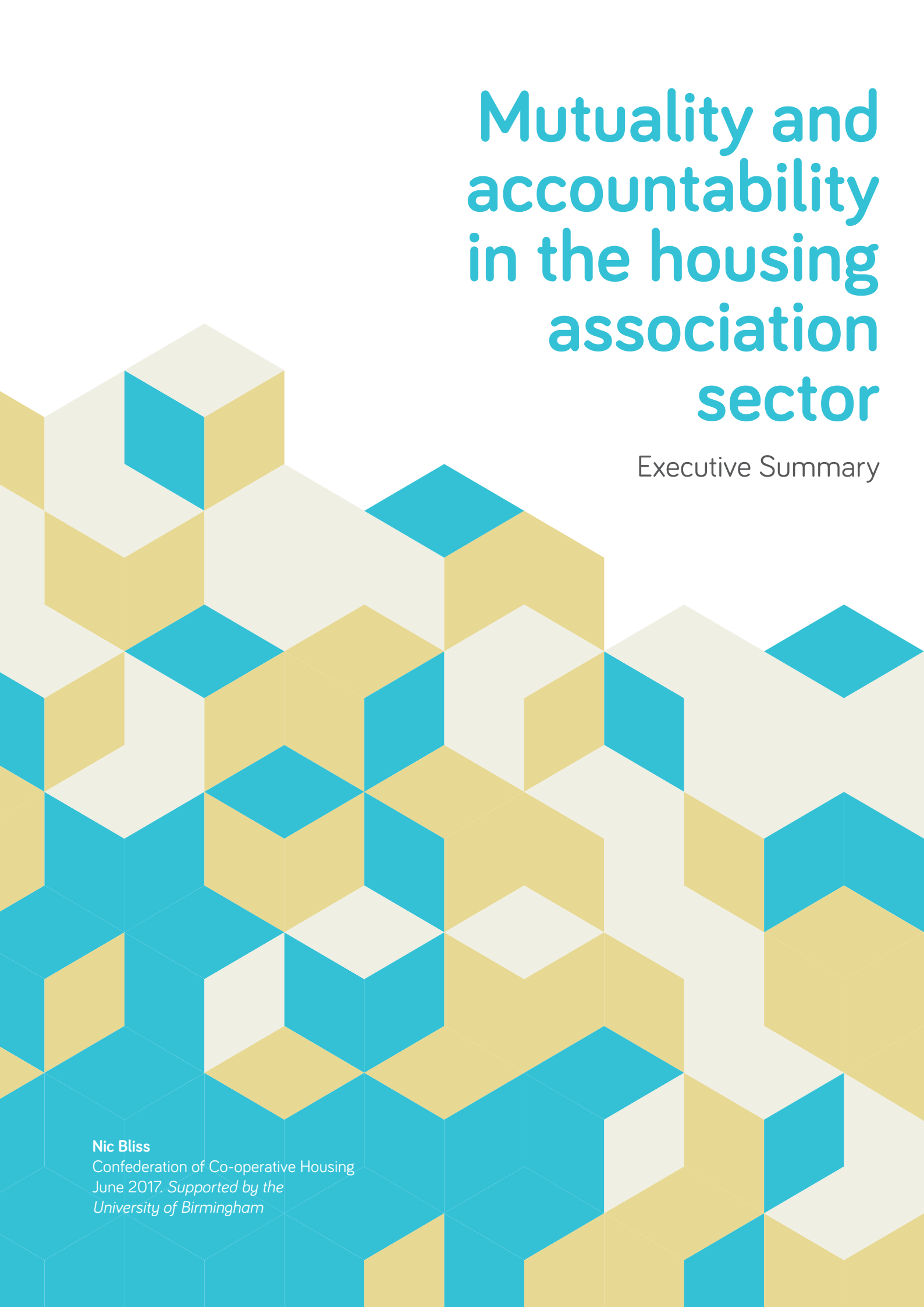




Mutuality and accountability in the housing association sector

Executive Summary

Nic Bliss

Confederation of Co-operative Housing
June 2017. *Supported by the
University of Birmingham*



It can't be a coincidence that in a lot of the communities throughout Britain that have had the greatest loss through de-industrialisation and jobs going elsewhere voted most to leave. The resonant message was "take back control" – that sense of ownership and control of your community. These communities have lost all sense of control. They were the most cohesive, co-operative communities, with the strongest sense of solidarity. There was nothing like those mining communities in Britain. That yearning for community or belonging to something bigger than yourself where you find strength through togetherness. If you feel like your voice isn't being heard, if you feel like you have been abandoned, then "take back control" was a very powerful message.

Actor Michael Sheen in discussion with
Guardian columnist
Owen Jones discussing the Brexit vote



Effective mutuality in a housing association protects and delivers value and ensures accountability. It's tenant and other members sit at the heart of the business ensuring that it upholds the social and community values it was set up to deliver.

Mutual Governance: Mutual Outcomes was set up to explore the value of mutuality in housing associations. Working with seven housing associations in England and Wales, most of them membership based, the project has researched how they operate and the value their mutuality delivers.

The CCH developed the Community Gateway model to enable tenants considering the transfer of council homes to have an option where they could transfer the homes to an association they owned. It's great to see how this has and is leading to the development of more mutual associations and how the mutual associations in CCH's membership have placed such an emphasis on accountability to their tenant and other members.

Blase Lambert
CCH Chief Officer

Had there been a greater sense of tenant and community ownership in social housing, it would have been much harder for governments to undermine it's vision and purpose.

The Future of Social Housing
Housing and Communities Research Group
University of Birmingham 2016



None of this can be taken for granted. Mutuality enables members to vote at General Meetings, but it needs to be much more than that. Mutuality, and the accountability it develops, needs to be part of the fabric and culture of the association, interwoven with all aspects of governance and service delivery and constantly reviewed and improved.

Accountability has been identified as fundamental to ensuring public trust in private and public institutions and businesses². Shareholder accountability is seen as accepted good governance in the private sector. All standards of governance expect high standards of accountability to service users.

Is accountability, particularly to service users, part of the fabric of the housing association sector? As the sector is freed from Government regulation and proposals made to give housing associations free rein over the rents they charge, can they be trusted to act for the good of the community and for the people they provide services to?

Some within the housing association sector would say yes. Housing association governance experts and representatives of trade bodies express certainty that the sector's governance model delivers. One referred to checks and balances coming from the Board as guardians of values and the regulator checking the competency and accountability of the Board and that "it's difficult to know what else could work".



2. Department for Business, Energy & Industrial Strategy's Corporate Governance Reform Green Paper – November 2016



Others within the sector, including some Chief Executives, have what one referred to as “niggling doubts”. Some people outside the housing association sector express significant concern. In England, even within the housing association sector, and certainly amongst the national and local politicians, tenants and co-operative movement representatives interviewed, there is growing disquiet about values in an increasingly commercialised sector and a growing lack of certainty about what the sector is for. In particular, the diminution of accountability to tenants and service users in recent years has resulted in a question mark hanging over how accountability checks and balances will apply as the sector is de-regulated.

This research suggests that the housing association sector in England needs to work with its service users to review how it is accountable in the light of sectoral changes to ensure its ongoing reputation and to ensure its relationship with the people it serves.

The advantages of mutuality in housing associations is that it can:

- **develop a strong sense and culture of trust, confidence, partnership and respect between tenants, service users, staff and Board members**
- **result in substantial positive business and performance benefits, whilst at the same time delivering social value outcomes for individuals and communities**
- **provide the accountability checks and balances that ensure that mutual associations are demonstrably there for their tenants, service users and communities**
- **ensure that the social and community values that led to the development of most housing associations remain permanently enshrined in a changing world.**





Mutuality and accountability in the housing association sector

Report of the Mutual Governance: Mutual Outcomes project

The Mutual Governance: Mutual Outcomes project was set up to explore the value of mutuality in mutual housing associations.

Mutual housing associations are defined as associations that:

- offer legal membership to their tenants, service users and possibly to their employees
- see their mutuality as a key defining part of their identity
- take active steps to promote membership and involve those who become members in their governance and decision-making.

Section One of the report – **standards of accountability** - explores the importance of accountability in housing associations, and how accountability in the sector is perceived. It draws from a series of interviews with commentators from the housing association sector, the co-operative movement and others. The full list of those interviewed is shown in Appendix 1. The section concludes with a set of desired accountability features for the sector.

Section Two of the report asks **can mutuality deliver** - discussing mutual delivery of outcomes through examination of the seven case-study housing associations (listed below) - members of the Confederation of Co-operative Housing - who established the **Mutual Governance: Mutual Outcomes** project. All are registered with their respective social housing regulator to provide affordable homes, and were originally set up following transfer of local authority homes.





The partners to the **Mutual Governance: Mutual Outcomes** project were:

Association	Location	Rented homes	Leasehold and shared ownership	Date set up
Community Gateway Association (CGA)	Preston	6,159	199	2005
Greenfields Community Housing (GCH)	Braintree	7,853	550	2007
Merthyr Valley Homes (MVH)	Merthyr Tydfil	4,182	288	2009 ¹
The Pioneer Group	Birmingham	2,460	130	1997
Rochdale Boroughwide Housing (RBH)	Rochdale	13,074	584	2013
Soha Housing	Oxfordshire	5,739	879	1997 ²
WATMOS Community Homes	Walsall & Lambeth	2,661	374	2003 ³

¹ Merthyr Valley Homes became a mutual housing association in 2016

² Soha Housing's made a decision to consult with its tenants and other stakeholders on a process of mutualisation, with a view to potential mutualisation by the end of 2017.

³ WATMOS received transfer of Lambeth properties in 2012

Section Three of the report asks **how does mutuality in housing work** in the seven case-study housing associations and more broadly what becoming a mutual housing association means.

The project is supported by the University of Birmingham's Housing and Communities Research Group.





Section One - standards of accountability

High standards of accountability – particularly to service users – are held to be of importance in UK society. Housing association sectoral bodies state that high standards of accountability to service users are a vital part of good governance. Some question whether the housing association sector is achieving these high standards of accountability.

For people to retain faith in capitalism and free markets, big business must earn and keep the trust and confidence of their customers, employees and the wider public. For many ordinary working people – it's not always clear that business is playing by the same rules as they are. And when individual businesses lose the confidence of the public, faith in the business community as a whole diminishes. In recent years, the behaviour of a limited few has damaged the reputation of the many. Good corporate governance is about having the right checks and balances within big business to strengthen decision making and accountability⁴.

Whilst these comments were not directed at the housing association sector, parallel questions can be asked:

- Does the housing association sector earn and keep the trust and confidence of their customers, employees and the wider public?
- Do ordinary people perceive that housing associations are playing by the same rules as they are?
- Are the right checks and balances in place to strengthen decision-making and accountability?

Accountability, particularly to service users, is highlighted in all governance frameworks. The Green Paper places emphasis on “strengthening the employee, customer and wider stakeholder voice” in companies, it being the subject of a full chapter. It goes on to suggest four options for strengthening the stakeholder voice in companies:

⁴ Introduction to the Department for Business, Energy & Industrial Strategy's Corporate Governance Reform Green Paper – November 2016

- 
- a) to create stakeholder advisory panels
 - b) to designate non-executive Board members to ensure that voices of key interest groups are heard in the Boardroom
 - c) to appoint individual stakeholder representatives to Boards
 - d) to strengthen reporting requirements to stakeholders.

The Charity Governance Code⁵, currently being consulted on for its third edition, states in its section on openness and accountability that:

The public's trust that a charity is delivering public benefit is fundamental to its success and the wider charity community. Making accountability real, through genuine and open two-way communication that celebrates successes and demonstrates willingness to learn from mistakes helps to build this trust and confidence and earn legitimacy.

Ben Reid, the Chief Executive of Mid Counties Co-operative, a mutual organisation operating in the hugely competitive retail sector, made the point that it is a “fundamental expectation that we are accountable to the community and that our values are derived from the people we serve. We need to communicate, have dialogue with and understand the communities we serve. Otherwise, we would drift off into what I and the Board of Directors think”.

Standards of accountability expected in the housing association sector are defined:

- in Codes of Governance produced by the National Housing Federation (NHF)⁶ in England and Community Housing Cymru (CHC) in Wales
- through regulatory standards produced by the Homes and Communities Agency (HCA) for housing association and housing co-operative Registered Providers in England and by the Welsh Government (WG) for Registered Social Landlords in Wales.

In England, the HCA's Governance Standard⁷ requires that Registered Providers “are accountable to tenants, the regulator and relevant stakeholders”. However, the HCA's Governance Code of Practice does not

⁵ Charity Governance Code – consultation document

⁶ In partnership with the National Housing Federation, the CCH has produced an amended version of the National Housing Federation's Code of Governance for Co-operative and Mutual housing organisations

⁷ Homes and Communities Agency – Governance and Financial Viability Standard - 2015



subsequently refer to accountability with more emphasis placed on maintaining “confidence of lenders to invest in the sector” and encouraging supply of social housing⁸. The emphasis on regulation of governance in Wales is different. The Welsh Government states that regulation of housing associations “helps ensure that tenants, potential tenants, and people who use services, get a fair deal. It protects them from poor or failing landlords and provides ways in which they can influence the way that associations work.” The first statement in the Welsh Government’s delivery outcomes for governance and financial management is “We place the people who want to use our services at the heart of our work - putting the citizen first”.⁹

The NHF considers that housing associations that do not genuinely engage with their service users do not have “successful governance”. Excellence in Governance¹⁰, the NHF Code of Governance for housing associations lists accountability as a principle of good governance – that “there is proper accountability to, and involvement of, all the organisation’s stakeholders, primarily its residents”. The NHF’s Code of Service Delivery and Accountability¹¹ sets high standards for “real and effective engagement with local people” and set out “how residents can be integral to the governance and decision-making” of housing associations, and “how residents can make decisions about the services they receive and their homes and neighbourhoods”. The code states that “as organisations with a social purpose, associations have a mission to be more than merely landlords. Associations need to recognise that their accountability to residents is central to the success of their business”. It goes on to state that “associations should positively welcome resident involvement in their work”.

The NHF developed this theme further in a 2016 NHF Briefing Paper¹² which discussed the need for sector focus on accountability in the light of deregulatory measures to reclassify associations in the private sector. With regards governance accountability, it states that “transparency around decision making, genuine engagement, and the provision of clear information to customers is vital for successful governance”.

How much do housing associations enable accountability to service users?

Some commentators from the housing association sector were confident that standard association accountability structures are fit for purpose. However, even within the sector, there were some

⁸ A guide to Regulation of Registered Providers – Homes and Communities Agency 2015

⁹ The Regulatory Framework for Housing Associations Registered in Wales – Welsh Government with Community Housing Cymru - 2011

¹⁰ Excellence in Governance – National Housing Federation - 2010

¹¹ Code of Service Delivery and Accountability – National Housing Federation - 2009

¹² Transparency and Accountability in the Housing Association Sector 2016 – the National Housing Federation



doubts about whether and how the sector's social values will be maintained in a changing more risk-based environment. Very negative perceptions were recorded from many commentators outside the sector, particularly about larger housing associations. Strong concerns were raised by tenant commentators who saw the dissolution of tenant involvement structures as indicative of loss of accountability. In some cases, housing associations are seen alongside the Westminster elite, the banks, the utility companies and others who have contributed to a loss of control in people's lives.

There was consensus amongst mainstream housing association sector commentators about sectoral accountability to build homes. Paul Bayly & James Prestwich from the National Housing Federation referred to a "unified sense of purpose to make sure that everyone has a home they can afford and that support needs are met". Paul Hackett from AmicusHorizon referred to "the fantastic opportunity that associations provide – to residents, the general public, the taxpayer. Housing associations are an exemplar of how high quality public services can be provided with limited Government subsidy". There was also consensus that housing associations need to be driven by social value, and that their charitable and tax status would be called into question if they weren't.

There was a greater emphasis in the Welsh housing association sector about building communities and on community well-being. Hayley McNamara from Community Housing Cymru said "most housing associations see community regeneration, supporting tenants and an emphasis on social impact as part of their core function. Most associations are community based and stick to the area they operate in". Carol Kay from the Welsh Government commented that associations have a "responsibility to the communities they operate in".

There was strong confidence amongst housing association governance experts that housing association Boards, alongside the Government regulator and other informal pressures (from tenants and politicians) provides sufficient levels of accountability. However, housing association commentators saw tenant involvement as a method of enhancing business deliverability rather than as a method of accountability - one commentator suggesting that "formal accountability is illusory – associations involve tenants because there is a business case for doing it – not because its random nice stuff to do".





The housing association sector suffers from poor perception. In 2016, the NHF asked¹³ 300 housing association chief executives, staff and Board members “how do we transform perceptions of housing associations?”. The article does not refer to association service users as potentially having a perception of their associations, still less that housing associations might consider how their service users could play a part in presenting a positive image of associations.

Amongst some of the housing association commentators we interviewed, there were some – what were referred to by one housing association Chief Executive as “niggling doubts” that the traditional model is sufficiently robust. Some referred to the “Cathy Come Home” housing association generation – motivated individuals whose purpose and vision is to ensure sufficient affordable housing who have risen to the top of many associations, but who are now approaching retirement – leading to concerns that those replacing them may have less clear, much more diffuse and possibly less values based motivation.

One housing association Chief Executive referred to a large association with 140,000 homes building 5,000 homes a year and operating in a wide range of areas – “it’s a big train set to play with. But when its handed on, will it be clear where the train is going? A suite of skills will be needed that may have to come from the private sector. Will the new Chief Executive bring in the same deep understanding of what we are really here for?”. Another Chief Executive suggested that some associations are operating like PLCs, with a “kind of muscularity - people bragging about surpluses and actively seeking to take over smaller organisations”. Another commentator suggested that some associations, selling homes at a 50% profit margin, do not consider themselves to be housing associations. Concerns were expressed about whether the “thrill of the commercial” might result in associations losing their social values and withdrawing less commercial facilities that have social value – “people can get intoxicated – are decisions being taken purely to promote growth?”.

Journalist Anthony Hilton expresses concern¹⁴ that the attitude of some housing associations is “unnervingly similar to that of building societies 25 years ago, when they were allowed to demutualise to compete with banks. They thought it would be easy, and too late found it wasn’t. As a result, they either collapsed or had to be rescued. It used to be a vibrant sector - now only the Nationwide remains”. He goes on to say that housing association sector roots “are in providing homes for rent. Now the Government says that between a third and a half of housing association

¹³ How we are perceived now – National Housing Federation 2016

¹⁴ Journalist Anthony Hilton writing in the Evening Standard – October 2016



output should be homes for sale. The problem is that most associations are not commercial developers. From being low-risk with management to match, they are to become housing developers with management recruited from who knows where”.

Concerns about the housing association sector became much more pronounced outside the “mainstream” housing association sector. Strong concerns were expressed about a housing association sector that is perceived to have lost its way, especially in relation to larger associations.

Ed Mayo from Co-operatives UK and chair of the 2008 Tenant Involvement Commission, commented:

Housing associations had their roots in voluntarism but they have had a crisis of identity between motivation by scale and new build development and motivation as multi-purpose agencies for community development. The shift away from subsidy and towards marketisation has left some losing the right balance, leading to the marginalisation of the needs of service users. This is a collective failure, but a failure in particular with the large housing associations who have embraced professionalism but left behind values and accountability. Housing associations left the voluntary sector but never quite arrived in the ethical business sector.

Ed Mayo – Co-operatives UK

Several commentators referred to perceptions of housing associations as developing for profit and “making huge amounts of money”. One commentator said that they had not lived up to the aim that they would be better than councils at providing housing, suggesting also that they are only marginally better than the private rented sector, particularly in London. One commentator referred to “housing apartheid” where the social renting side of a street receives a much poorer service than the other private rental and shared ownership side. One commentator expressed concern that “large housing associations have lost their moral compass”.

The tenants we interviewed, chosen largely because of either their current or former involvement with their housing associations, expressed considerable concerns about the direction of travel of housing associations. They considered that tenants should be “centrally involved in governance” of their housing associations and expressed concerns about Tenant Board Members being “weeded out in the drive towards commerciality”. Some expressed concerns that Board Members replacing them have no local connections or knowledge of local needs.



They complained that associations are making huge cuts to services and not talking to their tenants about them. They complained particularly that previous budgets to involve tenants had been cut. Some referred to no means for tenants to communicate with their housing association landlord other than by sending them an email. One referred to having to “push push push to get things done”. One referred to the loss of the “feelgood factor” that had been particularly important to vulnerable tenants – the “care package – the extra arm around you – we don’t know you personally, but we care about you”.

What accountability standards are wanted?

Tenant and other commentators wanted to see decision-making in housing associations that:

- is subject to a set of checks and balances, safeguards and particularly a means of challenging housing associations in a deregulated sector
- is developed from a much broader base than just the Chair and key senior staff
- enables “constructive tension” and dynamism
- gives tenants a clear and defined role in big decisions
- is devolved down to local levels where possible – “rooted at and intertwined within the local community”
- enables values to be maintained in economically difficult times
- brings together tenant and employee stakeholders on an equal footing and with no barriers to making associations effective
- casts social values into stone into a housing association’s culture – “the social purpose needs to be written into the DNA”
- enables people who “just don’t have hope” to be “transformed” from “feeling utterly disempowered” to “blossoming as a result of opportunities to be involved”.

Section Three – can mutuality deliver?

Mutuality can deliver checks and balances, hardwired involvement of a broad cross section of stakeholders that particularly involves tenants, local decision-making and protection of values. Intangible outcomes of mutuality – trust, respect and understanding, help the Mutuels to deliver improvements in basic housing services and knock on social and community benefits, as well as creating the basis for the Mutuels to build new homes.



The CCH, as the representative body for co-operative and mutual housing, developed the Community Gateway model in the early 2000s as a means of offering local authority tenants considering large scale voluntary transfer to the housing association sector an option that would be owned and led by its tenants. This model has subsequently been augmented by the model developed by Rochdale Boroughwide Housing, drawing on developments in the wider mutual sector, which offers membership both to tenant and employee constituencies.



Working with representatives from mutual housing associations at a 2012 conference, the CCH defined a key role of memberships in mutual housing associations to act as guardians and stewards of the association, ensuring that the association remains true to its vision and values and that there is a wide stakeholder group that debates any fundamental changes to its vision and values. Discussion groups at the conference were asked to define what they considered mutuality in housing associations meant. Key features from the resultant five definitions included:

- democratically empowering and driven by members
- meaningful belonging
- voice, ownership and influence by right
- protecting future purpose
- having a local focus – developing stronger self-sustaining communities

A 2016 Mutuality Seminar, attended by tenants and employees from six of the mutual housing association case studies¹⁵, identified accountability and values as being core to mutuality. It also discussed that the common ownership inherent to mutuality enables wide stakeholding, shared common goals and responsibility, co-production, partnerships and mutual relationships. Attendees saw the democratic decision-making and equality in a mutual as fundamental to enabling involvement, empowerment and people having a voice.



¹⁵ Soha Housing were not part of the Mutual Governance: Mutual Outcomes project in 2016

Attendees at the Mutuality Seminar identified guardianship of the association's values and rules as being important outcome of mutuality. It was considered that mutuality "hardwires" the involvement of members into the organisation and ensures that the interests of tenants and other members remain at the heart of the business. Attendees considered that mutuality leads to better services and satisfaction, more openness and transparency, improved trust and accountability and a better reputation for and pride in the association. It was also felt that mutuality protects the geographical anchor role that the associations had been set up with. The full set of outcomes identified by the Mutuality Seminar are set out in Appendix Two.



Stakeholders to the project identified the following activities that they considered were specific outcomes of their mutuality:

- **cost savings** - some Mutuels referred to member involvement in decision-making leading to cost savings, equivalent to the considerable financial benefits identified by the National Tenant Organisations and the University of Birmingham from tenant involvement¹⁶. CGA referred to decisions about taking their repairs and grounds maintenances services in house that members had been heavily involved in that had led to considerable savings. RBH also referred to a decision to take their grounds maintenance service in house following greater transparency on service

¹⁶ An Investment not a Cost – the National Tenant Organisations and the University of Birmingham - 2014

charges following their mutualisation. Several referred to member involvement in procurement exercises – leading to better Value for Money services.

- **increased satisfaction** – the longstanding Mutuals have maintained high rates of satisfaction over several years. GCH has an overall satisfaction rate of 94% overall satisfaction with 85% satisfied that GCH listens to and acts on their views. Satisfaction at CGA has increased from 76% in 2006 to 92% in 2016, this being attributed to reviewing all policy areas, working with member groups and using feedback from the membership. 76% consider that CGA listens to acts on views. WATMOS has an overall satisfaction rating of 88%, but this is made up of 93% satisfaction rating in its Walsall homes – a rating that has been consistent since 2009 and 78% in its Lambeth homes – which transferred to WATMOS on 2012, when satisfaction rates were 54%. 79% are satisfied that WATMOS listens to their views and acts on them, with 83% satisfied in Walsall. One of WATMOS's TMOs in Walsall recorded a 100% satisfaction rate on a response rate of over 60%.



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- **buy in to difficult decisions and change** - all the English mutual associations¹⁷ referred to significant member engagement regarding the rent reductions required by the UK Government. Cost savings had to be made, and involving members resulted in decisions being taken that would do the least harm and member support for decisions taken. For example, GCH referred to tenant members supporting the business case behind proposals to close two local offices because they recognised falling numbers using the offices. This resulted in the tenant membership input focusing on how to ensure a smooth transition for tenants rather than objections to the loss of the offices. MVH referred to dialogue between their Board and Democratic Body regarding rent setting, particularly in relation to under 35s who will be affected by the Local Housing Allowance cap. GCH, CGA and The Pioneer Group, as long standing organisations, have all made structural changes to their governance in recent years, largely in relation to altering democratic membership elections of tenant board members. These changes were made because they were no longer working and there were not sufficient numbers of tenants who wished to stand in elections resulting in a lack of skills at the Board level. Because these changes were all worked on in partnership with membership representatives, there was support for them in the membership and better systems and structures were developed. Similarly, WATMOS's membership and officers have worked together over the last year to develop structural changes which have benefitted from the perspectives of a wide group of stakeholders across the organisation including the tenant membership.
 - **neighbourhood sustainability** – WATMOS and The Pioneer Group, associations who had originated from regeneration programmes, referred to their mutual structures enabling sustainability in their neighbourhoods. WATMOS discussed how their TMO communities had made their Walsall tower blocks viable and desirable ensuring that regeneration money had not needed to be spent again (whilst other regeneration programmes in Walsall had had to be repeated and had ultimately resulted in estates having to be demolished and the communities lost). The Pioneer Group referred to how they are a community hub, using their position to sustain popular and important community facilities and activities that otherwise would be lost - a swimming pool, a football stadium, a library, CCTV, education championing, health initiatives, youth engagement, family support and many other initiatives. Other Mutuels also similarly referred to various community activities and participatory budgeting.
 - **employee recruitment, induction and motivation** – most referred to member involvement in employee recruitment, including at senior level,

¹⁷ UK Government required rent reductions do not apply in Wales.

and in employee induction processes – and both having a significant effect on creating appropriate culture amongst recruited employees. All of the Mutuels referred to partnership working between tenants and employees as having a positive effect. Several spoke about tenants and employees being indistinguishable from each other in meetings, events and around the office. MV Homes described themselves as a “big happy family – everyone respects each other. Employees see the commitment that tenants put in and go the extra mile to make things happen”. CGA referred to their place in the top ten of the Times 100 best employers to work for last three times they entered and maximum score in Investors in People (gold award) for the last 5 years. Many of their employees had commented on their respect and admiration for the tenants who take on leadership roles within CGA.



- **increasing tenant well-being, skills and confidence** – several Mutuels referred to “fantastic transformations” of individuals who had developed their skills and confidence in the nurturing environment that the Mutuels provide. Comparatively large numbers of tenants are actively involved in the Mutuels (229 in CGA; 220 in GCH; 153 in MVH; 147 in WATMOS), and most of those involved have governance level skills and experience – sometimes over many years. A result of this is that those who get involved grow and develop as people. During this research, WATMOS had an independent study carried out by HACT into the social value of their activities¹⁸. HACT concluded that those WATMOS tenants “who have a feeling of ownership over their community/estate have significantly higher associated levels of subjective wellbeing” and “a significant and positive association between being a WATMOS tenant and life satisfaction, happiness and sense of worthwhile. WATMOS tenancy is associated with higher levels of life satisfaction compared to social renters in the UK general population”.



- **employability and digital development programmes** – memberships, such as through RBH’s Representative Body, had particularly identified programmes to increase tenant employment as priorities. Some Mutuels offer volunteer opportunities and apprenticeships. MVH referred to their work to set up Digital Merthyr – a project to help tenants use the internet

¹⁸ HACT and Symetrica – Well Being Evaluation – WATMOS Community Homes - 2017



and get linked up and their membership request to set up a Facebook Group that has enabled dialogue in ways that otherwise would not have been possible. Most of the Mutuels also offer facilities for their members to learn and use digital technology, providing training, using social media and carrying out some communications with members through the internet.

- **stronger Boards** - some of the Mutuels referred to member involvement in the recruitment of Boards. RBH, MVH and GCH all involve representatives from their member bodies in the recruitment of Board members, leading to the recruitment of people with the “right values and behaviours” and the recruitment of Board members who otherwise would not have been attracted to housing association Board membership. RBH said “it made a significant difference. Those who were interviewed knew when they walked into the interview room that we were a different type of association and their decision to join us was influenced by the values attached to us as a mutual”.
- **strategy and policy development** - all the Mutuels involve their membership bodies in strategic development. In most cases, strategies and policies are extensively discussed with membership bodies prior to them being presented to Boards. MVH's and RBH's corporate strategies are developed through their membership bodies, and their general approach to strategy development is that their membership body considers values and community benefit and their Boards whether proposals work on a business basis (illustrated by the process used at RBH when deciding on whether to take on a contract to deliver the local authority's homelessness service). WATMOS has formal arrangements to consult with their TMOs and their Area Boards before strategies and policies come to the Board. The results of this engagement are that strategies and policies are considered by a wide body of people in each organisation before they are agreed and mutual housing values are thoroughly reflected in all aspects of the business. This can result in exceptional performance. For example, CGA has reduced its rent arrears debt by over £1m during its eleven years, a policy area that the membership have been particularly involved in shaping, and GCH has reduced its arrears to a historic low of 1.05%.
- **development of new homes** – all of the mutual housing associations have ambitions to develop, and some have made significant steps towards achieving those ambitions. Greenfields, RBH and CGA have existing significant development programmes. Greenfields, where their membership has been particularly supportive of their development programme, aim to develop 850 homes by 2020, including 50 social rent



homes, 50 open market sales homes and 750 affordable rented or shared ownership homes (with around 75% of those through Section 106 schemes). To date, RBH have developed 11 newbuild schemes, completing a total of 213 homes including a 43-unit extra care scheme. They have a further 10 schemes either on site or planned, or awaiting approvals. CGA is planning to develop 500 new build homes by 2020 - mostly affordable rent with some shared ownership, but local conditions mean that market based options are challenging. CGA particularly referred to their community-led Overton Road development.



The Pioneer Group have developed homes but have been restricted by local markets, resulting in them exploring options further afield. WATMOS is pursuing development opportunities for affordable home ownership and rent across high value areas in London. MVH is still at the stage of completing its initial regeneration work and its local environment places significant restrictions on what it can develop. However, they successfully developed Taf Fechan Housing Co-op in a former derelict block in an area previously renowned for anti-social behaviour transforming a “derelict waste land into a real community where people positively want to live”.

Defining the outcomes of mutuality is not straightforward because key outcomes such as trust and partnership are intangible, but they are



fundamental to enabling the associations to produce more tangible outcomes. The positive outcomes delivered by a mutual can all be considered to be outcomes of mutuality by virtue of them being delivered by a mutual housing association, but it is nonetheless impossible to say how much the same outcomes might have been delivered had the association not been mutual.

The Mutuality Seminar agreed that there would be benefit in there being a common method by which the mutual housing associations assess their mutuality. A framework for doing this has been drafted as part of this project and shared with the mutual housing associations that are CCH members and further work will be done to develop this framework.

In conclusion, the Mutuals are delivering tangible outcomes that measure up to the best of the housing association sector, but as well as that, their accountability structures deliver a culture that enshrines social and community value and partnership.





Section Four – how does mutuality in housing work?

There are various current approaches to mutuality in housing and there could be other ways to implement mutuality. This section discusses how mutuality works in existing mutual housing associations and more general issues regarding mutuality in housing. It also explores mutual governance and the role of member Board members.

Mutual housing associations are defined as associations that:

- offer legal membership to their tenants, service users and possibly to their employees¹⁹
- see their mutuality as a key defining part of their identity
- take active steps to promote membership and involve those who become members in their governance and decision-making.

Legally societies or companies are required to have a membership structure in their rules to whom the governing body and executive have some form of accountability. This means that most, if not all, housing associations have some form of membership structure.

However, those who are entitled to be members of the association is usually limited to current Board members; in some cases to current and former Board members; and occasionally to a wider membership group. The membership in most housing associations is a constitutional appendage that plays a very limited role as a formal but not particularly significant electorate at the association's General Meetings. Most housing associations would not refer publicly to their limited constitutional membership.

The case study housing associations reflect a variety of approaches towards their mutuality and governance as follows:

- **Community Gateway Association** and **Greenfields Community Housing** used the community gateway model. Under this model, full membership is available to all tenants and leaseholders (referred to as Gold Membership in GCH). Other forms of associate membership are offered to other residents.

CGA has an 11 member Board – which includes spaces for up to 5 tenant members. GCH has an 8 member Board including up to 3 tenant Board

¹⁹ For avoidance of doubt, this does not necessarily mean that the association would have to offer membership to tenant or other potential members with whom – for example – it was in legal dispute with or that it could not take membership away from an existing member with whom it was in legal dispute. A mutual housing association would have a membership policy setting out how such issues would be managed.



members. Both organisations operate a membership group (Gateway Central in CGA and the Community Gateway Group in GCH). These groups enable a range of methods to enable tenant and leaseholder members to be involved in governance, strategy and policy development.

- **Rochdale Boroughwide Housing** and **Merthyr Valley Homes** use a model initiated by RBH, where membership is open to tenants and employees. These memberships elect a Representative Body (in RBH) and a Democratic Body (in MVH), made up of tenants, employees, council nominees and others – with tenants forming the largest group in each body. These elected bodies develop the association's Corporate Strategy and select (and potentially remove) the non-executive members of an 8 member Board that includes independent members only (and two executive members in RBH).
- **WATMOS Community Homes** was formed by 8 Tenant Management Organisations (TMOs) in Walsall, subsequently joined by 3 further TMOs in Lambeth. The TMOs have a membership that is open to their tenants and leaseholders, and the 11 TMOs form WATMOS's membership alongside 4 independent Board members. The TMOs choose 9 tenant Board members between them to the 13 member Board.
- **The Pioneer Group** is not a membership organisation. It has been included because it operates in a mutual fashion and to compare its operations with the other Mutuals. It has a 9 member Board made up of independents with a specification that 3 have to have a community connection. Formed from Castle Vale Community Housing Association which had a tenant majority Board, The Pioneer Group has a commitment to a CVCH committee that oversees local service delivery on the Castle Vale estate and similar groups in relation to other activities.
- **Soha Housing** is also not currently a membership organisation, but it's Board has agreed to consult on the possibility of mutualisation with a view to having a model in place by the end of 2017. Since its transfer in 1997, Soha has developed a reputation as an exemplar of how to involve its tenants and other service users in decision-making. Its involvement of its service users has significantly contributed to its high performance as an association - in its major role in building new homes across Oxfordshire and in ensuring high quality housing services and good value for money. Soha has large numbers of its tenants and other service users involved in its activities, contributing significantly at governance level (and indeed contributing to the current discussions taking place about Soha will mutualise), and the association enjoys the outcomes described in the

previous section from the mutual way that tenants and employees work together already.



Soha's reasons for exploring mutualisation are to protect and further develop its tenant and employee partnership values. Soha said "this feels like the right next step for us. Because on a day to day basis, we live and breathe partnership working between our residents and staff and we see how much that delivers for us as a social business, there might have been a danger that we could take all that for granted. Our residents are already a valued part of our decision-making – making sure that we hold true to the social and community values that have inspired us since we set up. We are exploring mutualisation as a means of enshrining that and enabling us to fly our partnership colours so that our residents and the people we work with will know that we will always be a social business driven by our tenant and other members".

Practicalities about what mutuality means

On a basic level, mutualising means that all tenants, possibly other service users and possibly other groups, would be offered legal membership of the association. This would mean that tenants could attend and vote democratically as members at the association's General Meetings – meetings at which the Board and the executive team are accountable to



members for how the association is run, the Annual General Meeting being the main one where the annual report and accounts are presented to members. Members also have a collective power to call Special General Meetings where they could raise particular issues of concern, although to call such a meeting would require either the Board and/or a number of members to agree to call it.

However, being a mutual housing association needs to mean much more than just the formal roles at General Meetings. It needs to be about:

- a) establishing a framework, if one does not already exist, where tenants and other service users and employees can work in partnership to make decisions about how the housing association operates. This means developing a wide-ranging member empowerment strategy, offering a variety of opportunities for tenants, service users and other members to get involved in shaping policy and strategy within the association.

This is good practice and a regulatory expectation for any housing association, but it has to be a core part of a mutual housing association. It is the right thing to do, fundamental to a housing association maintaining its accountability, but it is also a business imperative. The business case for involving tenants was made by the National Tenant Organisations and the University of Birmingham²⁰ in their DCLG supported “An Investment not a Cost” research report which showed that stakeholder involvement “can produce financial, service, social and community benefits”. Mutuality does not require any more resources or involve lengthier decision-making than other good practice stakeholder involvement.

Boards of mutual housing associations continue to remain their governing bodies and legally responsible for decisions made by the association. Mutuality is about having the membership being a “stakeholder” and engaging with it as appropriate on policy and strategy decisions and when making major decisions. Mutuality means that the Board should do what it can, where possible, to take its decisions based on membership views and ensure a culture and a

²⁰ An Investment not a Cost – National Tenant Organisations – 2013 - Conclusions from the research included:

- a) 20 landlords identified cost savings of £6.64 million – about £29 per home. Such savings made across all social housing would save about £118 million. The figures suggest that tenant involvement can contribute to delivering significant costs savings.
- b) Involvement often produces service improvements. Involvement in scrutiny reviews, in inspections, in communications and in tackling anti-social behaviour, were all cited as areas where tenants make a difference. Some said that tenants can produce higher quality than consultants.
- c) Tenant involvement can produce a social dividend. It can enable community and mutual support networks, tackle isolation and be a good way to involve diverse communities and young people. Amongst those involved, it can build self-esteem, confidence, and employability.
- d) Tenant involvement can help to increase tenant satisfaction.



framework in the association that encourages and supports the membership to actively participate wherever appropriate.

- b) “hardwiring” fundamental values of tenant involvement and empowerment into the association. Mutualising involves enshrining some parts of the tenant and member involvement strategy into the rules or memorandum & articles of the association. Beyond the basics of enabling tenant and other membership, what gets “hardwired” into rules can be more or less extensive. For example, Community Gateway rules require that an annual report on the community empowerment strategy be presented to the members at the AGM, whilst RBH/MVH rules designate responsibility for decision-making about non-executive Board Member recruitment, choosing the auditor, Board Member remuneration and the Corporate Strategy to the member representative body. As well as this, a mutual housing association would ensure that its governance, policy and strategy documentation includes reference to how the membership can be involved in decision-making.
- c) enabling a culture of partnership between tenants, service users and employees throughout the association, where tenants, service users and other potential members are enabled to own, and feel like they own, the association as its members and identify with it.
- d) sending a clear publicity message to tenants, service users, employees and to the outside world that the association is a Mutual – a different type of association that values the roles its tenant and other members play and stands for membership related values.

During this research, a commentator referred to a mutual housing association where mutuality was solely seen by the Board and executive of the association as being about the membership role at a General Meeting, meaning that the association had not taken other steps to make membership meaningful. This had led to frustration for the association's members and to perceptions in the Board and executive that membership was a fetter.

It is of course possible for mutual housing associations to be successful or not at delivering mutuality. However, the mutuality described in this report is the basis for the global co-operative movement which has several billion members, includes thousands of co-operatives, many of them large scale, has a massive global turnover and is supported by the United Nations as a successful model of ethical business.





Mutuals and Tenant Board Members

The Mutual Governance Mutual Outcomes project particularly wished to explore how mutual housing associations approach governance in the housing association sector, partially given reference by consultancy firm Altair to changing Board structures in local authority stock transfer housing associations²¹.

MVH and RBH have entirely skills assessed Boards that do not include any of their members. Their approach to accountability to their memberships is through their member representative bodies who have constitutional powers to select and, if necessary, remove non-executive Board members. A description given was that the member representative body assess issues from the perspective of whether something fits in with the association's values, whilst the Board assesses whether it fits in from a commercial, legal and regulatory point of view (although this may be an over-simplistic view).

The Pioneer Group has recently changed its Board structures such that tenant involvement is now largely through an operational group for the Castle Vale estate and with The Pioneer Group's Board retaining a commitment to include 3 people with a community connection.

GCH and CGA have also recently changed their Board structures, moving away from constituency approaches, to smaller Boards with, in GCH, an intention to use best endeavours to recruit up to 3 Tenant Board Members, and in CGA an intention to recruit up to 5 Tenant Board Members.

Rather than making their Board changes out of any desire to remove particular constituencies, The Pioneer Group, GCH and CGA have made their changes because as they have become more mature organisations, they have found it increasingly harder to recruit Tenant Board Members in the ways they had previously done (generally through some form of electoral process). They nonetheless retain a commitment to recruit tenant or community board members where appropriate to do so, and a direct recruitment process will better assist in ensuring new Tenant Board Members have the appropriate skills to carry out the role.

WATMOS retain 9 places on their 13-member Board specifically for Tenant Board Members – nominated through their 11 TMOs. WATMOS is a different organisation from the other Mutuals in that it was set up to enable the TMOs, set up under their previous local authorities, to continue to provide local services.

²¹ LSVT Governance that is fit for the Future – Altair - 2016



Soha has included tenant and other service users as Board members since its inception and particularly values the partnership between its tenant and independent Board Members. However, it has never formally specified that there should be Tenant Board Members. As Soha considers its mutualisation, it is now proposing to include a requirement that a third of its Board members be tenant or service user members and one is an employee member – all of whom will have to satisfy selection criteria.

There should be no reason why Mutuals should not include service users as Board Members if it will help them deliver their objectives. The HCA said that “it’s a matter for each Board to make sure that they appoint people with the skills and experience that enable them to deliver their objects”. The CIH commented that “tenants can be an invaluable part of governance whether that is through Boards or through other means. Tenants are an extraordinary pool of skill and talent that can be tapped into if there is a proactive and nurturing framework to do so”.

The Mutuals with Tenant Board Members spoke about them particularly playing key roles in protecting core principles and values “telling it like it is - challenging us if we are drifting” whilst providing balance. Their local knowledge and passion and commitment complements the skills brought by Independent Board Members less likely to be local to the association or permanently “engrained” or involved in its culture. It was also suggested that the mixed tenant and independent Board member teams results in appropriate balances between focus on development, services, health and well-being and Value for Money. Some commented that Tenant Board Members are particularly focused on Value for Money.

It was considered that Board operations and development are not significantly different from Boards without Tenant Board Members, although GCH suggested it was a positive that officers are required to present, for example, complex treasury issues in a simple fashion to ensure that all Board members fully understand the issues. Mutual Boards operate standard individual and group skills assessment processes and address skills shortages appropriately. Independent Board Members bring the skills that they were recruited for, but Tenant Board Members bring detailed knowledge of how systems operate in practice, with many of them having participated in considerable discussion prior to Board meetings with staff and other tenants. Tenant Board Members, particularly those that have been in the role for longer and especially the Tenant Board Member chairs of CGA and WATMOS, have a good understanding of all aspects of Board operations, participate fully in discussions about commercial activity and risk, and are able to articulate the key risks facing the association.



Ben Reid, the Chief Executive of MidCounties Co-operative and a former Independent Board Member at WATMOS, particularly supported the role that tenants had played on the WATMOS Board – “it was amazing to see what ordinary people could achieve if given resources and power. I went in as a business person, but they made me realise what seeing things work on the ground was like. They proved that it worked”.

Tenants on Boards in Mutuals can play an important role and there is nothing to suggest that their presence on the Boards is anything but pivotal to their associations.



Appendix One – commentators interviewed

Discussions took place with the following groups:

- representatives of the regulators in England and Wales, the Homes and Communities Agency and the Welsh Government
- representative of the “mainstream” affordable housing sector (including the sector representative bodies, the National Housing Federation and Community Housing Cymru, the Chartered Institute of Housing, both in the UK and CIH Cymru, various housing association Chief Executives, and established governance advisors to the housing association sector
- representatives of the tenant movement in England – including Tenants and Residents Organisations of England and a discussion group arranged by the Tenant Participatory Advisory Services
- co-operative sector representation from England and Wales, including representation from Co-operatives UK, Wales Co-operative Centre and the Mid Counties Co-operative Society
- a discussion group arranged by the Co-operative Party that included Labour/Co-operative Party representation in the House of Lords and a local councillor.

The following commentators were interviewed:

Date	Commentator	Organisation
3/8/16	Terrie Alafat	Chartered Institute of Housing
	Debbie Larner	Chartered Institute of Housing
17/8/16	Ed Mayo	Co-operatives UK
17/8/16	Mervyn Wilson	Formerly Co-operative College
1/9/16	Ben Reid OBE	MidCounties Co-operative
14/9/16	Paul Hackett	AmicusHorizon & g15
14/9/16	John O Mahoney	Homes & Communities Agency
14/9/16	Jeff Zitron	Altair
20/9/16	Tamsin Stirling	Wales Co-operative Centre
	Duncan Forbes	Bron Afon Community Housing
	Derek Walker	Wales Co-operative Centre
	David Palmer	Wales Co-operative Centre
	Keith Edwards	Formerly CIH Cymru
21/9/16	Paul Bayly/James Prestwich	National Housing Federation
22/9/16	James Tickell	Campbell Tickell



Date	Commentator	Organisation
4/10/16	Claire McCarthy	Co-operative Party
	Cllr David Rodgers	LB Ealing
	Lord Kennedy of Southwark	
	James Scott	Co-operative Party
	Jake Sumner	Generation Rent
10/10/16	Hayley McNamara	Community Housing Cymru
19/10/16	Michael Gelling	TAROE
25/10/16	Jenny Osbourne	TPAS
	Carole Burchett	Tenant - Soha Housing
	Lesley Channon	Tenant – Cottsway Housing
3/11/16	Carol Kay	Welsh Government
7/11/16	Dr Chris Handy OBE	Accord Housing Group
14/11/16	Catherine Little	Soha Housing
	Richard Peacock	Soha Housing
	Alistair MacIntosh	HQN Network
	Bernie Keenan	Progress Housing Group



Appendix Two – commentators interviewed

Attendees at the Mutuality Seminar identified the following top ten outcomes from a list prepared in advance²²:

Aimed for outcomes	Actual outcomes	Outcomes considered unique to Mutuals
Member interests at the heart of the business	Guardianship of values	Member interests at the heart of the business
Stronger Board/governance	Better services	Better openness and transparency
Better services	Member interests at the heart of the business	Hardwiring member involvement
Better value for money	Guardianship of rules	Increased levels of involvement
Improved trust and accountability	A geographical "anchor" role	Guardianship of values
Increased levels of involvement	Improved trust and accountability	Improved trust and accountability
Guardianship of values	Better openness and transparency	Members taking more responsibility
Better local neighbourhoods	Reputation	Increased community well-being
Better openness and transparency	Hardwiring member involvement	Stronger Board/governance
Increased satisfaction	Increased satisfaction	Youth engagement

²² Some 60 potential outcomes were listed for the seminar taken from surveys completed by the case study organisations and from previous mutuality conferences. Attendees were asked to rank the 60 outcomes in relation to outcomes they had anticipated mutuality would deliver and in relation to actual outcomes they felt had been delivered. Attendees were then asked to identify 5 outcomes they felt were unique to mutual housing associations.

