



Building a technical strategy in a post pandemic world.

Housing sector



Introduction

The housing sector is currently facing challenges and pressure from every angle. In 2020 the *Social Housing Whitepaper*¹ laid out a vision for social housing that will require billions of pounds of investment to address and implement, and the carbon neutral homes initiative is expected to cost the housing sector more than £104bn to deliver. With over 20% of housing sector leaders unsure about what the costs are going to be to their business², there is certainly a need to define a plan, to build a technology strategy underpinned by the initiatives and tactics that can be scoped, defined and budgeted for, as well as surfacing the benefits that these outcomes might deliver.

But why is this strategy important and how should we be shaping a plan for digital transformation within the housing sector, in a post pandemic world?

¹ Social Housing Whitepaper

² Future Proofing

Why is a strategy important?

Every business needs a strategy. This is the framework around which you align your company goals and activities, structure leadership accountability, and use as a toolkit to make decisions and plan your vision. Ultimately your business strategy boils down to your weighted emphasis on three core elements:



Growth



Innovation



Efficiency

When Amido are brought into a business to develop a technical strategy we always start with the business strategy and work with the organisation to develop the technical vision that enables those long-term goals. A good technology strategy always has a narrative that addresses real business objectives, one that ties into the goals that everyone is aligned behind.

To be successful in your transformation, everyone has to understand why it is that you are making the changes you committed to and believe in the value that they are going to deliver.

Since COVID19 struck, and the global pandemic upended the way we work, trade and live, so much has changed. As we emerge post-pandemic and try to approximate what our organisations need to do now, we need to take stock of what we have learned, understand the changing needs of our customers and staff, and look at the unique challenges facing the housing sector before we build our technical strategy.

The Post Pandemic Context

The housing sector - a unique context

There are huge investment pressures in the housing sector coming most prevalently from legally binding climate change targets laid out in 2019, and the long-awaited social housing white paper published in November 2020.

The Committee on Climate Change stated that meeting these requirements would not be possible "without near complete decarbonisation of the housing stock", putting substantial pressure on the housing sector to play a major part in the initiative. A year later, and two years after the original green paper discussing the 'new deal' for social housing, the government published the Charter for Social Housing Residents which outlines the seven commitments to these residents in a charter focused on fairness, respect, safety and quality of life.

At this stage, housing associations can only guess at the overall cost of delivering change against these two directives, but we can guarantee that the price will be significant.

Digital lag

Having worked with a number of housing associations in the past we know that strategies within the sector tend to be born more from efficiency (making cost savings through better use of existing resources) and growth (building more homes) than the drive for innovation that we see in other sectors.

This innovation tends to be the investment in creating a differential in the proposition that drives off competition. A bank with a large established customer base, for example, might not need to attract new customers but would invest strategically in an innovative offer to fend off a challenger bank and maintain their customer base. With a lack of competition in the housing sector, this presents a challenge - a 'digital lag' - that leaves the housing sector playing catch up in meeting those ever-growing digital expectations.

It also presents a huge opportunity for meaningful change, and the chance to tackle some of those environmental and customer facing problems on a level playing field.

Increased digital expectations

It's easy to see why digital expectations are accelerating across every sector. McKinsey reports³ that, as a direct result of a forced change in behaviours through the pandemic, the rising trend in the digitisation of customer interactions has leapt forward three years. The creation of digital or digitally enhanced offerings has also sped up with a 7-year average increase in the rate that companies are developing digital products and services.



It's undeniable that COVID has forced the hand of digital transformation and customers have a newly framed set of expectations from businesses across all sectors.



³ <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

COVID recovery is K-shaped

Plot the social and economic recovery from COVID and you will see that it is K-shaped⁴. This is going to be a recovery where there are clear winners and inevitable losers. In this k-shaped recovery the losers tend to be the poorer members of society, the most vulnerable, and those who are in jobs that are less technology associated, such as the hospitality and entertainment sectors. Recovering at a far faster rate are the companies who have done well in the context of the pandemic – technology and corporate leaders, and public sector institutions with direct access to stimulus packages. However the full extent of the economic pain of COVID has just been deferred for the majority. The impact will trickle through over the next few years and will particularly hit social housing where those in the most vulnerable places are likely to be the most affected by this debt.

The need to adapt

The industrial era saw business processes scaled to make them more efficient, with humans removed from process work and moved into roles focused on driving that efficiency. This trend has continued with systems and operational processes becoming more and more automated, and individuals – both employees and customers – having to adapt to this change.

The pandemic has demonstrated humans' ongoing ability to adapt.

As we continue to move from our process-driven industrial past to a future where adaptability and situational awareness are key, this real innovation will require employees that can resolve complexity, upskill to meet advances in technology, and adapt to new models of working.

⁴ <https://www.weforum.org/agenda/2020/12/k-shaped-covid19-coronavirus-recovery/>

Building a Tech Strategy

The transformation challenge

In the early days of digital transformation, many businesses would incline towards the low-hanging fruit, tackling those challenges with the most obvious, immediate benefit - easy to solve and easy to point at the result. But now this has been done, it's time to shift focus to the more complicated, long term, maybe even endemic issues that require a degree of operational unpicking but cannot, in all faith, be avoided if the business is to sustain through the unpredictability of the years ahead. It's time to focus on the hard stuff, and address the necessary complexity in order to scale and grow.

For the housing associations these transformational changes should sit under a framework of a strategic plan that plays back to sector-wide challenges of:

climate change; collaboration; responding to human needs; creating resilient solutions; and delivering incremental value.

Climate change

In June 2019 the UK became the first major economy to lay out in law a target to deliver net zero greenhouse gas emissions. The Committee on Climate Change - which monitors Britain's progress on climate targets - said in 2018 that achieving this target would not be possible "without near complete decarbonisation of the housing stock"⁵. This is not new news. The last 15 years have been a road paved with gauntlets thrown down (Gordon Brown's statement in 2006 that within 10 years 'every new home will be a zero-carbon home') and initiatives floundering (the briefly mandatory Code for Sustainable Homes⁶ which was scrapped in 2015). Social housing has

⁵ Page 11, <https://www.theccc.org.uk/wp-content/uploads/2019/02/UK-housing-Fit-for-the-future-CCC-2019.pdf>

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5976/code_for_sustainable_homes_techguide.pdf

had 'pockets of innovation' throughout - and some councils have followed suit. Bristol City Council published a Climate Emergency Action Plan in 2019, outlining initiatives such as the installation of solar panels on 10,000 council-owned homes through the City Leap Partnership⁷.

Although high levels of investment continue to go into the creation of carbon neutral homes it is likely that ambitions will need to stretch further to carbon negative solutions that - over the next ten years - start to pay back some of the carbon debt that has been amassed over the last 150. The buzz word is 'retro-fit' and it is here that innovation and technology needs to step up to negate high costs of retro-fitting to 2050 standards. Pilot schemes such as the upgrades in Nottingham and Maldon using the Energiesprong system⁸ are being observed with interest. Like any good technical strategy, these initiatives are linked back to the HA's business strategy, with income from an occupier-paid performance guarantee fee - as well as the expected maintenance and cost saving over the next 30 years - covering the cost of the work.

Collaborate beyond your business

Some of the best behaviours through the pandemic have been when we have all mucked in for the right outcomes.

It's this behaviour that will be required to tackle the kind of challenges that sit outside of the core focus of growth, efficiency and innovation to beat the competition - challenges such as climate change.

By continuing to foster the can-do attitude of the pandemic we can meet future challenges with the support and shared focus of our peers.

Pull back from any individual housing association and you'll find that their roadmaps for strategic change are broadly the same. The size of the challenges facing each business can, however, seem enormous, with the cost of the technology often prohibitive for an individual organisation. But housing sector businesses have more in common than most and, in a sector where there is little competition and already widespread sharing of ideas, there isn't yet much sharing of IP.

⁷ <https://www.bevanbrittan.com/insights/articles/2019/retrofit-social-housing-is-crucial-to-meet-zero-net-emission-targets/>

⁸ <https://www.energiesprong.uk/newspage/moat-presents-designs-to-residents-of-first-uk-e-0-energiesprong-pilot-in-maldon>



With the 2050 target of net zero emissions being one of the major challenges for housing associations to tackle, individual businesses have looked to address the problem by dividing cost but delivering high, ongoing value across the sector.

In April 2021 five of the UK's largest housing associations formed a partnership to improve the energy efficiency of their 300,000 homes and, together, develop decarbonisation solutions for the sector⁹.

The Greener Futures Partnership (GFP) is made up of five businesses with a joint turnover of £2.3bn, giving them a collective power that few single businesses are able to wield. The GFP has laid out their intention to collaborate to "procure services, build skills and create jobs, and develop solutions that enable them and the wider sector to build more affordable and sustainable homes, while maintaining existing homes".

More significantly they have set out with a bold but potentially sector-redefining goal. As well as each business in the group looking to benefit from 'the financial, technological and energy efficiency gains that collaboration brings' the GFP agree that meaningful collaborations such as theirs is the way forward, signalling a commitment to "join forces and resources as a sector to support the UK's shift towards a zero-carbon future, to help the environment and improve the lives of millions of people."

This is where the opportunity for the housing sector lies: through more meaningful collaboration, complex problems can be tackled efficiently and with the benefits of shared knowledge and pooled experience - and the housing sector can prepare for the increasingly challenging problems the future is bound to deliver.

⁹ <https://www.insidehousing.co.uk/news/news/major-housing-associations-form-partnership-to-improve-energy-efficiency-of-300000-homes-70348>

Responding to people's needs

The housing sector has a tremendous opportunity to use technology to make real improvements to the lives of both tenants and staff. Innovations and solutions in any business must focus on people's real needs as, if we focus on making people's lives better, we are going to succeed. Unpicking and addressing the charter at the heart of the social housing whitepaper unearths a wealth of freedoms to deliver difference and improve lives through your technology strategy.



Technology can play a major part in providing tenants with a voice, in making them feel safe, in reporting on landlord performance and spending, in managing complaints, and in helping landlords keep homes in good repair.



New technology has the opportunity to deliver value through a number of ways. An Inside Housing survey¹⁰ saw respondents from across the housing sector overwhelmingly choose 'asset management and property repairs' as the area that would most positively benefit from investment in technology and innovation. Delivering solutions for self-service repairs gives tenants flexibility and choice, and the simplest of solutions to the most thorough integration

¹⁰ <https://www.insidehousing.co.uk/sponsored/future-proofing1>

can provide savings and benefits for the HA. Data, too, is a powerful tool in delivering value to tenants and businesses alike, and 89% of landlords say that 'data significantly plays a role in the running of their organisations'.

Pursue solutions and create teams that are resilient to changing conditions

Those that did best through the pandemic were those who planned for the worst, adapted their behaviours, and revised their plans. These are the people who had already invested in digital services to provide that adaptability. We must all be better prepared for the next crisis - and Climate Change impacts are highly likely to be next. The solution to climate change will, inevitably, be a good business decision.

When selecting solutions in technical strategy, we need to start thinking about disasters.

We need to test our solutions against the possible scenarios that may play out over the next decade. We don't know, for example, what hybrid working is going to look like in the long term but we can't delay in creating solutions that recognise the need to deliver working and living conditions that can adapt to new, flexible ways of working. As we design these models we need to be asking ourselves, is the solution that we are putting in place adaptable and resilient to deliver against the unpredictability of people's needs?

The theme of adaptability continues into our employees and the focus needs to be on hiring and training people to be responsive, buoyant, and open to change. Experience has shown us that it is these types of people who thrive in a changing, unpredictable environment.

Think cleverly about building your teams, and look for agility in your staff, as well as through partnerships and virtual teams. As a housing sector business - and not a technology company - it's unlikely that you will be able to sustain a technology team that has all the skills you might possibly need. Think about the technical skills that are unique to your business and which are those that you want to nurture and grow. For example, if you are going to have a substantial self-service tenant facing system, it makes sense to focus on owning the user experience of that system.



With experience planning and design expertise in-house and good solid partnerships for integration, data engineering and data integration of that system, you can stay close to the design of the outcome without having to invest heavily in expensive technical specialists.



Delivering incremental value

In a volatile world it is more important than ever to deliver little and often against a multi-year plan. Where changes to the economy could have a direct impact on tenants' ability to pay rent, alongside increased costs and lower availability of materials and resources, you need to be delivering incrementally to manage risk. Iterative benefit and focusing on agile delivery is probably now more important than it has ever been.

In housing there is no short-term focus: metrics are yearly, and investment tends to match this. This can create a significant challenge when it comes to funding non-essential projects and initiatives. You can't have clarity on budgets year-on-year and waterfall planning for any project isn't realistic. Clients who are uber agile work well in shifting climates, but their potential overall cost and timeline is always in mind, and lots of flexibility has to be built into any plan.

Conclusion

Far from being the domain of highly competitive retailers, tech firms and financial institutions, strategic investment in technology is a vital tenet of every business looking to survive and thrive in a post-pandemic market.

For the housing sector to meet the ambitious targets for decarbonisation and housing improvements laid out by the government - as well as growing tenant expectations for better service, safety and comfort in the management of their homes - it is imperative for housing associations and landlords to take a significant look at their technology strategies and invest time and money into the projects that can effect meaningful change across the sector.



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Simon has more than 20 years' technology experience in architecture, engineering and consulting, and over 12 years' experience in cloud technology. He has a track record of designing and delivering mission critical digital transformations at scale and is able to engage with clients from C-level to engineers. Simon joined Amido in 2011 and his focus is on thought leadership, technical strategy, service offering development, intellectual property and supporting systems.

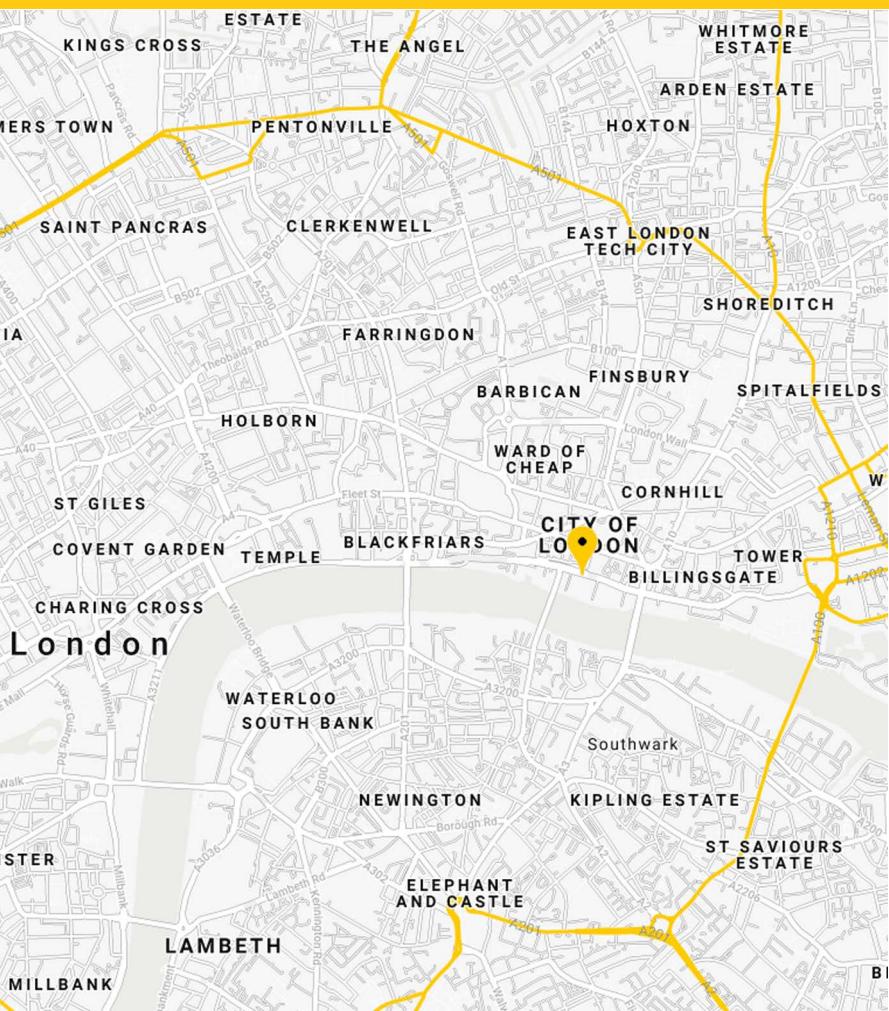
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