

Postgraduate University Assignment
March 2018

**How social housing organisations should position themselves as businesses
to meet current and future changes and challenges**
Report to the National Housing Federation and Local Government Association

Executive Summary

The social sector provides essential housing and support for disadvantaged sections of communities in the United Kingdom (UK). It requires high levels of public funding and is influenced by fiscal and social policy as well as wider issues like housing economics, cultural expectations of home ownership and political ideology. Recently, there has been a shift away from provision of public funding for social housing and yet increasing pressure on housing providers to take a wider role in creating sustainable communities. The aim of the report is to advise on the ways in which housing organisations should position themselves as businesses in order to meet current and future changes and challenges in England. This is supported by making comparison with Scotland (and to some extent Wales).

The UK comprises devolved nations with powers including housing and planning, whilst central government retains most fiscal and economic control. Therefore, there is overlap between housing strategies in Scotland and England. However, it is suggested that social housing policy in Scotland (and Wales) reflects a positive value attributed to social housing and the creation of an equal society, whereas in England there is a greater emphasis on self-sufficiency, underpinned by a drive for home ownership and a reduction in publicly funded housing.

Challenges facing the English sector include dwindling public finance, the need for providers to become commercially aware and to operate as viable businesses. This is a major challenge for organisations providing an essential social service. This report acknowledges that a reaction to reduced funding is to reduce staff. However, this is not a long-term option, as it is more effective to retain talent coupled with staff development.

The sector needs to implement change to become more commercially aware and function as businesses. Change requires a detailed understanding of the strengths and weaknesses of the organisation, with engagement and collaboration of management and staff. Organisations need clear business goals and performance management to achieve these goals and be customer-centric. This can only be achieved through effective organisational and individual learning within each provider.

Table of Contents

1. Introduction	2
1.1 Social Housing Sector in England.....	3
1.2 Purpose and Objectives of this Report	4
1.3 Structure of the Report	4
2. Changing contexts of Social Housing in England, Scotland and Wales	5
3. Key business concepts for social housing organisations	7
4. Relationships of social housing organisations with their customers	8
5. Management and Leadership of housing organisation’s personnel.....	10
6. Recommendations	11
References.....	13

1. Introduction

This report, prepared for the National Housing Federation (NHF) and Local Government Association (LGA), drawing on extensive academic and other literature, recommends how housing organisations meet current and future challenges in social housing in England. This section sets the context and presents the aim and objectives of the report.

1.1 Social Housing Sector in England

Social housing in England plays a major role in socio-economic wellbeing. The sector is under pressure due to a rising number of people seeking housing, increasing costs and limited finance. The number of new government-funded houses built for social rent has plummeted by 97 per cent since 2010 (Kentish 2017). Yet social housing is an essential part of the wider housing economy and a vital link in support for low-income and disadvantaged communities (Reeves 2014; McCrone and Stephens 2017).

Housing tenure has been evolving in England for over a century, with private renting being the dominant form of tenure at the start of the 20th century (Clarke 2015). Government fiscal and social policies have altered the housing market, creating an expectation of owner-occupier and encouraging social tenants to gain a foothold in the housing market. This policy, supported particularly by the Right to Buy, has had a major impact on the housing market, in particular on social housing (McKee et al., 2017). The social housing sector comprised approximately 30% of the total housing stock in England in 1979, and it now 17% (Wilcox and Perry 2014). This dramatic change although attributed to the Right to Buy policy, which clearly has had impact on the sector; the demise of social housing has also been affected by fiscal policy and the variability of the housing market on a national and international scale (Reeves 2014).

There is a changing social and political vision for housing in the England, driven by new models of welfare and a move from welfarist approaches, to co-production that encourages an equal and reciprocal relationship between housing providers/professionals and the people using their services. The social sector needs to change to survive the increasing economic liberalism, creeping austerity, and fiscal constraint (Thornhill 2013, p. 19). Survival in this environment requires commercial focus, ability to manage economic regulation and achieve value for money services through efficient asset management. Concurrently there is a shift in social housing, as providers seek to adjust to these changes, enhance work with communities whilst optimising commercial opportunities. The achievement of these goals relies on the ability of the sector to implement and manage change and to incentivise staff and customers to work towards a common goal of sustainable social housing (Richardson et al., 2014; Coatham, and Hill 2013).

England demonstrates a move away from the provision of social housing towards private-ownership, whilst Scotland is increasingly committed to it. Wales also takes a more flexible view towards the provision of social housing than England driving a policy which allows people to move between different housing tenures as needs change. Northern Ireland struggles to provide social housing with the private rental sector playing a key role in housing in the province (McKee et al., 2017).

1.2 Purpose and Objectives of this Report

The purpose of this report is to advise the NHF and LGA on housing organisations positioning as businesses in order to meet current and future changes and challenges. It also considers ways in which housing organisations should manage their relationships with customers and staff to ensure effective delivery of services that meet current and future needs.

Objectives of the report are to:

- Assess the changing context in which housing organisations operate in England compared Scotland (and where applicable Wales)
- Examine the key business concepts social housing organisations should have in place and how these are used in the housing context
- Analyse the relationships social housing organisations with their customers
- Evaluate how social housing organisations can best manage staff to meet the key challenges and changes in the housing sector.

1.3 Structure of the Report

The report continues with a review of social housing policy in England and Scotland to set the challenges faced by England's Housing Providers in the UK context. There follows an examination of the key business concepts social housing organisations should have in place. The third section analyses the importance of relationship management and the final section considers the way in which social housing organisations leaderships can optimise staff competencies to meet the key challenges and changes in this housing sector.

2. Changing contexts of Social Housing in England, Scotland and Wales

Social housing in the UK is interlinked with fiscal and social policy and political ideology (Reeves 2013). There has also been a high degree of constitutional reform in the UK since the late 1990s, with devolved administrations established in Northern Ireland, Scotland, and Wales leading to a divergence in housing policy. These devolved bodies have powers in housing and planning, as well as education, health, and regeneration, with reserve powers for taxation and social security (MacKinnon 2015).

The manner in which the devolved administration in Scotland and Wales are funded, means their funding is not tied to UK policy ambitions, although the reality is that goals in devolved sectors such as housing must be “tempered by UK Treasury financial constraints” and policy areas controlled by central government in Westminster (MacKinnon 2015, p.47). This tension created by central fiscal control explains the high level of continuity in housing policies between Wales, Scotland and England, as evidenced by long-standing policies to promote owner-occupiers in the housing sector, as well as types of shared equity and shared ownership initiatives (Hickman and Robinson, 2006; McKee 2015). Examples of shared policies include Help to Buy and housing stock transfer, the emphasis on the role of housing associations as housing providers and the wider role in supporting community development and regeneration (McKee 2015).

Since 2010, there has been evidence of diversification in housing policies, linked to wider social policy and welfare reform, reflecting the different political ideologies of the governments in Wales, Scotland and England. It maybe that there is greater pressure on social housing in Scotland as a political and social tool, as there it is a larger sector than in England as shown in Table 1.

Table 1. Tenure—UK by country (Per cent of people).

	England	Northern Ireland	Scotland	Wales	UK
Owner-occupiers	64.8	71.9	65.6	68.8	65.3
Social renters	16.5	12.3	21.5	15.5	16.7
Private renters	16.9	14.1	11.9	14.2	16.3
Other	1.8	2.3	1.5	1.5	1.8

Source: 2011 UK census.

The above table also indicates while there is less pressure on social housing in Wales than in either England or Scotland, it still accounts for 15.5% of housing tenure. The devolved government in Scotland retains a positive commitment to social housing, recognising its role as a welfare safety-net for lower income communities. The Welsh government has passed the Housing (Wales) Act 2014 and the Renting Homes (Wales) Act 2016, which have changed the housing landscape in part to protect social housing. However, rents in the Welsh social sector are increasing at higher levels than in England. This is being reviewed and many councils are using this to invest in new council housing and in refurbishment of existing stock (Wilcox et al., 2017).

This approach in the devolved countries is not practiced in England where the social sector has come under attack (McKee et al. 2017). Whilst in England, there has been investment in existing social housing stock such as the Decent Homes Programme; in the recent past there has been a shift from supply subsidies to reduce public debt. There has also been an ideological shift towards targeted income-related support, based on the belief that social housing is “featherbedding tenants who do not take the opportunity to find work and to move on” (Whitehead 2014, p.119). Additionally, government has phased out supply subsidies in favour of subsidies in kind, and mechanisms to enable housing associations to secure finance at lower interest rates. These measures adversely affect rents and moves the burden of support to income-related benefits. The relatively new Universal Credit system is also affecting household income levels putting greater pressure on the ability to pay and social landlords (Millar and Bennett 2017; Whitehead 2014). Social housing is also under pressure from other variables in the housing industry including a severe and persistent shortage of affordable housing (Ferrari 2015).

McKee et al., (2017) add that in England, social housing is also under attack from planning mechanisms such as the introduction of the Localism Act 2011 and the Housing and Planning Act 2016. These enabled ending security of tenure for some social tenants through the introduction of shorter flexible tenancies and of rents that are aligned to local market rents. In contrast, social landlords in devolved countries continue to receive subsidies to build homes. There is a greater emphasis on subsidising home-ownership and market-related rent housing in England than in Scotland and Wales. It is acknowledged that there are policies to promote homeownership across all UK countries, with a difference that there is a dual approach

in Scotland based on recognition that social housing is a valuable element in a developed society. In Scotland and Wales, the concept of affordable housing equates to social homes for rent and homes for sale, whereas in England affordable housing equates to homes for sale (McKee et al. 2017; Wilcox et al., 2017). A key social housing policy, notably the Right to Buy has different funding arrangements in the devolved nations with the Welsh and Scottish governments abolishing the policy. This move reinforces the different approach to social housing.

It is noteworthy also that an independent analysis of local authorities' Strategic Housing Investment Plans (SHIPs) published on 5 March 2018 finds that Scotland should deliver between 45,000 and 50,000 affordable homes and up to 34,850 for social rent between April 2016 and March 202. A pro rata equivalent would be 512,000 for England.

Beyond the supply of social housing, who it for, how it is managed and regulated in England is also being questioned in the wake of the Grenfell fire tragedy in June 2017. It is unclear what the outcome will be, but government has indicated a Green Paper in the spring of 2018, that might propose reforms. (DCLG 2017) The Chartered Institute of Housing is conducting a project to support this and provide a body of research in its own right. (CIH 2018). Whilst this originates from a momentous English event, the questions and potential for reform applies to the devolved nations too.

The changing climate for social housing in England means that housing providers need to adapt (Thornhill 2013), using effective change management (Cameron and Green 2015), supported by training (Richardson 2010) and managing customer needs through value and commercial management (Coatham and Hill 2013).

3. Key business concepts for social housing organisations

As set out above, there are significant challenges social housing in England, requiring greater commercial-awareness and business management. Organisations are experiencing strains on income and the need to conduct activities on a more commercial basis. Changes to government policy are driving the need for new ways to secure capital finance and tight fiscal control is driving mergers of housing associations. The easiest response to these challenges may seem to reduce costs by

reducing staff. However, this is not a credible response in the long term and will ultimately result in the loss of key skills and talent, adversely affecting the service offered to customers and the viability of individual housing providers. The solution is to develop business skills and commercial awareness within the providers and to retain the key resource of talented staff (Kataria 2013).

Commercial awareness and efficiency requires performance measurement and management, particularly in organisation's seeking to operate as private businesses. The use for performance measurement is underpinned by financial management accountability of each housing organisation and the need to understand the implications of operational and investment decisions (Flynn 2012). To achieve the commercial goals developed by each housing provider, managements must implement performance management systems to ensure all business operations and strategies are aligned with these goals. This will also facilitate leadership commitment to the goals and create a culture within which the provider seeks ways of improvement. Having a clear set of performance targets encourages stakeholder involvement from staff and tenants and can be an effective method of measuring performance and implementing continual improvement (Fryer et al., 2009).

For some organisations, the above issues represent major changes to current practice. The successful implementation of such major changes can be difficult without commitment and leadership (Rosenfeld 2013). These changes can be implemented through effective change management in collaboration with staff (Cameron and Green 2015). The process needs to start with a thorough understanding of the organisation, its structure, as well as examining the leadership and power links within that structure (Mullins 2007). It is also essential to understand the strengths and, weakness in each organisation as this will affect the ability to embrace the opportunities offered by the challenges of a new business environment and resilience to the threats of such an environment (Mullins 2007; Pranit 2010).

4. Relationships of social housing organisations with their customers

A fundamental element of the transformation of social housing in England is the need to offer an exemplary service to customers. In the current system, there is a tendency for housing officers to play multiple role and this can create difficulties for the officer

and the customer (Richardson et al., 2014). In addition, key change in the sector is the evolving transition from considering people as tenants in social housing to considering them as customers. In keeping with the need to operate as a business, the sector needs to be committed to customer service (Reeves 2013). The difference is that in this sector, housing officers require extensive technical and people skills. However, staff also have to be adaptable to meet the often-evolving needs of the customer; otherwise there is frustration on both sides.

The majority of housing providers seek to prioritise the customer; however, the complex legislative framework of social housing can hamper this goal. The result is that the role of housing officers requires a complicated mix of advice and assistance on tenancies, welfare benefits and general law with respect to anti-social behaviour and relationship breakdown. Housing officers also manage issues relating to the care system. Therefore, customer service is dependent on training and learning in the social housing sector to ensure that staff have the appropriate skills and technical knowledge to meet the demands of the customer base (Reid 2013).

5. Management and Leadership of housing organisation's personnel

Achieving effective relationships with customers in social housing requires a wide range of skills and competencies among housing provider staff. These personnel are also under pressure to deliver the day-to-day services of the housing organisation. It is therefore key to ensure that all staff receive appropriate training to deliver the range of services needed by customers and crucially that staff are consulted and part of the change management process (Buttle and Maklan 2015). Richardson et al., (2014) argues that this requires changing roles of housing provider staff with future roles requiring the use of data intelligence to assist and guide time management, as this will improve the effectiveness of the service offered to customers. This is different to the traditional role of housing officers who may try to provide a blanket service for all residents.

Housing officers are encouraged to support customers; however, it is clear that government social housing policy requires a sustainable housing sector (Ferrari 2015). Therefore, the future role of housing officers should focus on relational management; doing things with residents, rather than for them (Richardson et al. 2014).

It is evident from the preceding sections of this report, that the challenges of social housing cannot be addressed in isolation of other issues such as social welfare, planning and socio-economic issues (Whitehead 2014). Therefore, the ability to create a commercially and socially effective housing sector is for social housing professionals to collaborate with professionals from other disciplines thus promoting effective customer service and optimising positive of outcomes for residents (Richardson et al., 2014).

It is noted that there are many issues in social housing and that customers rely on the services offered by the housing associations for social wellbeing, and that housing issues when combined with other problems can have an impact on human health and social inclusion. Given the challenges of providing quality housing in harsh economic conditions and the pressure to deliver a commercially successful business model, it is suggested that it is crucial for housing staff to have the ability to be engaged in the process, (Porteus 2013; Thornhill 2013). Richardson et al., (2014) adds that the sector

needs to recruit and train personnel who are creative, with the ability to lead and take ownership of problems with the confidence to take anticipatory action; taking action now to avoid future negative consequences.

Frontline housing officers are the interface between the provider and the customer, which puts significant pressure on frontline staff. As such, it is suggested that each housing provider should have measures in place to assess competencies/abilities and to develop targeted training in collaboration with personnel. Frontline staff need a range of abilities, including adapting to changing environments, commercial awareness and business acumen, along with the ability to solve problems, empathise with customers and good communication skills.

Frontline staff also need to have the ability to self-manage and be proactive (Richardson et al., 2014). Amyes (2013) suggests that this can be achieved by management's commitment to targeted learning, whereby the key skills of each employee are addressed and enhanced by targeted education and training and subjected to continual review. This process needs to be developed with employees rather than imposed on staff. The benefits of an inclusive training and learning environment include staff engaged in the process and this can be extended to customers for the wider benefit of the community (Hackett 2013).

6. Recommendations

To meet the challenges to the sector presented in this report, it is recommended the NHF and LGA encourage and support housing providers to:

- Assess organisational structures including the strengths and weaknesses of all aspects of their organisations including leadership, communication, the operational structure, customer service and housing officer competencies
- Understand the opportunities and threats offered by becoming commercially aware and functioning as a business
- Develop clear business goals and a performance management process to achieve these goals

- Design a change management system to implement these changes, in collaboration with staff and major stakeholders
- Implement changes and measure performance to ensure continual improvement.

Word count 3484 not including references

References

- Amyes, C., 2013. New Charter – learning for life In Thornhill, J., (ed.) *Learning today, leading tomorrow skills and learning for the housing industry of the future*. Coventry: CIH, pp. 91-97.
- Buttle, F. and Maklan, S., 2015. *Customer Relationship Management: Concepts and Technologies*. Abingdon: Routledge.
- Cameron, E. and Green, M. 2015. *Making Sense of Change Management*. London: Kogan Page Ltd.
- CIH (2018) Rethinking Social Housing. <http://www.cih.org/rethinkingsocialhousing>
[Accessed 28/0218](#)
- Clarke, B., 2015. Council of Mortgage Lenders “Owner (and under) occupied homes: what do the numbers show?” [online]. Available at <
<https://www.cml.org.uk/news/news-and-views/owner-and-under-occupying-what-do-the-numbers-show/> Accessed 14th February 2018
- Coatham, V. and Hill, A., 2013. Future-proofing the housing profession – responding to challenge in the 21st Century In Thornhill, J., (ed.) *Learning today, leading tomorrow Skills and learning for the housing industry of the future*. Coventry: CIH, pp.23-29.
- DCLG, 2017 The Secretary of State's speech to the National Housing Federation annual conference 2017. <https://www.gov.uk/government/speeches/sajid-javids-speech-to-the-national-housing-federation-conference-2017> Accessed 28/02/18
- Ferrari, E., 2015. The Social Value of Housing in Straitened Times: The View from England, *Housing Studies*, 30:4, pp.514-534
- Flynn, N., 2012. *Public Sector Management*. 6th edition, London: Sage
- Fryer, K., Antony, J. and Ogden, S., 2009. Performance management in the public sector. *International journal of public sector management*, 22(6), pp.478-498.
- Hackett, P., 2013. People power – engaging residents and staff to future-proof your organisation In Thornhill, J., (ed.) *Learning today, leading tomorrow Skills and learning for the housing industry of the future*. Coventry: CIH, pp. 98-103.
- Hickman, P. and Robinson, D., 2006. Transforming social housing: taking stock of new complexities. *Housing Studies*, 21(2), pp.157-170.

- Kataria, C., 2013. Talent management – can we afford not to? In Thornhill, J., (ed.) *Learning today, leading tomorrow Skills and learning for the housing industry of the future*. Coventry: CIH, pp.86-90.
- Kentish, B., 2017. The Independent, 20th June 2017 “Number of government-funded social homes falls by 97% since Conservatives took office” [online]. Available at < <http://www.independent.co.uk/news/uk/home-news/social-housing-government-funded-properties-rent-falls-97-per-cent-study-homes-communities-agency-a7799116.html> > [accessed 13th February 2018].
- MacKinnon, D. 2015. Devolution, State Restructuring and Policy Divergence in the UK, *The Geographical Journal* 181(1), pp. 47-56.
- McCrone, G. and Stephens, M., 2017. *Housing policy in Britain and Europe*. Abingdon: Routledge.
- McKee, K., 2015. Community anchor housing associations: Illuminating the contested nature of neoliberal governing practices at the local scale, *Environment and Planning C*, 47, pp. 1–16
- McKee, K., Muir, J. and Moore, T., 2017. Housing policy in the UK: The importance of spatial nuance. *Housing Studies*, 32(1), pp.60-72.
- Millar, J. and Bennett, F., 2017. Universal Credit: Assumptions, contradictions and virtual reality. *Social Policy and Society*, 16(2), pp.169-182.
- Mullins, L.J., 2007. *Management and organisational behaviour*. London: Pearson education.
- Porteus, J., 2013. Housing skills and learning in a new health and social care landscape In Thornhill, J., (ed.) *Learning today, leading tomorrow Skills and learning for the housing industry of the future*. Coventry: CIH, pp.42-49.
- Pranit, K., 2010. *Organisational Behaviour*. New Delhi: Gyan Publishing House.
- Reeves, P., 2013. *Affordable and Social Housing: Policy and Practice*. Abingdon: Routledge.
- Reid, A., 2013. Staff development for the future – a perspective from Incommunities In Thornhill, J., (ed.) *Learning today, leading tomorrow Skills and learning for the housing industry of the future*. Coventry: CIH, pp.36-41.
- Richardson, J., 2010. *Housing and the Customer*. Coventry, CIH.
- Richardson J, Barker L, Furness, J and Simpson, M., 2014. *Frontline Futures - New era, changing role for housing officers*. Coventry, CIH.

Rosenfeld, R., 2013. The 'Right Stuff' for leaders in social housing In Thornhill, J., (ed.) *Learning today, leading tomorrow Skills and learning for the housing industry of the future*. Coventry: CIH, pp.64-69.

Thornhill, J., 2013. Learning Today In Thornhill, J., (ed.) *Learning today, leading tomorrow Skills and learning for the housing industry of the future*. Coventry: CIH, pp.18-23.

Whitehead, C., 2014. Social Housing In England In Scanlon, K., Whitehead, C. and Arrigoita, M.F., (eds.) *Social Housing in Europe*. Chichester: John Wiley & Sons, pp. 105-120.

Wilcox, S. and Perry, J., Stephens, S. and Williams, P. 2017. *UK housing review*. Coventry: Chartered Institute of Housing.

Young G. and Donahoe T. February 2018. Review of Strategic Investment Plans for Affordable Housing. Edinburgh. Shelter Scotland, Scottish Federation of Housing Associations, Equality and Human Rights Commission, Scotland