Features writer of the year – Nick Duxbury

Nick's clear talent as a writer coupled with his extraordinary journalistic flair has enabled him to consistently produce highly original features that resonate far beyond *Inside Housing's* readership.

His first piece, 'Does size matter', does this with panache. Places for People chief executive, David Cowans, the sector's highest earning housing boss, had long avoided commenting on the fact he is paid three times more than the Prime Minister. Mr Cowans, a divisive personality, had little appetite for public scrutiny – especially given government ministers were leading stinging attacks about "excessive" executive pay at housing associations. Nonetheless, Nick persuaded him to speak out to justify his pay and explain his organisation's rapid doubling in size and strategy of buying leisure centres. From its cheeky headline to its probing neutrality, this artfully crafted piece is provocative from start to finish; a masterclass in tone. Hard and fair, Nick teases memorable responses from Mr Cowans ("my pay is sub-median") and wins rare introspection from an intriguing, often villainised, figure.

The New Era Estate in Hackney was at the centre of a media storm last year when comedian Russell Brand successfully fought off plans to triple tenants' rents. When the estate was bought by housing charity Dolphin Living, many assumed the story was over. Nick recognised that it was just the start of a bigger story emblematic of a larger crisis of affordability and incoherent national rent policy. 'A New Era for Affordable Rents' examines how the New Era tenants were guinea pigs in an experiment to charge personalised means-tested rents for the first time. Typically ambitious, Nick spoke to all the players involved (including Russell Brand who he tracked down at a café) and explored whether the model could be rolled out more widely. *The Financial Times* followed up the story four months later with a full page2 piece (http://on.ft.com/1XJSmrj), and Nick spoke on BBC Radio 4's *'You and Yours'* about his findings (http://bit.ly/1WQihNC).


London New Era estate

Not-for-profit landlord pioneers means-tested rents

"There can be challenges with using income as a pricing measure, but the way they have looked at other factors is balanced"

Philip Glanville, Hackney council

'Out of Hyding', Nick's exclusive interview with the new chief executive of troubled Hyde Group, was one of *Inside Housing's* best read features of the last year. It is easy to see why. For many housing professionals, outsourcing giant Serco represents all the ills of the private sector – so there was widespread horror when senior Serco director, Elaine Bailey, was poached to become chief executive of one of the biggest not-for-profit housing associations in the UK. Breaking her year-long silence, Ms Bailey alongside new chair, former Net-a-Porter boss, Mark Sebba, shocked the sector by revealing plans to turn the housing charity into a Serco-type outsourcing business. Nick's elegant writing also provided a striking insight into the thinking of a new breed of commercially-led housing association chief executive.

A new era?

The New Era estate hit the headlines after private tenants mobilised against plans to increase rents. Now it is a test bed for a new type of fair rent that challenges the government's - and the sector's - definition of affordability. *Nick Duxbury* reports

What constitutes a 'fair' rent?

This is a dilemma being faced by most social landlords in the UK right now. But the challenge is especially acute for not-for-profit housing provider Dolphin Living, the charitable white knight purchaser of the notorious New Era Estate in Hackney, east London. After dramatically rescuing the estate's tenants from mass eviction and homelessness in December, the pressure is now on for the housing charity to table a rent policy that is 'demonstrably fair' to existing tenants, future tenants and the landlord. This is a tricky balance, especially in this corner of Hackney. Failure to do so could have serious consequences; the New Era tenants have already demonstrated that they are not to be trifled with.

High-profile backing

Pitted against Britain's richest MP Lord Richard Benyon (or his family's property management company, the Benyon Estate*) and US private equity giant Westbrook Partners, the tenants of the New Era estate fought plans to hike their long-standing low rents to full market rates. They formed a powerful, but unlikely, protest movement led by comedian Russell Brand and later backed by Hackney Council, the Unite union, a host of MPs and even Boris Johnson. What started as a group of private tenants flyering in Hackney's Hoxton Market escalated to hundreds of protestors marching to Number 10 Downing Street, waving a petition with more than 350,000 signatures.

In the face of massive political pressure, first the Benyon Estate, and then Westbrook, backed down. A fast-track deal brokered by the Greater London Authority sold the estate to Dolphin Living, which pledged no evictions and a year-long rent freeze. The move marked a fantastic victory for the residents and saw a previously obscure housing provider crowned the charitable saviour of the New Era estate.

The national press was captivated by the story - not just because it was able to create a cast of pantomime villains and heroes - but because it served a bigger purpose: it reframed the public's perception of the housing crisis from a struggle to buy a house, to a struggle to even rent one. But for many housing professionals, this was of limited relevance given it was about private renters and Dolphin is not a social landlord.

> **"This is an opportunity to experiment with affordable rents."**

The next chapter of the New Era story is likely to be more interesting to them. The UK's highest-profile tenants are set to become guinea pigs for a radical new discounted rent model - one which Dolphin hopes will form the foundation of a new generation of housing associations. As Dolphin Living chief executive Jon Gooding puts it: 'We want to become another Peabody or Guinness.'

Its plan for doing so is simple: it intends to charge rents that are affordable to low-income households without any state subsidy. And, at the New Era estate, this could see Dolphin become the first landlord to introduce a personalised means-tested rent model based on income.

Ironically, Dolphin is only able to do this because it is not a regulated ▶

Left: The New Era estate in Hackney
Below: Russell Brand joins the protest

PHOTOGRAPHY: JONATHAN GOLDBERG; REX FEATURES social landlord, and because the New Era residents are private tenants.

Mr Gooding suggests that New Era is a 'unique opportunity to experiment with having personalised rents'. 'Because they [the tenants] are assured short-hold tenancies, they don't have protection and they [the homes] are not owned in a registered provider, we don't have any Homes and Communities Agency [HCA] grant, we don't have any nominations agreements with Hackney, we don't have bankers, so we have the freedom - subject to my board of governors - to do what we want.'

'The opportunity that Dolphin Living has here is that it is almost a blank canvas,' adds Mark Kent, newly-appointed managing director of Dolphin Living. 'The chance to experiment is a really unique one.'

To be clear, Dolphin Living is the housing delivery arm of the Dolphin Square Foundation - an organisation set up in 2005 based on a charitable endowment of £140m from the Dolphin Square Trust. Its social purpose is to provide affordable homes for private tenants who need to either work or live in Westminster. It has built 150 homes to date, with plans for a further 350 - these are mostly privately let at 'intermediate' rents, which are linked to income rather than market rents. It hopes to pilot means-tested rents in New Era, then if the system works, roll it out more widely.

"As people do the maths, some will like it more than others."

As an aside, the trust was set up using the proceeds of a deal between Westminster Council and, believe it or not, Westbrook Partners (Mr Gooding insists the fact Westbrook eventually sold New Era to Dolphin was pure coincidence).

The organisation's commercial aspirations are informed by its board, which include senior social housing figures from Westminster Council, CityWest Homes, Peabody and Sanctuary. It has registered a housing association arm with the HCA which will be chaired by outgoing Guinness chief executive Simon Dow and will be used to raise £160m of cheap debt. This will in turn provide a £300m development budget with which it intends to build 1,000 affordable homes by 2020. To continue to build 100 homes a year after this, Dolphin needs a 4% net yield from its investments - including the New Era estate, which also requires future regeneration work.

These homes that Dolphin builds are mostly let at intermediate rents linked to bands of household income rather than the local market rates. The affordability criteria it applies - in which the cost should not exceed 40% of household income - is already making a mockery of the terminology around affordability. For example, one of its schemes in Soho charges lower income tenants an intermediate rent set at 33% of local market rates - yet elsewhere in Westminster, social landlords can charge up to 80% using the government's affordable rent model.

'In central London, there is now a complete disconnect between market costs and people's ability to pay, so it doesn't really matter whether it's 80%, 60% or 50% of market rent because it is probably not affordable at those levels,' says Mr Gooding. 'If it's not affordable, it's not affordable.'

This is the case in Hackney. Based on a median household income of £31,000 a year and not spending more than 40% of net income on rent, a tenant should be able to afford to pay a rent of £180 a week. Mr Gooding says that the New Era tenants are already paying 'something like that', which equates to around 50% of the market rate. But the gap between incomes in the borough means that the median will not be affordable to some of the tenants - hence the appeal of means testing.

'Conceptually, personalised rent seems like an attractive option and passes that test of it being demonstrably fair. If we ask people to pay a rent that is based upon their ability to pay, then Karl Marx would approve. We have looked at the Joseph Rowntree minimum income standards and modified them to reflect London inner-city issues, and identified a minimum amount of cash our residents need in their pockets in the areas we operate in.'

The Rowntree standard is calculated based on what members of the public consider households need in order to reach a minimum acceptable standard of living, and is updated frequently to reflect changes in the economy and society.

Scepticism in sector

Most sector figures welcome the experiment, but there is some scepticism too. One London-based housing chief executive reels off a series of challenges: 'What's the incentive to better yourself? How would it work under universal credit? What happens if you go out of work? What happens if all your income is from low-income tenants? When does someone pay 100% of market rent? How do you scale it? What happens if a recession happens overnight?'

Mr Gooding has answers to some of these points (see box above) - but not all. Some, such as David Montague, chief executive of L&Q, are concerned about linking to income. He says L&Q

Dolphin's proposals for New Era

- Rents should be based upon a tenant's ability to pay and should leave the tenant with sufficient disposable income to maintain a decent lifestyle.
- The calculation of a tenant's ability to pay would include entitlement to benefits other than housing benefit.
- For the lowest paid, the rent should be capped at a level which ensures that they are left with no less disposable income than the Joseph Rowntree Foundation minimum income standards (adjusted).
- Rents would have a floor level of the existing rent payable.
- As a tenant's income increases, they should pay a percentage of that as additional rent.
- For those tenants wishing to participate, rent payable would be calculated from detailed income information provided by tenants.
- Tenants would be given a three-year tenancy with no further means testing until renewal.
- Tenants who don't want to participate would pay a higher rent.
- Hardship cases will be dealt with separately, not by adjusting rent policy.

Jon Gooding and Mark Kent from Dolphin Living

started setting its rents at 35% of tenants' household income based on post codes after affordable rent was introduced in 2010, but now has reservations about how sustainable this approach is.

'As time has gone on and we have grown to understand welfare reform, we have started to wonder whether our approach will still be affordable in five years' time,' says Mr Montague.

Perhaps most immediately pertinent is the question of whether residents will consider the proposals - which would see some tenants paying significantly more than their neighbours - demonstrably fair. Is there a threat that in a year's time, the New Era tenants might be calling in Russell Brand again?

'Clearly, as people start to do the maths, they may feel... some people are going to like this more than others,' concedes Mr Dow. 'But if it is part of a fair arrangement, then I think it goes a long way.'

Mr Gooding is more confident. 'I have spoken to Russell and he is very supportive, which is a relief. I can't see a reason why our tenants would want to man the barricades at any stage over what we are doing here. We tend to work collaboratively. I think we will be able to present a set of proposals to the tenants that they will think represents a fair deal. In a way, the allocations policy is more difficult than the rents policy.'

Inside Housing tracked down Mr Brand to get his views on the rent plan. 'I don't understand how it is going to work yet, mate - so I'd rather not be quoted,' he replied - instead offering a hug. Similarly, the New Era tenants remain cautious. Despite being happy in principle to chat, they ended up not commenting. All 92 families are undertaking interviews about their personal circumstances that will inform the rent policy, so it is too soon to understand how many will be affected.

Regardless of what approach Dolphin decides on, the experiment at New Era is a crucial one for the rest of the sector. Mr Dow warns the lack of coherence around rents will be 'an Achilles' heel' for social landlords. 'Unless we come up with some better ideas between us, we may find ourselves in a position where our customers don't understand what we are doing.

'I think lots of other organisations will be interested in what we do at Dolphin - and if we come up with something that is workable, then associations may want to discuss this with the regulator.'

This means the spotlight must return to the aptly-named New Era estate as Dolphin tries to redefine affordability - and also fairness.

**For full disclosure, the Benyon Estate is the author's landlord* ■

What will Hyde look like in five years' time? Ms Bailey answers without hesitation: "The one to beat"

***Nick Duxbury* meets Elaine Bailey, chief executive of the Hyde Group**

PHOTOGRAPHY PETER SEARLE

As statements of intent go, the recruitment of Elaine Bailey as chief executive of Hyde Group in May last year was a powerful one.

Eyebrows were raised when headhunters were hired to fill the top job at the 50,000-home London housing association from outside the sector. But it was the identity of the private sector organisation Ms Bailey was poached from that really made heads turn: Serco.

To many housing professionals, the London-listed outsourcing giant, which reported revenues of £3.96bn last year, is the antithesis of a not-for-profit housing charity. The company is often painted as a shadowy corporation driving the stealth privatisation of public services ranging from prisons and schools to military weapons. Its reputation took a battering after it was embroiled in an overcharging scandal last year. And Serco's forays into housing have done little to dispel the suspicion that it values profits over service standards: the company was slammed by the National Audit Office in January last year over its housing of asylum seekers, and providers involved in the government's much maligned £5bn Work Programme have been frustrated working on barely viable subcontracts under Serco.

If hiring the managing director of Serco's home affairs division left anyone in the sector in doubt about Hyde's commercial direction of travel, then the next big hire certainly put paid to that. In December, Hyde announced that Mark Sebba, former chief executive of luxury online store Net-a-Porter, would take over from Julie Hollyman as chair (see box: Retail lessons). Bringing such a high-profile retail expert to the table was a coup - but once again represented a rejection of established housing sector thinking, in favour of new ideas.

So how is Hyde set to change under the leadership of Ms Bailey and Mr Sebba - one with a background in prisons and the other in high-end fashion? And what do they make of the organisation, and of the sector they have entered?

Despite having been in place for a year and six months respectively, neither have given any clues. There have been no interviews, and Ms Bailey remains a mystery to most housing bosses outside of the G15 group of London's largest associations. All that is about to change as they finally agree to meet *Inside Housing* at Hyde's Borough Market office in London.

On the down-low

Ms Bailey has a warm manner - open, but measured. Her keen blue gaze is unflinching as she sets out her stall.

'I have kept a low profile for this first 12 months,' she admits. 'Because when I speak, I want to speak with some authority, and not just shoot off and present my first thoughts on things.'

Ms Bailey does speak with authority - in nuance, with the assuredness of a chief executive with a decade rather than a year under her belt. She has more relevant experience than some may have given her credit for. At Serco, she gained considerable experience dealing with major public contracts - but previously she worked in the construction industry for 15 years as a civil and structural engineer. Having completed an MBA at Imperial College in London, she joined Her Majesty's Prison Service as head of construction services.

Her self-imposed year of silence, though shrewd, must have taken some restraint, because Ms Bailey expresses bold views on how Hyde, and the rest of the housing sector, should change.

'When I did my research before I started, some of the feedback I got was that for its size, Hyde had been very quiet for a few years,' she says. 'And they had just stayed under the radar.'

There was good reason for this. Ms Bailey's predecessor, Steve White, also

"For its size, Hyde had been very quiet for a few years."

came from outside the sector - he worked in insurance and law - and stepped up to turn around what he describes as an 'ailing' organisation in 2011. Two senior directors had quit in the wake of rows about group strategy, and the then chief executive David Eastgate suddenly departed months later in December 2010. Mr White was tasked with steadying the ship after an Audit Commission report criticised the group's customer care.

Structural change

The consensus appears to be that he did a good job of this, collapsing the group's federalised structure and centralising operations. 'They [Hyde] had lost their way big-time. They were expensive, they had lost social purpose and geographically they didn't know what they were,' says one G15 chief executive. 'Steve really shook the organisation up and got things back on the right track.'

In the wake of Mr White's departure in May last year, Ms Bailey sees her task as being to build on this 'massive structural change' to create a new sense of 'identity' for Hyde.

'It's almost like we haven't been perceived as anything,' she says.

What will Hyde look like in five years' time? Ms Bailey answers without hesitation: 'The one to beat.'

Her ambitions are for Hyde to be known as a sector leader - 'a model for delivery of services to a whole range of tenures in a really up-to-date way'.

'When government needs an inside view on something, I'd like them to come to us. I'd like local authorities, when we come into their boroughs to do some development, to say, "That's great - we like what you do". I want us to be thought of as thoughtful as well.'

The difficulty is Hyde's performance is not yet meeting this vision.

Before Ms Bailey's arrival, Hyde retendered £400m of contracts, slashing the number of contractors in order to save £50m over 10 years. This transition has not been smooth. ▶

Retail lessons

When Mark Sebba's appointment was announced last December, a Hyde tenant disparagingly referred to him as a 'frock salesman'. If this is the case, then he is one of the most successful frock salesmen ever.

When he joined Net-a-Porter in 2003, it was a £6m-a-year online fashion start-up. By 2009, it was selling £120m of goods a year.

Furthermore, a video of his surprise leaving party went viral on YouTube and describes him as 'the world's most loved boss'. Crisply suited and elegantly spoken, Mr Sebba comes across as a rather formal, earnest man who is very serious about his new housing role.

The former investment banker remains a non-executive director at Net-a-Porter and is a trustee of the Victoria and Albert Museum. He passionately insists that quality affordable housing is a right. Mr Sebba describes his key strength as improving 'how you interact with your customers'. This, he explains, is about examining 'the other side of the KPI [key performance indicator] – the failures. One of the reasons I get on well with Elaine is she thinks the same way'.

Mr Sebba denies he was hired with a mandate to expand Hyde like he did Net-a-Porter. However, he adds: 'It is probably evident that over a 10-year period there are going to be fewer rather than more housing associations. And to the extent that we are well positioned, then it would be sensible of us if we looked at opportunities.'

Indeed, Hyde's 2014 financial statement acknowledges that 'service delivery has come under enormous pressure and has seen a significant deterioration in performance during the first few months'. A recovery plan is underway to turn the situation around 'during the second half of 2014/15', but the presence of an angry group of 500 residents on Facebook suggests this process has some way to go.

While she accepts this, Ms Bailey is adamant that Hyde is back on track to be in the 'top quartile' or the 'top decile' among her G15 peers for service delivery. Both she and Mr Sebba are at pains to emphasise the importance of service standards for social tenants who are unable to choose to live elsewhere. Here, Ms Bailey points to her past: 'Even where people can't choose - and part of my background before coming here was about housing people who didn't choose to come to us - that doesn't mean you provide poor service.'

The service users she is referring to are people in prison. Prison and also 'administrative detention with asylum seekers'. It is an awkward comparison. Perhaps aware of this, she adds: 'I am not saying there are parallels with our residents as prison types at all, but quite a few of our social tenants do have some deficits in life. We can help make their lives better.'

In general, she argues that the association has now 'sorted itself out' and is ready to take a more vocal role in the sector. But what will Hyde say with its new-found voice?

The need for landlords to pull their weight and to build more homes is one of Ms Bailey's core messages.

'There is such a pressing need for homes I think housing associations have a duty to try and close that [supply and demand] balance. I think it's all housing associations - not some,' she asserts. 'We all have a lot of valuable assets. Some of us choose to leverage those assets quite strongly, but I don't think all do.'

In-house skills

Herein lies opportunity for Hyde - as both a development partner, and as a contractor. Ms Bailey notes that while some landlords have balance sheet capacity limits holding back their development ambitions, others lack the in-house skills. She is keen to form joint ventures with local authorities that have land and borrowing, but not the development capabilities. Indeed, last Christmas, Hyde launched an offer document, pitching its development services to councils in a series of 'flexible solutions'. Ms Bailey says this has received 'a lot of interest' and potential deals on the cards with one council in London and one outside London.

But, most intriguingly, Ms Bailey sees opportunity within the housing association sector doing the same thing. 'We have great development skills, we have great treasury skills, our income team is really good - we could provide that service to other housing associations.'

"When government needs an inside view on something, I'd like them to come to us."

Becoming a Serco-style outsourcing company to other associations will certainly get Hyde noticed. However, how she plans to use her voice to engage with government may also. It is striking, for instance, that Ms Bailey expects Whitehall to attach strings to much of Hyde's income, because it comes through housing benefit.

'At Serco, government was paying us with taxpayers' money - therefore, it was incumbent on us to be able to evidence we were using that money wisely,' she reasons. This means demonstrating value and 'selling what we do in a more positive, reasoned way'.

'I am fairly pragmatic,' she explains. 'I'd rather try and be inside the camp. I think it's important we try to find consensus within the industry instead of everyone going off in different directions.'

So far Ms Bailey's G15 colleagues are impressed by her. Brian Johnson, chief executive of Metropolitan, praises her determination to question how everything is being done. Another G15 chief executive welcomes her commercial experience at Serco and argues that the timing is perfect for her to make a splash.

But to some outside London, Ms Bailey's appointment represents the prioritisation of commerciality over social values.

'Serco have a terrible reputation; that the [Hyde] board would appoint someone like that speaks volumes,' complains one chief executive (who is yet to meet her).

Asked whether she is concerned about perceptions, she anticipates the end of the question before it is complete: '...that all I care about is the bottom line?'

'To some extent I do care about the bottom line,' she asserts. But Ms Bailey doesn't accept that her focus on the bottom line - or her 'business head' - detracts from delivering social outcomes - her 'social heart'.

Indeed, she says accepting the Hyde job was an 'easy decision to make' on the grounds that it 'carried over from the work I had been doing' at Serco.

'We were helping society, people and communities. That is very satisfying.' ■

Read *Inside Housing*'s full salary survey at www.insidehousing.co.uk/salary-survey-2014

PHOTOGRAPHY: JUAN TRUJILLO ANDRADES

Does size matter?

David Cowans is the highest-paid housing association chief executive in the business. *Nick Duxbury* finds out why he is buying leisure centres

David Cowans is a divisive figure in housing.

To some in the sector, the chief executive of Places for People (PfP) represents everything that is wrong with the changing face of housing associations: a relentless commercial drive, and a determination to diversify away from providing genuinely affordable social rented housing.

Such critics argue that he has effectively turned PfP into a private property company at the cost of social purpose, setting a dangerous precedent for the future.

To others, Mr Cowans represents everything that the sector has been lacking: a relentless commercial drive, a determination to diversify and bold leadership pushing to innovate to provide a range of housing tenures in an era of minimal grant funding.

Such advocates argue that by moving PfP away from focusing on traditional social housing business models, Mr Cowans is testing new ways housing associations can adapt to political realities to secure an independent future.

Ultimately, then, any conversation about Mr Cowans must escalate into a debate about commerciality in housing. Because this is what he unapologetically embraces and embodies.

As *Inside Housing*'s salary survey showed last week, Mr Cowans is by far the highest-paid chief executive, earning £432,928 a year - eclipsing the sector average of £161,313. He also runs the biggest association in the UK. In the past two years PfP has more than doubled in size from a 30,000-home landlord to one that owns and manages 144,120 homes and has assets worth around £3.3bn.

In driving this growth Mr Cowans has raised eyebrows across the sector by buying up two private rented sector management companies, a leisure business, a retirement business and several portfolios of private rented homes. He has also formed joint ventures with private house builders, and bailed out developer Urban Splash. Now, in perhaps his most powerful statement of commercial intent to date, Mr Cowans has opened a plush new office in the beating heart of London's financial district.

> **"If you're not influential, then you're not relevant."**

At every stage of PfP's heady expansion, Mr Cowans' peers have privately questioned whether he has gone too far - whether there is even a strategy underlying his seemingly insatiable appetite for acquisitions. *Inside Housing* visits PfP's new corporate shop window to meet the man himself and allow him to answer his critics.

'We decided to move here because we wanted to raise our profile,' explains Mr Cowans, seated on the other side of a table in a boardroom, gesturing to the view of the Square Mile's iconic skyline.

'If you really think that a big part of the sector's future is in institutional finance, then it makes absolute sense to locate yourself in a place where you are pre-eminent and can influence institutions' thinking.'

The goal of increasing 'influence' and 'relevance' underpins much of Mr Cowans' decision making.

'As a leader I feel very strongly about the subject of relevance,' he states. 'If you're not influential, then you're not relevant. Whatever we do is about boosting our relevance - and that comes from capability, what you can do.'

Mr Cowans cites the unlikely purchase of leisure business DC Leisure in 2012 as an example of this.

'The business makes one hell of a difference,' he explains. By this he means offering benefits to communities in terms of health and well-being, but also to PfP. 'It is essentially a property business and a social enterprise, so it is very close to our ethos. It also gives us another relationship with local government.'

Being a trusted leisure contractor for 29 local authorities will doubtless prove handy in PfP's current discussions with councils about contractor and development partnerships. This joint venture approach is what Mr Cowans calls the 'new paradigm' ▶

as he seeks to create 'an end-to-end offer', making PfP a one-stop property and regeneration shop.

PfP has already set more industry firsts than any other association. There were successes, such as the first ever retail bond. And most recently, in what Mr Cowans describes as 'a breakthrough', PfP struck two deals in April with Manchester City Council and Falkirk Council's respective pension funds, each using £30m to build homes.

Mr Cowans is now positioning PfP for an institutional private rented sector (PRS) deal.

Wooing investors makes sense for PfP. It is one of the few housing associations to speak about making a profit. While most refer to a 'surplus' and actively describe themselves as 'not for profit', PfP describes itself as a 'not for dividend' organisation.

Similarly, it is 'one of the UK's largest property and regeneration companies' rather than a housing association – and it is not a charity.

Accordingly PfP is run and benchmarked as much against private for-profit businesses as other associations. Nowhere is this more apparent than on the ever-contentious subject of remuneration.

Mr Cowans is the sector's best paid chief executive – in part thanks to a £112,236 performance-related bonus – and the PfP chair is also among the best paid, receiving £60,000 a year.

But compared with some property bosses, this looks reasonable. For example, David Atkins, chief executive of FTSE-listed Hammerson, which has £6.3bn of assets, earns nearly £1.3m.

And Andrew Cunningham, the chief executive at the UK's largest listed residential property company, Grainger – which owns and manages 40,000 homes nationwide – was paid a comparable sum of £420,000 in 2013.

> "I really don't know what people's perceptions of me are."

'We commission independent research, which creates a simple benchmark,' explains Mr Cowans. 'Given the sort of outfit we are, we are a bit of hybrid, so we use a hybrid basket, and I can tell you my pay is submedian.'

What is his response to those who consider his pay excessive?

'I don't normally respond to that because it is a very emotive subject to which there are as many views as there are people. So it's a discussion that isn't worth having to a large degree. I stick to the facts of the matter: I don't decide my pay. The board does. Every board has the responsibility to reach some decisions and use the correct data to do so.'

'Am I well paid for what I do? Yeah. Do I generally think we should pay what it takes to get the best talent? Yes I do. I have always thought that.'

Mr Cowans attributes the sector's discomfort in debating and justifying competitive pay as a 'transition pain'. He may be right.

On pay, financing and diversification, it is certainly the case that where Mr Cowans leads, a growing number of landlords are following.

David Montague, chief executive of 70,000-home L&Q, says: 'Often David will say something at a round table and I will think, "What are you talking about?" Then, months later, I will find myself agreeing. I think the sector needs leaders like David. He pushes boundaries and, even if you disagree with him, it creates space for others to do more.

'Two years ago I'd have said there is more I disagreed with than I agreed with. Now, I think I get it.'

Not everyone is on board yet, though. Mr Cowans describes himself as 'a fully paid-up member of the pragmatic party'. This entails being firmly rooted in the 'real world' and not having much time for views that he regards as undeliverable. Despite his undeniable charms, Mr Cowans' bullish appetite for provocative plain speaking ruffles feathers.

One chief executive, who did not want to be named, says: '[David] is a bright bloke with ideas, but he doesn't take people with him. He doesn't listen to other people, and so doesn't have all that many friends in the sector.'

Tony Stacey, chief executive at South Yorkshire Housing Association and chair of the Placeshapers group of 100 smaller associations, says: 'He is certainly innovative… but David has a tendency to trot out the "bigger is better" mantra. He once made an unfortunate comment about how housing associations should be more like Coca-Cola. Quite daft.'

Read the longer version of the interview at www.insidehousing.co.uk/does-size-matter

How does Mr Cowans think he is perceived?

'I really don't know what people's perceptions of me are. And there's a bit of me… it's not that I don't care. It's that I don't have time, is the truth. So, I am more focused on what we need to be doing.'

However, he does care about any implication that his commercial focus in some way detracts or dilutes PfP's social purpose.

'The marriage of achieving a social ethos and a social outcome with commercial purposes is what we are really about. One is not the antithesis of the other,' he states.

Mr Cowans also downplays the significance of PfP's new-found scale.

'I am not interested in claiming to be the biggest. I never have been… It really, genuinely doesn't matter how big you are. At conferences, people going on about how many properties they have got is peurile. If the focus is so internal, no wonder we are not punching above our weight in the bigger world.'

Determined not to offend, Mr Cowans reiterates his main point: that every organisation is different and there is no right or wrong way.

'There is enough work for everyone,' he says. 'The truth is that one part of the housing industry isn't going to solve the housing crisis. It needs to be all of us working together.'

On this point at least, however divisive he might be, Mr Cowans must have universal support. ■

In numbers: Places for People's 144,120

41,659 social rent

4,598 shared ownership

27,567 market rent

3,544 for older people

57,610 rental management

3,449 supported housing

5,604 owner-occupied

89 staff housing