

Plenary 6

Panel debate: Brexit - what will it mean for me?

Speakers: Neil Watts, Paul Reader, Corné Koppelaar, Professor Jonathan Linton

Chaired by: Neil Watts

Room: Queens



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Peabody

'As a large London Housing Association we want to commit to building more homes, creating jobs, employing supply chains and helping improve the health and prosperity of ordinary Londoners. It is the simplest and best contribution we can make'

Brendan Sarsfield....CEO Peabody



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Questions We Are Asking

- Have we identified the right risks?
- Do we have the right mitigations in place?
- What might the impact be on our residents?
- Are we doing enough to attract new employees?
- Will our service be affected?



Vote: what do you think is the key risk for your organisation as we transfer through Brexit

- 1. Skills Shortage
- 2. Funding
- 3. Rising Material Cost/ Supply
- 4. Our Customers
- 5. Effects on Housing Market
- 6. Other
- 7. Don't have a clue!

Skills Shortages

- The Peabody workforce is 3% from EU countries other than the UK
- Care & Support Workforce
- Front-line staff & Tier one contractors
- Our Supply Chain
- Government post-Brexit immigration policy
- Net migration from Eastern European countries

Supporting Training and Skills



PLACE &
MAKING
INSTITUTE

 Peabody

 LONDON BOROUGH OF
BEXLEY


LONDON
SOUTH EAST
COLLEGES

MAYOR OF LONDON


LEAP
The Local Enterprise
Partnership for London

Potential impact on operating environment

- Uncertainty
- Inflation
- Construction standards

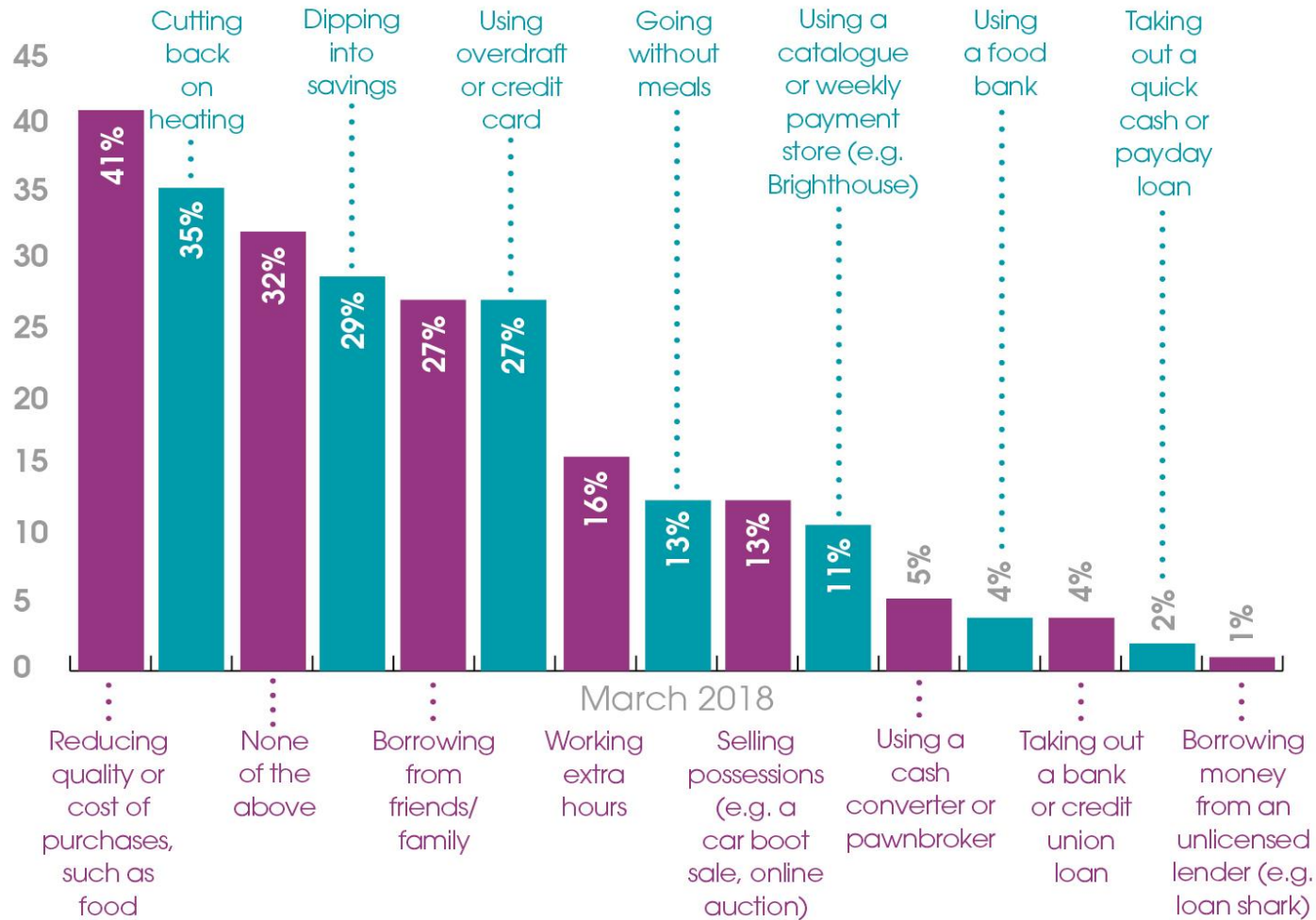
Potential impact on materials

- Construction, repairs and maintenance costs likely to increase as a result of both increase in materials costs and availability of labour.
- Imports & Exports
- Prices and wait times have increased in the last year for SME builders.
- Supply

Potential impact on our residents

- Immigration
- There could also be potential impact on community cohesion.
- The impact on the living standards of our residents and customers, includes the potential for higher levels of inflation and increased cost of living

Potential impact on our residents



“ I struggle sometimes to cover my daily food, how can I save?”

Source: Survey of Peabody Tenants April – May 2018



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In Summary

Peabody library, Baltimore. A Library "for the free use of all persons who desire to consult it" over 300,000 Book

Challenges

- We still have uncertainty
- Our Supply chain
- Impact on our customers
- Skills shortage
- Compliance
- Rising costs

Opportunities

- We must invest in our future workforce and address skills gaps
- More proactive and planned approach to managing our assets
- Innovation and we are trialing new technologies
- Focus on delivering quality new homes, reducing impact on maintenance further down the line

Brexit from a contractor perspective

Paul Reader, Morgan Sindall Property Services



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Brexit from a contractors perspective

'no plan extends beyond first contact with the enemy'

Repairs

- Workforce – EU National 3.6%
- Materials – CPA 80/20 – 16% cost
- Contract mechanisms – CPI – Annual review
- Customers impact

Brexit from a contractors perspective

Planned works

- Workforce – trade and regional variance
- Materials – 50% cost
- Contract mechanisms
- Customer impact

Brexit from a contractors perspective

Compliance

- Workforce
- Materials
- Contract mechanisms

Long term impact

Current tenders – uncertainty

Training

- Apprenticeships
- Talent development programme
- Contract mechanisms

Data – integrated asset management

Brexit from an academic perspective

Professor Jonathan Linton, University of Sheffield



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Beyond Brexit: Social Housing Supply Chains

Professor Dr. Jonathan Linton^{1,2}

Dr. Linda Xu¹

1. Emerging Technology Supply Chain Management Research
Centre (ETSC)

University of Sheffield

2. Science Technology Studies Laboratory, Higher School of



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Reframing

REFRAMING

CRISIS (weī jī)

危机

danger opportunity

Problems are opportunities in disguise

<https://image.slidesharecdn.com/viviensungunsw-151119014838-lva1-app6891/95/social-transformation-design-solving-complex-problems-8-638.jpg?cb=1447898322>



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Danger

- Financial Issues
- Border Concerns
- Materials
- People
- Infrastructure

For Full Report See:

<https://www.re-allies.com/reallies-brexite-briefing/>



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Opportunity

- Shock to the system creates atmosphere for action
- Forced to rethink old practices and relationships
- Potential for Race from the Bottom
- Understanding Integration
- Reducing Risk



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Race From The Bottom Effect

- Low cost will increasingly mean low availability
- Expect higher cost and higher time premium
- Greater emphasis on lifecycle; value = f(price, timeliness, quality)
- Changes in supply and demand
- Prepare for Customs Clearing



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Supply Chain **Dis**integration VS Integration

- But is there anything integrated – to disintegrate
- Expect changes in/to suppliers
- Tremendous opportunities for savings through change in practice
- Information sharing – reduce bullwhip effect in supply chain
- Coordination could reduce time/cost
- Searching for Supply – pleasures and perils



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Risk Reduction

- Professional Purchasing
- Inventory Decisions to be Revisited
- Rethinking structure of supply chain
- Possible alternative processes
- New technologies



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Brexit from a European perspective

Corne Koppelaar, Global Habitat



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General perception of Brexit in Europe

- The majority of European citizens would prefer to keep the UK in the EU
- There is a level of understanding about why UK citizens wanted to leave
- The whole BREXIT matter is not very high on the agenda for European citizens
- In general people think that the UK will suffer from the consequences of BREXIT

The effects on the housing market

- There may be price effects, markets do not like uncertainty and interest rates may rise
- Management issues; the supply of materials and the use of foreign labour
- Certain niche markets will become less attractive
 - International students (end of Erasmus)
 - High-end rental market (head offices leaving the UK, e.g. European Medicin Agency)

There can however also be positive effects on the housing market

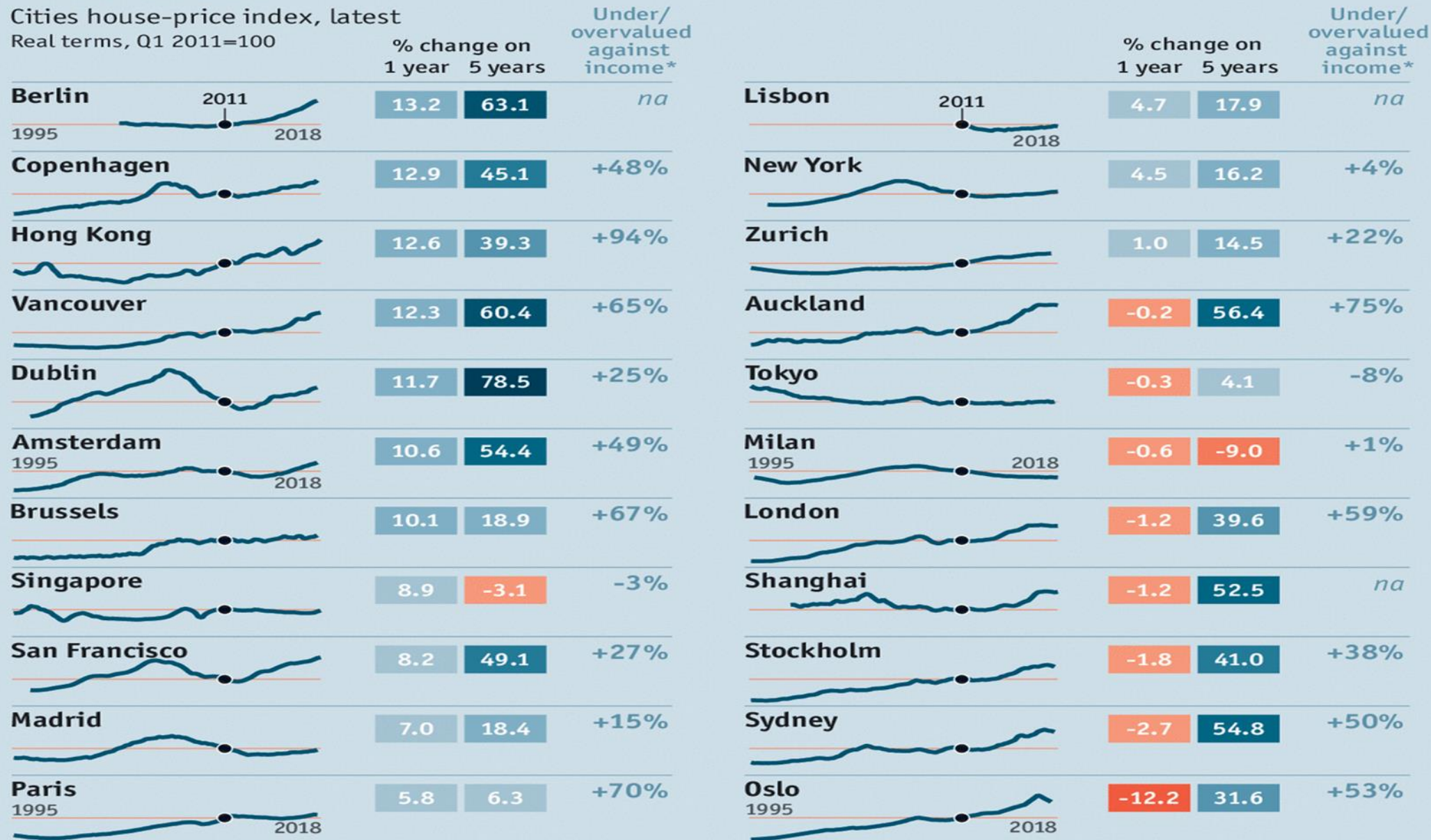
- Supply and demand of housing might get more balanced
- A sliding pound sterling might attract international investors and make products (from a foreign perspective) cheaper
- The buy-to-let market may benefit from people's uncertainty when they prefer to rent rather than to buy

Will BREXIT have an impact on the housing markets in the rest of Europe?

- Definitely, but to a lesser extent
- Remember that at current the EU population is approximately 512 million people of whom 66 million are from the UK (12.8%)
- There is no such thing as one European housing market. Markets have always been more locally defined. Over the years I have seen housing prices change in opposite directions (e.g. Amsterdam house prices have slumped between 2009-2014 where at the same time London was booming)
- There is a lot more to housing markets than BREXIT only!

Prime numbers

Cities house-price index, latest
Real terms, Q1 2011=100

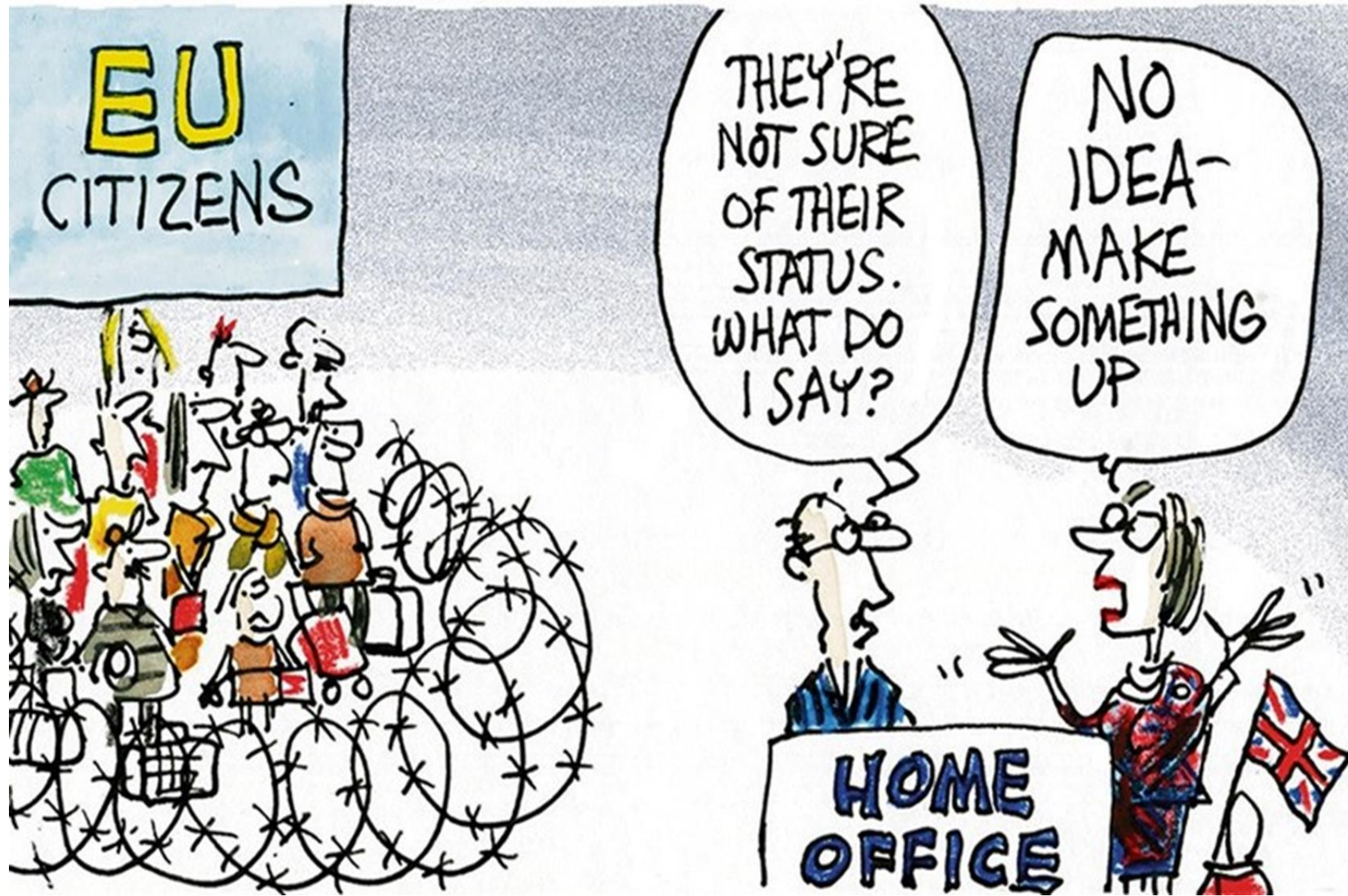


Sources: Bank for International Settlements; Economist Intelligence Unit; Nomisma; Thomson Reuters; vdpResearch; Zillow; national statistics; *The Economist*

*Relative to long-run median disposable household income

Where do housing organisations need to anticipate on BREXIT?

- **Labour constraints** as a result of EU migration being curtailed and workers already in the UK leaving
- Trade barriers between the UK and the EU either block **import of key components** or severely increase costs and timescales to access components
- Trade barriers between the UK and the EU hamper or **prevent contractors and suppliers from delivering key services** causing contracts to fail or require renegotiation
- **Severe economic stress in the UK economy** increases borrowing costs and reduces sales and rental values



Conclusions

- Be prepared and know where you can expect changes
- I am quite confident that BREXIT will end up somewhere between worst and best case scenario but not beyond it
- There is more to housing than BREXIT only. Stay focused on your long term objectives and goals
- Political uncertainty is beyond what can be solved by our organisations we can only prepare for different scenarios (make sure you are flexible)

Discussion. & Live poll results

<https://api.cvent.com/polling/v1/api/polls/sp9juya0>



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