to all business sectors to be a greater force for good, and our licence to operate depends on responding to the challenge our customers and not least our children and grandchildren have thrown down. Our success depends

on communities' trust in us, in our motivations and aspirations, and on whether their values are reflected in the way our businesses are run and in the places we build.

Money is talking too. Some of the largest investment funds in the world have sent a clear signal about their future investment strategies in relation to climate risk in particular and increasingly all shareholders, investors and lenders are challenging businesses to demonstrate how they are delivering social value and responding to environmental challenges and climate risk.

UK real estate is one of the world's most investable propositions. To maintain this position and to ensure the health of our towns and cities, partnership between the private and public sectors will be pivotal. I look forward to working with all of our stakeholders not only to redefine real estate but to redefine the relationship between people and places to reinvigorate and strengthen communities, and to ensure our planet is one we are proud to leave to our future generations.

“UK real estate is one of the world's most investable propositions”



Brian Berry

Chief Executive, Federation of Master Builders

Quality has, quite rightly, been high on the agenda for both the construction industry and the government of late. While the industry has much to be proud of, its reputation unfortunately continues to be tarnished by serious failures that should no longer be accepted.

This year marks the third anniversary of the tragedy that was the Grenfell fire. It is fair to say that this has focused minds on the quality agenda, and the Hackitt Review has given some clear direction for the future. I know that many in the industry have been working hard to start to implement these recommendations so something like this may never happen again.

The house building industry has been under the spotlight recently, and over the past year, we have seen the announcement of a new homes ombudsman to ensure owners of new homes have a clear route to redress when things go wrong.

We at the Federation of Master Builders believe that at the heart of a high-quality building must be the ability to ensure a minimum level of competence. The private domestic sector has for too long been plagued by rogue and incompetent builders.

This is one of the reasons why the FMB took the decision in 2012 to only allow new members to join the FMB if they have been independently inspected by the British Board of Agrément. A company failing to meet our strict standards will not then be able to join.

Indeed, last year, we were refusing up to 20 per cent of company applications to join the FMB.

However, it is still the case that anyone in the UK can legally undertake construction work without any prior knowledge or skills. That is why we are calling for a mandatory licensing scheme to be introduced, so that in order to obtain and renew a construction license you would have to demonstrate a certain level of competency.

The construction sector deal set out an ambitious vision for the industry, to make it the best in the world. A key part of this will be increasing competency and professionalism in the sector and we believe a licensing scheme could play a key part in achieving this.

“Quality has, quite rightly, been high on the agenda for both the construction industry and the government of late”

British politics turned upside-down

It was a watershed election, up there with the Attlee Labour landslide of 1945 and the dawn of Thatcherism in 1979 as a general election that changes the course of British politics. The trends had been apparent for some time – and I've alluded to them in previous pieces for *The Parliamentary Review* – but the general election of December 2019 saw them come to fruition.

For the first time ever, the Conservatives became the party not just of the non-metropolitan working class but of the poorest voters, among whom it enjoyed a double-digit lead, while Labour became the party of the well-off and the well-educated. Thus was British politics stood on its head.

This is of more than psephological significance. It has huge import for the course of Conservative policy. Those who think the Johnson government heralds a new Age of Thatcherism for the 21st century are mistaken. Those who pine for a return to limited government, tax cuts and free market economics will be disappointed. The Tories need policies that will cement their new provincial voter-base with a blue-collar conservatism.

So instead of tax cuts for the affluent, we will have low-earners taken out of national insurance. Instead of the free market, we will have the highest national minimum wage in Europe covering 25 per cent of the labour force (that would have given Mrs Thatcher the vapours!). Instead of cuts in government spending there will be more money for schools, hospitals and the police. Instead of bearing down on the national debt and the budget deficit, there will be a borrowing binge to finance £100 billion investment in

infrastructure, most of it designated for the Midlands and the North.

These are not traditional Tory policies. The Labour party likes to paint Boris Johnson and his government as hard-right Brexiteers. But when the dust settles on its leadership contest, it may discover that Mr Johnson has parked his tanks not just on the centre-ground of British politics but on the centre-left too, leaving the new Labour leader with room to be distinctive only on the further left. Broadly, Corbynism without Mr Corbyn, as one Labour shadow minister said to me.

For business, the election has removed two major uncertainties: Brexit and a Corbyn government. The first is happening, the second will not. So there will be a modest economic bounce in 2020 as confidence returns. The UK economy ended 2019 limping along at one per cent growth; Brexit uncertainty had taken its toll. Now even the IMF, congenitally gloomy about Brexit Britain, expects 2020 UK growth to be closer to 1.5 per cent, faster than the Eurozone and slower only than the US and Canada among the G7 advanced economies.

I say “modest” bounce because, of course, all the uncertainty has not gone away. The UK now has to negotiate its future

relationship with the EU and until that is clear business investment, domestic and foreign, will not return in huge strength. But 2020 should be a more appealing climate for UK businesses, big and small.

Government ministers speak privately about a wall of money ready to come into Britain now that the Brexit and Corbyn uncertainties have been resolved. But much of this will be hot money going into existing assets, whether property or equities. It can leave as easily as it enters. Real investment in new machines, plant and capacity will grow only gradually until it sees the shape of future UK-EU relations.

The talks will be rocky. The UK wants trade to remain friction-free. The EU will say, fine, as long as you remained aligned to EU rules and regulations. This, the Johnson government is making clear, is not acceptable. When I asked a senior minister how the government would deal with this friction-free/continued alignment trade off, he answered without hesitation – we would rather have more friction than remain aligned with Brussels.

The government knows the private sector remains wary, which is why it will use its own balance sheet to boost the economy in 2020 until remaining uncertainties are resolved and business investment returns in volume and with confidence.

This should be a good year for business: major uncertainties resolved, continued cheap money as far as the eye can see, expansive fiscal policy, increased growth, a new appetite for investment. And if the government screws it up, it will have nobody to blame but itself.



Neil believes that the Conservatives will appeal to their new voter base through “blue-collar conservatism”

Central Housing Group



Central Housing Group offices in Barnet, Hertfordshire



Managing Directors David Feld (right) and Romesh Muthiah (left)

As a well-established letting and management agency, Central Housing Group procures properties from private sector landlords and offers them guaranteed rental income. Managing Directors David Feld and Romesh Muthiah explain that Central Housing Group's team then sublets landlords' properties to selected local authorities, with whom the company has a contract. The local authorities in question are then able to secure these properties to support those most in need in their local area. David and Romesh explain why and how this process works in greater detail.

Our local authority clients provide us with a secure monthly income which enables us to guarantee our monthly rental payments to our landlords, even when their properties are unoccupied.

We work closely with each local authority, adapting our provision and service to their varying specifications. Prior to establishing the business, we both worked for several years for Barnet Council, administering the procurement and management of temporary accommodation. Our shared local authority housing experience enables us to understand the specific requirements and standards of these local authorities and this, in turn, means we have a greater intrinsic knowledge of the business and a strong commitment to improving overall accommodation standards because we have experienced both sides of the agency-local authority arrangement.

Although times have changed, the core principles of this interaction have stayed the same. This all contributes to the expertise of the business and means that we are better placed than the majority of agents to provide the most appropriate services for

FACTS ABOUT CENTRAL HOUSING GROUP

- » Managing Directors: David Feld and Romesh Muthiah
- » Established in 2000
- » Based in Barnet
- » Services: Residential property letting and management
- » No. of employees: 10
- » CHG provides "guaranteed rent" to landlords for more than 400 properties in London
- » CHG is an approved supplier to various London councils
- » Winners of UKLAP's Best Green Agent award in 2014 and 2019
- » Trustpilot score of 4.9 out of 5
- » www.centralhousinggroup.com

“The regulatory environment can be likened to snakes and ladders”

local authorities. We fully understand our local authority clients' concerns and we are not simply driven by financial motives but also by a genuine desire to assist their tenants and help to manage many of the housing issues they face.

Understanding leads to quality

This understanding was central to our original decision to establish our business. We fully understood and shared the key housing objectives of local authorities and we knew we could procure higher quality properties than our competitors but remain more price competitive and we also knew that as a consequence of the relationships we had developed during our time working for Barnet Council we could be entrusted to deliver these services to a superior standard. Drawing on our collective experience, we recognised that the letting process could be improved and we wanted to lead the charge.

Our original confidence has been validated by our company performance. In 2014 and in 2019 we won awards from the UK Landlord Accreditation Partnership as Best Green Agent, both awards that recognise our

work to improve the standard of our property stock and our commitment to engagement in a variety of green initiatives. Our work has included the extensive installation of loft insulation, environmentally higher graded gas central heating systems and the latest, more energy efficient Dimplex electric night storage heaters, all free of charge to landlords, thereby improving the overall energy standard of their properties and also reducing energy bills, to the financial benefit of our tenants.

These measures demonstrate our commitment to both the landlords we work with and to our tenants. Many agents are not willing to go this extra mile but we understand the wider benefits and have therefore always been committed to improving the energy status of the properties we manage. As the government continually improves the required EPC standard, we thought we would be proactive and aim to ensure our properties meet and even exceed environmental and safety regulation well into the future.

We have instigated a regimented culture of inspection for the properties that we manage and every property is inspected

The Central Housing Group team



every two months at the very least. This forms part of our contract with local authorities but it also helps us to prevent any maintenance problems before they arise, identifying issues at an early stage. Much like with our desire to improve the energy ratings of our properties, we focus on being proactive rather than reactive, getting to the root of the issue rather than waiting for it to develop into something more serious. This focus, and our commitment to carrying out all improvements thoroughly, are key aspects of our best practice.

Adapting to an ever-changing regulatory environment

Over the last 20 years there has been a constant flow of new legislation that has been introduced by successive governments. There are now in excess of 175 different pieces of legislation that affect property letting and we have to continually adapt to ensure we remain compliant. For a typical landlord, with a few properties at most, it has become increasingly complicated to comply with this ever-changing and demanding regulatory landscape. There are many problematic requirements that have been introduced. For instance, if a landlord applies to court for possession of their property, there are several new details that must be satisfied and if any are overlooked, the proceedings can be dismissed by the court. The regulatory environment can be likened to snakes and ladders, so if you're not careful, you can easily fall into trouble.

These issues are exacerbated for smaller landlords. When you own one or two properties, keeping pace with this changing legislative environment can be particularly difficult: legislation designed for larger concerns can often choke their smaller counterparts.

We have worked hard to support our clients through this. Fortunately, because of the high standard at which we work, we are able to routinely deal



Winners, Best Green Agent, UKLAP awards 2019

with a lot of these issues. Furthermore, some local authorities offer exemptions on their landlord licensing schemes, in their respective boroughs, for properties that are let by specialist agents like us, because we believe they recognise that these properties already meet or even exceed their required standards for use as temporary accommodation.

As we look ahead, we remain firmly committed to maintaining the high standard of our properties and the way in which we manage them. Every property we procure must be of a certain standard in order to maintain this quality. Beyond this, each landlord needs to understand the way we work. This understanding helps to foster long term relationships and this model has proven to be a success: many of our landlords have been with us since our inception. Although our primary focus is consolidating the progress we have made, we also remain aware of any growth opportunities that arise, specifically seeking new properties to replace lost housing stock when landlords leave the sector.

“We remain firmly committed to maintaining the high standard of our properties and the way in which we manage them”

» ACCREDITATIONS

- » Members of Safeagent
- » Members of the Property Redress Scheme
- » London Landlord Accreditation Scheme Approved
- » Members of the UK Association of Letting Agents
- » ISO 9001:2015 certified – management standard
- » ISO 14001:2015 certified – environmental standard