

Resident Engagement – Making sure the *social* remains in social housing

JUNE 2017

Michael Guest



Introduction

One of the great debates in social housing in recent years has to question whether the *social purpose*, often called the *ethos*, of social housing can survive given the pressures for housing providers to become more and more commercial.

This briefing considers the issues involved, whether they matter and what effective Resident Engagement can do to not only maintain the social ethos, but to enhance it.

What are the issues?

There have been a growing number of pressures on housing providers over recent years. These include:

- The increasing demand for housing compared with the amount of supply available in many parts of the country
- Pressures on the income of housing providers such as because of the impact of welfare reform on rental income, increasing inflation and the government's rent reduction policy from 2016 to 2020
- Diminishing financial support for the provision on new affordable homes.

The housing sector is, as it always has been, innovative in responding to challenges. There are many good examples of pressure on income, such as because of welfare reform, being mitigated by positive changes in how services are provided. Some housing providers have also developed commercial activities that add to the income of the business; albeit introducing additional commercial risks that have to be managed.

However, it is in the field of building new homes that the greatest commercial changes are being witnessed. As the government withdrew from providing grants for what we would regard as social housing, that is, quality housing with rents affordable for people on lower incomes, housing providers have developed alternative means of enabling such homes to be built. Two key means are by the housing provider issuing a bond for raising finance or building homes for market sale or renting, using the profit from these to subsidise the cost of developing other homes at rents affordable to people on lower incomes. This second approach is known as the 'cross-subsidy model'.

Although housing providers have borrowed very large sums of money to provide homes for many years longer, these latest means of raising funding have meant considerably greater exposure to the financial world and too much increased risk. Still, 'not for profit' organisations profit, and the risks that go with it, have become a key driver of the business, not for dividends to be paid to shareholders, but in common with commercial businesses to reinvest. In this case, in providing new homes... central to the social purpose of the business.

Many chief executives, finance directors, other executives and board members will tell you that although they are running a 'not for profit' business, they are viewed by people they have to deal with in the financial world just like senior executives of a public limited

company. That is because they have to be deemed as entirely competent with the lending or investment of the financial institutions.

Then there is the regulator of course. Currently the Homes and Communities Agency and its successor regulatory body in due course, keeps a careful watch on the business viability of housing associations. This includes the extent to which they are exposed to risk and what they are doing about it. The first of the Regulatory Standards they work with, the Governance and Viability Standard, sets out their expectations. A major reason that lies behind this is to project the assets that the housing provider owns, people's homes, back to the social purpose again.

So, where does Resident Engagement fit into all of this?

Resident Engagement – as important as it ever has been

Social housing has a long and good record in resident engagement. Something other sectors could learn. From its growth in the 1970s, through the right to be consulted under the original *Tenants' Charter*, a formal requirement in Compulsory Competitive Tendering requirements in the 1990s, the *Tenants Participation Compacts* of the turn of the century, and throughout housing stock transfer and ALMO proposals. But fundamentally a matter of good practice that recognises that social housing's consumers are not necessarily passive and unquestioning, but can have a role to play in how their services are shaped and delivered.

Resident involvement has developed into an integral part of housing's governance, and regulation as well as its planning and judging of delivery. This involves residents fulfilling many key roles.

Questions have been raised about this in the light of the increasingly commercial nature of the social housing business.

So, where does Resident Engagement stand in relation to all this change?

The formalities

Housing Provider's Secure and Assured Tenants have long since had the 'right to be consulted' and 'reasonable account taken of views expressed'. Resident Engagement is something more substantive and participative however. Currently, the regulator's required outcomes for resident involvement and empowerment are:

Registered providers shall ensure that tenants are given a wide range of opportunities to influence and be involved in:

- The formulation of their landlord's housing related policies and strategic priorities*
- The making of decisions about how housing related services are delivered, including the setting of service standards*
- The scrutiny of their landlord's performance and the making of recommendations to their landlord about how performance might be improved*
- The management of their homes, where applicable*
- The management of repair and maintenance services, such as commissioning and undertaking a range of repair tasks, as agreed with landlords, and the sharing in savings made*
- Agreeing local offers for service delivery.*

And specifically:

Registered providers shall support their tenants to develop and implement opportunities for involvement and empowerment, including by:

- Supporting their tenants to exercise their Right to Manage or otherwise exercise housing management functions, where appropriate*
- Supporting the formation and activities of tenant panels or equivalent groups and responding in a constructive and timely manner to them*
- The provision of timely and relevant performance information to support effective scrutiny by tenants of their landlord's performance in a form which registered providers seek to agree with their tenants. Such provision must include the publication of an annual report which should include information on repair and maintenance budgets*
- Providing support to tenants to build their capacity to be more effectively involved.*

Registered providers shall consult with tenants on the scope of local offers for service delivery. This shall include how performance will be monitored, reported to and scrutinised by tenants and arrangements for reviewing these on a periodic basis.

Registered providers shall consult with tenants, setting out clearly the costs and benefits of relevant options, if they are proposing to change their landlord or when proposing a significant change in their management arrangements.

Registered providers shall consult tenants at least once every three years on the best way of involving tenants in the governance and scrutiny of the organisation's housing management service.

So, that is all clear then. At least the requirements are. Good practice in the delivery of effective Resident Engagement is what really matters though, both generally, and to make sure the *social* remains in *social housing*

How is this possible?

One of the consequences of the social housing sector becoming more commercial is a focus on who is on the boards of housing providers. There continues to be pressure to appoint people who bring the acumen required to govern the complex businesses that housing providers have become. Because of this, places on the board for tenants have been questioned. Extending from this is a further question as to how the business demonstrates accountability and is properly held to account by its tenants.




This is possible by effective Resident Engagement that contributes to the proper co-regulation of the housing provider.

The Regulatory Standard for Resident Involvement and Empowerment was set out in section 4. The regulator says that it carries out its approach to the regulatory standards based on co-regulation. This means that the housing provider has an important part to play itself through self-assessment, and its residents through effective Resident Engagement.

How can this work?

The Resident Involvement and Empowerment Standard is one of four consumer standards that the regulator does not directly monitor. It is expected that this happens locally between the housing provider and its residents. In any event, this would be considered as good practice.

It is important that the housing provider is committed to this approach – from its board if a housing association, or elected members if a local authority – and enables residents to be involved in a variety of ways that suit them and their level of interest to:

-  Help shape how services they receive are planned and delivered
-  Judge the performance of their landlord housing provider
-  Make recommendations on how this could be done better.

This can be achieved through a variety of means, such as:

- Local resident's groups concerned with matters in their locality
- Specialist groups of residents concerned with particular services, such as repairs, anti-social behaviour, leasehold management, independent living
- Involvement in key activities such as procurement or contract management
- Overall representative resident bodies that liaise with the governance and senior management of the housing provider on policy and performance matters
- Mystery shopping
- Engaging with the housing provider through digital means such as websites, social media, text
- Other less in depth involvement such as responding to an occasional survey or test of opinion
- Scrutiny of the housing provider's services and performance with recommendations for the future.

The more involved means should be supported through training, provision of facilities, professional and administrative support.

They all matter, but it is perhaps scrutiny that is the most powerful. Particularly, as it should be, something that reports directly to the governance level of the housing provider. By so doing, decisions to support the outcomes of scrutiny become governance decisions.

Back to the Social Ethos

So, does this maintain or indeed enhance ensuring the *social* remains in social housing? Time will tell, and as the housing sector further diversifies by providing for still wider groups of residents, such as through home ownership and higher rent schemes, providers will need to ensure all have the opportunity to be involved.

However, through Resident Engagement arrangements that are committed to by all parties, and the outcomes of which are properly embraced by housing providers, there is every chance that the *social* can remain in social housing.

Conclusion

To distil from this, the ingredients for ensuring the *social* remains in social housing, effective co-regulation:

- Genuine commitment from the housing provider
- A number of residents who are prepared to play their roles
- Workable arrangements for the provider and residents to work together
- Robust resourced resident scrutiny that holds the provider to account.

About the author

Michael Guest is a very well established and expert consultant across the housing sector. He is a specialist in governance and resident engagement. Much of his work involves supporting the effective governance of housing providers and ensuring that involved residents can perform their essential part in the 'co-regulatory relationship'.

A Chartered Housing Professional, Michael is a Fellow of the Chartered Institute of Housing, is Chair and Lead Assessor on its Direct Finals Assessment Panel, a Registered Mentor for Senior Housing Professionals and a member of the Housing Academy. He is also a Fellow of the Chartered Management Institute, the Royal Society for Public Health and the Institute of Consulting.

Michael has been awarded a Master's Degree in Leadership and Management (June 2017), the research aim of which was to investigate the changing leadership and management requirements of housing providers as the social v commercial balance of the sector changes.

Should you wish to discuss any of the issues raised in the briefing, please feel free to contact Michael at michael@michaelquest.co.uk.