

## **More homes; more voice Member-based social housing**

### **Introduction**

There are two clear challenges for social housing today which are making it one of the top political priorities.

The first is the need to build more homes: homes that people can afford, and are of the quality that people want to live in. The second is to give tenants a voice in how housing is provided, which includes the ability to have influence over things that impact on neighbourhoods and communities, and being able to use this voice as a mechanism for ensuring that social housing providers are accountable to communities.

Housing is more than one issue. It cannot be separated from jobs, health and well-being, elderly care, fuel poverty, environmental issues, community safety, education and training, and much else besides. Homes are part of neighbourhoods and have to be understood in their context. The success of housing can only be measured in this bigger context, and in interaction with that context.

Policy-makers can and should do what they can, seeing things from their strategic vantage point. But since 2000 there have been some radical developments from within the social housing movement itself which it is time to take note of, because they could make a significant contribution in meeting today's challenges.

These developments involve a democratic member-based approach, giving individuals a voice in their organisation, sharing power beyond the board and senior executives, and at the same time making governance more robust.

There are now eleven democratic member-based housing providers in England and Wales,<sup>i</sup> which together provide over 85,000 homes. A recently released corporate strategy<sup>ii</sup> by one of these organisations (discussed further below) outlines how it will be delivering services and what its ambitions are over the next ten years. This document provides evidence of the relevance of this approach in meeting today's pressing challenges.

### **Background**

Over recent decades, the internal accountability of those holding executive power within large housing associations has been comparatively weak in comparison with other types of organisations. The sector has relied substantially on a regulator, the demands and oversight of funders, and independent (usually voluntary) non-executive board members and chairs.

There was an ownership or democratic deficit in this arrangement: no grass-roots owners with a sufficient and legitimate interest to hold the feet of chief executives and their boards to the fire. It was in this context that the Community Housing Mutual model emerged in Wales in 2001, and the Community Gateway model in England in 2002.

Both models sought to address this deficit by opening membership to tenants and potentially other residents. They provided a basis for tenants to elect their own representatives to the board as well as having a say in the appointment of independent and council board members. The Community Gateway went further by setting out to develop tenant democracy and cultural change through community options studies. There are now 5 Community Housing Mutuels in Wales<sup>iii</sup>, and 4 Community Gateways in England<sup>iv</sup>.

In 2010/11, there was another significant development. With a change in the funding approach to social housing, some local authorities which had set up arms-length companies (ALMOs) to manage their housing stock faced significant financial challenges as a result of HRA reform. One of these was the ALMO in Rochdale, which as well as addressing financial or investment challenges, wanted a mechanism to develop greater tenant and employee engagement in the business.

Following a recommendation from an independently chaired Commission, a stock transfer of Rochdale's 13,500 homes created a new tenant and employee owned mutual, Rochdale Boroughwide Housing. However, the opening of membership and potential participation in governance to both tenants and employees resulted in a need to redesign the board and governance structures.

The solution was to create a representative body comprised of elected representatives of tenants (15) and employees (8) responsible for helping to shape forward strategy and holding the board to account for its delivery; and a board comprising two executive directors, and 6 independent non-executive directors, the latter appointed by the representative body based on their skills and experience.

By designing a new constitution based on these principles, it made sure that the mutual approach was embedded for the future, not simply within the gift of management from time to time. Whilst this was a radical new design of governance, with a skills-based board and a representative body with certain specific constitutional powers, it was readily accepted by funders, enabling RBH to secure a funding facility of £120 million. A very similar ownership and governance approach was then adopted by Merthyr Valleys Homes in 2016.

One of the major impacts of having users as members is to change the culture of the organisation, resulting over time in staff and management behaving differently towards tenants. For example, in Preston Gateway, members elect up to 30 tenants onto the Gateway Tenants Committee, and 7 tenants onto the board of 15. This structural change alongside the development of tenant engagement and community empowerment can result in a move away from an "us and them" culture to one which is much more inclusive.

The development from having a single constituency (of tenants) to having two constituencies, of tenants and employees is a very significant one. It seeks to bind both users and the work-force into enabling the organisation to achieve its objectives – for everybody's benefit.

Crucially, it aims to encourage the two groups of people most affected by its activities to work collaboratively or co-operatively together within the organisation to secure the best possible outcomes for all. If such collaboration can be achieved throughout the organisation, it can have a

profound effect on the way people behave – both as employees and as tenants. Through an alignment between individual interests and that of the organisation as a whole, the enterprise can become a common endeavour.

At the heart of the RBH governance approach is the idea of taking the “representative” function out of the board, where it doesn’t really work because corporate law requires directors to make decisions in the best interests of the organisation rather than their own constituency. Instead, the representative function is located in a different part of the organisation, which is specifically designed as a place for tenants and employees to put forward the views of those they represent.

As is normal, the board exercises most of the powers of the organisation, but excluding those allocated to the representative body such as the appointment (and possible removal) of non-executive directors. The representative body is given very specific and serious responsibilities which are appropriate for the make-up of the body, and its intended role within the organisation. One of these is working with the board to shape future strategy, which the board is then responsible – and accountable – for delivering.

### **Does democratic membership work?**

All of the 12 organisations identified can be examined to see the extent to which they differ from more standard housing associations, and they all demonstrate substantial levels of tenant and community empowerment, harnessing the co-operation of people who want to make things better. Like most organisations, they are on a journey, but theirs is a different journey; it is being shaped, to a greater or lesser extent, by the participation of members.

One way of getting a sense of whether a democratic member-based approach works, and what it might result in, is by looking at the recent Corporate Strategy “Together”, published in April by RBH.

As the joint introduction from the Chairs of the Board and the Representative Body states, developing RBH has been no easy task, but the Board and the Representative Body have worked collaboratively to “shape our approach, drawing on the views, skills and experience of tenant and employee members.” As a result, the document is different from most corporate strategies in that it is deliberately short and readable, and presented in a user-friendly way.

As it explains by way of context, RBH operates in an area that has remained in the 50 most deprived districts in England. Although there is a reasonably diverse housing supply, there are too many neighbourhoods with a lack of choice and poor quality homes. There has been a significant growth in the private rental market to the point where this is now greater than the social housing sector.

The starting point of the strategy is “what can we do together” – as a mutual organisation – with users and the work-force entitled to membership, and with an outward-looking culture looking to work in partnership with other agencies and organisations which can have an impact on the borough.

The priorities are growing, thriving and improving together. Growing together is based on directly developing as well as facilitating new homes, involvement with the town centre regeneration by investing in developments there, and diversifying tenure. Rochdale needs 460 new homes a year, and RBH cannot deliver all of these itself. So it wants to work with others to enable this to be achieved.

Thriving together means ensuring that tenants can thrive at all stages of life. For example, there is an initial focus on older people, working with health and social care to enable people to continue to live at home, Extra Care facilities as an alternative to residential or nursing care, age friendly environments, and a personalised housing options assessment for older people.

Improving together includes widening and strengthening member engagement, extending opportunities for member influence, continually improving the quality of the core housing services using feedback from tenants and external comparisons, and development of a new People Strategy for employees.

All aspects of the strategy set out specific stretching targets (e.g. the number of homes built, the impacts of partnership working, people in local communities accessing work or training linked to RBH activity), and these will be measured through a dashboard that will be published on its website.

## Conclusions

What can we draw from looking at the example of RBH?

- Evidence of an anchor organisation taking on a different role within its community and seeking to influence other external organisations to have a beneficial effect for its tenants, employees and the wider community
- A focus on developing and improving for its existing communities and using existing local assets including using its own purchasing powers to help build the local economy (the Preston approach)<sup>v</sup>, not seeking to expand through acquisition
- Plans to increase housing to meet needs in the locality, but not necessarily doing it all directly; supporting/facilitating others to do so as well
- Seeing its ambitions as what employees, tenants, management and partner organisations can do together (“Growing, Thriving, Improving – Together”)
- An embedded role for tenants as genuine representatives, playing to their areas of knowledge, interest and real expertise and thereby really influencing the main agenda; and employees more engaged in what increasingly feels like a common endeavour for the community where they work and many of them live
- Using its anchor role in Rochdale to work with the Council, the NHS and other key agencies, local businesses, charities and voluntary organisations to enable people to thrive, and supporting those different organisations to meet their own objectives

It is to be noted that these strategic objectives were not set by senior executives or the board; they emerged from dialogue between the board and representative body, working collaboratively. They represent what tenants, employees and management want to achieve.

In 2016, RBH asked the Centre for Local Economic Strategies to review RBH's role as a community anchor institution and its wider impact on the borough's economy. In their report<sup>vi</sup>, they said:

"RBH is at the cutting edge of progress towards a good local society, within a challenging socio-economic context. In this, it wrestles with, and seeks to overcome, the issues faced by its communities, from low pay, unemployment and pensioner poverty to welfare, disability, ill health and population churn.

In a time of growing social need and unstable economic futures, RBH stands as a key player in ensuring and developing local economic and social health within Rochdale and the wider Greater Manchester."

### **Cliff Mills, Mutuo June 2018**

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<sup>i</sup> Rochdale Boroughwide Housing, Merthyr Valleys Homes, and the 5 Community Housing Mutuels and 4 Community Gateways referred to below

<sup>ii</sup> <https://www.rbh.org.uk/together>

<sup>iii</sup> Community Housing Mutuels: Tai Calon Community Housing, Bron Afon Community Housing, Trivallis Housing, Newport City Homes, Tai Tarian Homes

<sup>iv</sup> Community Gateways: Community Gateway Association (Preston), Watford Community Housing, Phoenix Community Housing, Greenfields Community Housing

<sup>v</sup> <https://www.preston.gov.uk/thecouncil/the-preston-model/preston-model/>

<sup>vi</sup> <https://www.rbh.org.uk/download.cfm?doc=docm93jjm4n1038.pdf&ver=928>