# Corporate Governance and Social Housing – Adopting a Market Model?

Fred J Hutchinson
Teesside University Business School

Carolyn Ward
Teesside University Business School

## Abstract

The provision of rented accommodation by the public sector and not for profit organisations (Housing Associations now generically termed RSL's – Registered Social Landlords) has undergone radical reform that is still continuing after almost 20 years, resulting in renewed interest in its future (Pawson and Mullins,2010). One apparent outcome of these changes was the creation of new social housing providers. The turn of this century saw the creation of Large Scale Voluntary Transfers (LSVT) and Arms Length Management Organisations (ALMO's), where in such instances all 'interested' parties were encouraged to move away from their current tenure – that of the local authority. In the case of LSVT's Local authority staff and properties were 'transferred' out of the direct management and control of the local authority, thus radically altering the funding, financial and management arrangements of this service. This paper will therefore explore the potential for further research of corporate governance in RSL's, which up until now has largely remained unexplored. In particular we aim to identify the key influences on corporate governance and how this translates to the strategic board function and as a result what this might require in terms of board membership, experience, competencies and expertise.

In summary the last 20 years of change have created a sector which has increased organisational and structural complexity as well as recognition of operating in a highly complex environment (Ward et al,2010a); a newly created emphasis on self-financing and regulation following the abolishment of a new regulatory body, TSA (Tenant Services Authority). With these changes brings new challenges, one of which is the focus of this paper in terms of new governance arrangements.

## Introduction

Social housing in the UK has been subject to the same attempts to introduce more commercial approaches to management, and develop greater choice in the provision of services along with other parts of the public sector (Kirkpatrick, et al 2005) common with many public services, the arrangements for the provision and regulation of social housing vary and have been developing differently in different parts of the UK and so this review deals largely with developments in England.

Social housing has moved from being seen as a core service directed and managed by local authorities supported by specialist or sector based housing associations and private landlords to a more fragmented and complex mix of providers, which have increased in quantity over recent years. Changes in the financing and management of social housing has led many local authorities to transfer their housing stock and housing management to arms length bodies, not for profit social landlords or housing associations (now generally described as Registered Social Landlords (RSL's)). Although local authorities have only been able to carry out such large scale voluntary transfers (LSVTs) with the approval of their tenants, there has been relatively little resistance to this process. Whilst it should be noted that there was no requirement for local authorities to follow through this process, the financial restrictions on the Housing Revenue Account (HRA)and limitations in local authority capital finance for housing made the option extremely attractive.

Housing has also been regulated in a fragmented way with local authorities responsible to electorates and to supervising government departments whilst housing associations were previously regulated by the Housing Corporation or in some cases by the relevant government department. Although local authorities retain significant powers in relation to housing (ensuring that statutory housing needs are met and working with private landlords) and continue to be responsible for the payment of housing benefits, the wide scale transfer of ownership of housing stock led to the creation of a new regulator. The Housing and Communities Act 2008(following the independent review of housing regulation by Martin Cave (Cave, 2007) replaced the Housing Corporation with two bodies from April 2010. The Tenant Services Authority (TSA) was created as a single regulator to replace the existing joint arrangements involving local authorities, and the Housing and Communities Agency (HCA) responsible for resourcing.

However the life of the TSA was very short lived as an announcement to disband it was announced by the newly elected coalition government. A review of social housing regulation by the Department for Communities and Local Government (DCLG, 2010) proposed to wind up the TSA, transferring some of the regulatory

powers and reducing the monitoring activities currently performed by the TSA,  encouraging the publication of performance information by housing providers themselves. At the time of writing the process to transfer powers was awaiting parliamentary approval (through the Localism Bill). What will replace it is an emphasis on greater local powers (scrutiny) from tenants and others.  These changes along with a broader range of service delivery has brought with it mixed challenges as David Orr (The National Housing Federation Chief Executive) remarks "the opportunities for innovation within the sector are likely to grow. Such opportunities are likely to be accompanied by significant risks." (cited in Gibson 2008;vii)

In common with other parts of the public and third sector, the transfer of power and ownership from local authorities has been accompanied by an adoption of commercially styled models of management and finance, encouraged and directed through regulation and policy.  This paper argues that these models are often presented as a means through which tenants and other interested groups or individuals can engage in the management and direction of organisations encouraging wider public engagement.  However, in practice the commercial models of corporate governance can lead to contradictions with a more participatory and representative role played by local tenants and interest bodies.

This contradiction mirrors some of the potential problems identified by commentators on the Corporate Governance Code (FRC 2010), most notably Oxley (1999:682), argue that "whatever the institutional arrangements social housing is to have a social purpose."  Sprigings (2002) however, points out that in practice this leads to a conflict arising between the social purposes of public funding for housing and the business practices of housing associations ( or RSL's in today's language). Interestingly, this 'social' debate has also been raised elsewhere, notably by Murphy(2003) in the New Zealand context. Up until very recently research has surfaced addressing the impact of governmental reform on aspects of organisational culture and social housing governance (Pawson and Smith 2009), we attempt in this paper together with a suggested research agenda to add to this recent debate given the paucity of research to date (Ward and Preece 2010b).

The potential for conflict and contradiction is exacerbated as organisations operate in a turbulent environment where their leadership arrangements  must assess, according to Higgs (2003) four critical issues; changes in societal values; changes in investor focus; challenges in implementing organisation change and awareness of the impact of stress on employees, directors and trustees.  This implies that RSLs need to consider carefully the objectives they intend to pursue and consider what impact this may have on its governance structures. The role of the board is seen as crucial in meeting these new challenges and renewed responsibility has been placed upon them in terms of reviewing their competences and personal development in leading and controlling their organisations (Gibson 2008). This has also been highlighted by Mason and Royce (2007)in their analysis of governance theories in social enterprises, in particular posing the question, "does the Board in a social enterprise have the ability to lead and manage in a complex environment balancing economic reality with social and environmental values and mission" (2007:59).

This paper is intending to explore the potential for further research in corporate governance in RSLs, in particular identifying the key influences on corporate governance, how this translates into board function, and what this might require in terms of board membership, experience and expertise as well as leadership.

The paper is divided into five parts:
• Firstly there is a detailed definition of social housing which also covers the nature of social housing;
• Secondly, there is a brief review of corporate governance processes in the private sector, leading to;
• Thirdly, discussion about the extent to which corporate governance practices are seen as appropriate to the private sector have been adopted by social housing providers;
• Fourthly, an example of one 'transfer model', a Large Scale Voluntary Transfer (LSVT) demonstrating some of the issues identified in the paper;
• Lastly, Conclusions and proposed research agenda.

## i. Definitions and Nature of Social Housing

Social housing is one of a number of terms used internationally to mean approximately the same thing. The term, whether welfare housing in the US, state housing or community housing in New Zealand and Australia, or public housing in Europe is the term given to a range of housing provision for the most vulnerable and disadvantaged in society.  Sprigings (2002:12) suggests a similar role for social housing as "members of society who are in housing need of some sort –either temporary (for example homelessness), or permanent (for example through disability)."   More recently however this view of housing has expanded to include those for whom alternative forms of accommodation are unattainable. However this longstanding emphasis on the most vulnerable – 'tenants' has been recently challenged, most notably by McDermont (2007) who suggests that due to the housing associations' development towards a private sector ethos this has changed the focus away from the 'tenants' in favour of funders amongst a few, losing sight of the once tenant oriented (centred) housing services.  This is happening despite the continuing dominance of the formation of housing associations as industrial and provident societies which generally do not operate for profit. There has been a gradual move away from social housing organisations using the term housing to be identified with, for example one of the largest providers in England is called "Places for People" and operates on a group structure thus loosing the label of Housing Association. These large group structures offer an array of services and 'products' not only for the tenants they provide accommodation for but for the wider neighbourhood and communities in which they operate.

Since it's creation in the late 19th century social housing in England was provided by Municipal councils which had whole departments to run and manage *council* housing.  There was a significant growth in house building by local councils following the Second World War.  However as the pace of change has escalated this council housing model has radically changed.  Walker (2001) for example predicted that the traditional council housing model will have disappeared altogether by 2015 leaving the delivery and provision of housing to those in most need in the UK to the newly reformed philanthropic housing association movement originating from the 1800's.

Whilst the timing of Walker's prediction and its implications may be challenged, the general thrust of the argument remains strong. However up until very recently a new trend has emerged, social housing organisations which transferred from their local authorities to an arm's length management organisation (ALMO) have reverted back into local authority control. Slough, Hillingdon, Ealing, Newham, Hammersmith and Fulham, Rotherham, and Basildon have all done this. As has already been suggested, the structure of the housing market and its underlying principles is more complex than this change suggests.  There are suggestions that landlords should be thought of as one of many social businesses of the future with entrepreneurial traits as opposed to the philanthropic. (Collier 2005, Walker 2000;Bradley 2008). Within this context we will address the new governance arrangements of one particular newly formed social housing provider model in the UK – Large Scale Voluntary Transfer – LSVT in part iv.

As Walker has suggested, along with others most notably Malpass (2000) housing associations have a long and chequered history. Many housing associations began their lives as charitable or industrial and provident societies, set up by philanthropic trusts, many in the nineteenth century to provide housing for those in poverty (McDermont, 2007: p73).  Most of these societies were operated on a voluntary basis by local boards of management.  More recent developments include the provision of some co-operative movements and community activists along with newly created COCO - " Council Owned, Community Owned" where the transfer of ownership is partially to the community.

The 1974 Housing Act provided access to large scale public funding for housing associations in England for the first time.  At the same time, the Act introduced a regulatory regime, with finance and regulation being carried out by the one organisation, the Housing Corporation (McDermont, op. cit.).  This enabled associations to develop and build housing and has more recently allowed associations (and by definition other RSLs) to gain access to other funding sources.  Some (but not all) housing associations have also diversified their activities, with greater emphasis being placed on non-regulated activities such as commercial property management and

the provision of services under Public Private Partnerships (PPPs). Many housing associations have seen these activities as a way to support traditional social housing responsibilities through diverse income streams but at the cost of introducing additional management risk.

Council housing in the same period was subject to significant constraints and consequent change. In general, the changes have arisen as a result of more general changes in the direction and management of the public sector (often referred to as New Public Management (NPM)). The early emphasis of NPM was on moves to demonstrate economy in public services. One consequence of this was to produce restrictions in capital funding reducing the ability of local authorities to invest in new housing stock or upgrade existing stock. However, the government almost announced a 'U' turn here in the agenda by introducing the Decent Homes Standard which through new funding arrangements would 'free-up' social housing providers to 'meet the new standards by 2010'. This target was not met with the Department for Communities and Local Government announcing further funding to assist local authorities to improve housing still below standard (with the HCA allocating funding to councils and other providers).

There were also pressures on revenue spending. The Local Government Planning and Land Act, 1980 required local councils to put their building and maintenance functions out to tender with several councils losing out to private sector competitors. The act is an example of early attempts to introduce private practices into public decision making by requiring councils to present accounting information used in the tendering process for contracts to be presented in a particular form (although the techniques adopted to ensure that a notional return was to be earned on local authority provision for comparison with a private competitor was never accepted in private sector decision making).

As the emphasis on the tools and processes of NPM changed (McSweeney, 1994), further pressures on housing spending developed. An emphasis on private sector accounting processes led to stricter controls over housing expenditure, in particular ring fencing of the Housing Revenue Account (HRA) through The Local Government and Housing Act, 1989, which had to break even using housing rents and subsidies. Although councils were required to maintain a HRA since the Housing Act 1972, individual councils had significant flexibility over the level of cross financing of housing and other public services. This allowed councils to manage their overall finances through judicious charging of administrative expenses to the HRA and rent charges. This was possible as many council tenants, as now, were in receipt of benefits that meant rises in rents were not considered burdensome. Restrictions over rent rises and charges to the HRA have meant that councils have had difficulty maintaining properties at expected standards.

These limitations, coupled with restrictions on access to capital, have eventually led councils to reconsider their responsibilities with regards to housing. In the 1980s, housing associations became the key providers of new developments and refurbishment of exiting housing stock. The Housing Act 1988 also provided the means by which housing associations could gain access to substantial levels of private sector borrowing. Access to additional finance proved attractive to some councils seeking to develop their stock, which led some to propose and implement Large Scale Voluntary Transfers (LSVTs), in effect creating new registered social landlords free from the financing restrictions of central government. Perhaps a more important incentive for councils by 1989 was that many councils began to realise that they had housing stocks which had a market value significantly in excess of their debt, so the possibility of transferring their stock to a new landlord, redeeming the debt and being left with a surplus became highly attractive.

LSVTs have become an important feature of government policy since the Labour Party came to power in 1997 (McDermont 2007: 74). There are two reasons for this; firstly leveraging private finance into housing development meets Treasury objectives to limit public borrowing; and secondly, it makes it much easier for government policy to equalise rents in the public sector. Control over the level of rent rises has been important, however as combined with standards on building and maintenance RSLs face significant funding pressures.

The outcome of these changes has been the development of a complex social housing market, with a greater emphasis on commercial management rather than on traditional social objectives, although many RSLs have combined the two, often through developing structures that enable the recycling of surpluses to charitable activities.  In terms of governance there are also the competing demands of wide stakeholder involvement and commercial pressures.  There have been several mergers and strategic alliances arising from a need to cut costs, share resources and broaden income streams from non traditional sources such as property management and the Public Finance Initiative (Mullins and Craig 2005). The overall attraction of a housing association as cited by Oxley (1999:675) is that, in public accounting terms they are part of the private sector.

However, this transfer of responsibility has meant more problems for RSLs.  These include the need to adopt structures relevant to a new regulatory regime, such as boards of trustees of charitable or industrial and provident societies, or limited company structures. Some structures have become overly complex, often to enable particular representation or for tax or charitable reasons.  Regulation has become more problematic, with responsibility spread between the Housing Corporation, and more recently separation of regulatory and financing powers between the TSA and the HCA, the Charity Commission and the Financial Services Authority, depending on the original status of the organisation.  Change in regulation has continued  with the complete abolition of the TSA in 2012. The general assumption is that social housing providers must ensure effective involvement of tenants alongside appropriate systems of corporate governance and what is being implemented is the concept of 'tenant scrutiny' which allows tenants to become more involved in the decisions and conduct of their landlords. Basically following the disbandment of the TSA new legislation in England from April 2012 stipulates that RSL's have to be much more proactive in self-regulation and the tenant scrutiny panels are the suggested model to offer this.

## ii. Key Developments in the Private Sector
It can be argued that corporate governance, as a general set of principles, has been in existence since the development of the modern corporation, with Adam Smith in The Wealth of Nations indicating the potential problems arising from the separation of management and investment (Denis, 2001) although governance as a term has a much longer history.  However, Denis (op.cit) suggests that the focus on agency problems in the work of financial economists from 1976 as the starting point of modern corporate governance research.  This concern however is more concerned with inefficiencies in financial markets than in more modern concerns of corporate governance for effective decision making and supervision.

Jones and Pollitt (2004) emphasise the importance of the Cadbury Committee Investigation and Report as the starting point of the modern view of corporate governance.  They suggest that the report is recognised internationally in the development of corporate governance and that it changed the perception of the board of directors as the focal point of decision making.  It also introduced the notion of particular features of the board, in particular separation of duties and the role of the independent non-executive director, as important in improving corporate governance. The Cadbury Report is influential in the development of corporate governance procedures worldwide and through the OECD guidelines.

The Committee on the Financial Aspects of Corporate Governance (1992), chaired by Sir Adrian Cadbury, was set up in response to concerns over financial failures in the UK in the late 1980s and 1990s.  These involved the failure of prominent UK companies such as Mirror Group Newspapers (MGN), Bank of Credit and Commerce International (BCCI) and Polly Peck.  There was significant press response to these failures, which were often attributed to lax controls over boards of directors and dominance of the board by powerful chief executives (Bonn and Fisher 2005).  Social housing, to be fair has not suffered greatly from major crises, but providers have not escaped scrutiny and a number of irregularities with their governance arrangements have been highlighted (Gibson 2008).

The report was published in late 1992 and was criticised in many quarters for being either too limited or too stringent in terms of control (see for example Dahya,et al 2002). However, the development of a system of self regulation of corporate governance arrangements has now come to be seen as the most appropriate mechanism for overcoming some of the weaknesses of traditional board structures in single tier structures, and provided a rejection of the two tier board favoured by the European Union. The focus of the Cadbury report was on the supervisory responsibilities of the board, with an emphasis on the separation of the roles of the Chairman and Chief Executive, an increased role of non-executive directors particularly contributing to remuneration decisions. The report also considered the extent of audit responsibility in scrutinising the activities of the board on behalf of a range of stakeholders and recommending the introduction of an audit committee.

The Greenbury Report (The report of a study group on directors' remuneration) published in 1995 was focused much more on directors remuneration, emphasising the need for an independent remuneration committee and greater disclosure of the processes by which directors pay is determined. The Hampel Committee produced its final report in 1998, essentially bringing together the work of Cadbury and Greenbury to produce a Combined Code, that was eventually adopted by the Stock Exchange as part of its listing rules. The Turnbull Report in 1999 provided advice to boards on the control and assurance framework required to demonstrate the corporate governance principles outlined in the earlier reports.

Derek Higgs was asked to produce a comprehensive review of the corporate governance framework with the aim of a revised combined code and this was fulfilled in a report in 2003. In the revisions to the Combined Code, Higgs identified several gaps in skills and representation. The Tyson review also reporting in 2003 was an attempt to identify ways in which companies could draw upon broader pools of talent to enhance board effectiveness (Tyson 2003) demonstrating that finding board members with appropriate skills is a widespread problem.

The focus of most research in corporate governance has been in the private sector with a dominant concern on agency theory. Several writers have suggested that agency theory has dominated assumptions (e.g. Huse, 2005). This focus reflects the general supposition that various interested parties (shareholders, managers, employees) have differing interests and so government mechanisms have been developed to ensure these interests (with the exclusion of employees in most cases in the UK) are properly represented and that there is a separation of duties to ensure oversight. However, in representative organisations a different perspective might be thought to be appropriate.

The Combined Code has since had some revisions and the maintenance of the code has passed to the Financial Services Authority. The most recent revision in 2010 followed a review of the corporate governance banking crisis by Sir Peter Walker in 2009 (Walker, 2009). The responses to the review of the combined code were generally supportive of the current principle that companies covered by the code should be able to comply or explain variations from the code to meet particular needs but that key principles such as the separation of responsibilities and the role of non executive directors should remain. One area of disagreement however remains in discussing the role of non executives who are expected by some to remain independent and provide scrutiny of executives whilst for others the non executive should be bringing particular expertise to the management role. Following the review a new code, now entitled the Corporate Governance Code was published in 2010 (FRC, 2010)

### iii. Recent Changes to the Organisational Governance in the Public and Voluntary Sector
Several approaches to the process of organisational governance in the public and voluntary sector have been adopted. McDermont (2007) for example provides a discussion of how boards adopt particular practices drawing upon Foucault's notions of power to provide a helpful insight into the internal operation of the organisation. However, for the purposes of this work, the historical explanation provided by Cornforth (2002) are helpful. Cornforth (op.cit) suggests that up until the time of writing emphasis has been around how organisations are 'managed' as opposed to 'governed.' This is supported by the earlier discussion on management in the public sector, with its emphasis on achieving economy and efficiency – New Public Management.

Originally according to Cornforth (2002) the pre-1980's concentrated largely on the governance and management of private organisations but the trigger to change that scenario occurred due to a number of widely publicised scandals as mentioned earlier, including attempts to influence voting in Westminster council and several schemes involving the corruption of elected or appointed members of public organisations. In common with the private sector, there have been attempts to set out and codify standards of behaviour, with an emphasis on structures intended to provide accountability and scrutiny.

The Committee on Standards in Public Life (the Nolan Committee) [http://www.public-standards.gov.uk] has set out principles of good behaviour for all engaged in public bodies. The committee met regularly to investigate matters of concern covering such issues as MPs expenses and the funding of political parties which have very recently made head line reading and promoting further reform and scrutiny. Whilst most of its work is directed towards central and local government, the standards are intended for everyone engaged in public bodies.

The Independent Commission for Good Governance in Public Services, chaired by Sir Alan Langlands, was set up by the Office for Public Management (OPM) and The Chartered Institute of Public Finance and Accountancy (CIPFA) to develop principles for governance in public bodies. The committee reported in 2004 setting out six standards for good governance. The standards have no formal authority as such. Nevertheless, they inform audit and inspection regimes, which frequently define behaviours in public bodies.

The regulator (the TSA) is general in the expectations that it has placed on social housing providers, with six principles including the requirement to maintain representation by tenants and to ensure effective corporate governance arrangements. Whilst these general principles allowed organisations to be free to put in place arrangements that it sees fit, it is clear that private sector corporate governance requirements (the Corporate Governance Code) alongside the Langlands provisions (referred to above) had an influence.

However this still leaves many RSLs in a difficult position. To what extent do such bodies fall within public sector control? To what extent does the modern emphasis on business practices require the adoption of private sector governance principles? In practice, it would seem that the general assumptions are contradictory, with RSL boards being required to adopt principles of good governance, including appointment processes, skills audits and development processes, and a style of board familiar in the private sector. In addition however, boards also have to be representative of a range of stakeholder interests, including local authorities, tenants and local community interests. In addition, social housing providers are restricted in the extent to which they can remunerate board members for the contributions they provide. Whilst some providers have introduced payments for board members, they are still in the minority, which further emphasises the conflict between management and governance on the one hand and stakeholder representation (of various sorts) and public service on the other hand.

Despite the differing funding and participative requirements of public bodies, the adoption of corporate governance structures drawn from the private sector has been common (Brennan and Solomon, 2008). There are several reasons for this, but in the social housing sector, these changes reflect a focus on professional management by housing regulators and a more commercial approach by many providers (McDermont, 2007). McDermont (op. cit.) also suggests there is change in the categorisation of tenants as customers. This is clearly a common occurrence and although its impact on decision making and governance can be overstated, McDermont is correct in arguing that this places "tenant" board members in a difficult and contradictory position. This point is largely supported by other research. It should be noted at this point that financial arrangements and changes differ between Scotland, Wales and England with research undertaken pointing towards the UK having a more European approach. Although as drawn out by Maclennan and More (2001:105)

Housing policy strategies also differ. This diversity reflects variable levels of prosperity, contrasting ideologies about market and non-market systems as well as variety in governance and institutional arrangements.

However, as Collier (2005) suggests (though dependent on a single case) organisations have to respond to a range of conflicting demands. Corporate governance arrangements in social housing organisations must respond to conflicting needs of finance, regulation and tenant demand. Collier goes on to investigate the differing arrangements that are adopted as each of these factors dominates.  He suggests that the Housing Corporation's requirement for associations to meet financial requirements including standard rents demands a hierarchical approach to accountability. This emphasis tends to favour demands for board members who hold particular business skills (general management, finance and human resource [HR]skills for example).  This is reinforced by the adoption of HR approaches that focus on a skills matrix demanded by the organisation.  This may (and often does) potentially lead to further exclusion of many tenants from the management structures of the organisations in which they are customers.

## iv. Recent Changes to the Social Housing Sector and their Implications on Organisational Governance

The voluntary and non-profit sector has changed remarkably as a result of on-going governmental reforms. The Housing Association sector changed not only in its importance in delivering social housing but also in its size. The reforms also saw the advent of new social housing provision in the shape of LSVT's (large Scale Voluntary Transfer) where new emphasis was placed on two areas: competing for available funds and the demonstration in performance of their management and governance arrangements. New codes of conduct/ practice were introduced and a series of recommendations were brought to their domain. These focused around HRM (Human Resource Management) issues such as role definition, recruitment and selection and retaining key personnel along with other policies and practices.

To support the earlier discussion there now follows an example of the LSVT model. In order for this to occur tenants had to agree to this change in ownership and the council had to receive a majority 'yes' vote from tenants.  The majority were created as  'not for profit' local housing company's limited by guarantee.  These earlier Registered Social Landlords (RSL) were regulated by the TSA.

The board of management or as some term them, the non-executive directors are responsible for the governance of the company with a number of roles to fulfill, the main ones being;
• Create and monitor the strategic direction of the company
• Create and agree policies and a framework for control
• Set targets for the company and monitor performance

Twelve members are typically on the board and in line with regulations these are from the existing organisations tenant board members, independent board members and local authority nominated council  members. Many of these organisations use traditional recruitment and selection methods and The Chartered Institute of Housing (CIH) professional magazine advertises these on a regular basis. Many also are looking to monitor the performance of the boards via competency framework mechanisms and the appraisal scheme (PDR's-Personal Development Review) for all board members.

These arrangements for appointment and review of board members is increasingly common in social providers such as LSVT and housing associations.  However it raises several questions about the continuing involvement of a wide range of stakeholders that can only be answered with more empirical research.  These include:
• To what extent is a competency based system of selection and appraisal consistent with the representative role that might be carried out by tenants?  This is not to suggest that tenants cannot contribute to management, but their interests and the interests of those that they represent may not be wholly consistent with what other might see as the effective management of the organisation.  The 2010 review of regulation (DCLG, op. cit.) has suggested that tenant panels may be the most effective means of providing scrutiny and representation in the future.  This might reduce problems of appraisal but it will reduce the contribution of tenants to the management process.

- To what extent will it be possible to attract appropriate representation to boards?  The introduction of competency and appraisal schemes is an attractive response to a demand for greater scrutiny of boards and their performance, but it may restrict involvement of well qualified or appropriate applicants who are unwilling to participate in a scheme if they are seen as volunteers.
- Remuneration can bring its own problems.  It has the advantage that it can enable participation by appropriate people who may otherwise not be able to afford to take part.  However, unless payment is of a high enough level, some may still be excluded, whilst at the same time remuneration may change the way (the culture) in which the organisation is run.

Collier (2005) demonstrates that the process of accountability in social housing is complex. Basing his comments on a detailed case study of a social housing provider, Collier highlights three forms of accountability. These are the formal processes of accountability involving hierarchical control and a more informal process of socialisation involving the creation of narratives between various interests. His third area suggests a gap of accountability in which wider societal accountability mechanisms are not well served by the other processes of accountability mentioned.  This discussion suggests that social housing providers find it more difficult to manage the professional accountabilities (between housing professionals in different organisations) and the impact of individual social housing provider decisions on the needs or expectations of a wider range of interests. This clearly represents a significant shift in terms of the integration of management practices to the area of governance to ensure that the board membership is competent and continues to be developed in the changing social housing environment but notes that the relationships between the board and those responsible to it are complicated.

## v. Conclusion and Proposed Research Agenda

Social housing in England has faced a number of problems as highlighted by Oxley (1999). While these are still apparent today some have now taken more prominence especially around the general acceptance that there is the need for more social housing along with the increasing pressures for efficiency from housing providers. Oxley (1999:682) talks of the "establishment of new types of housing organisation." This is fuelled by the fact that governments have encouraged more and more private finance into social housing. The current position is that new types of social landlord will emerge with Oxley predicting that there will be competition between these landlords and that:

*Such diversification and more blurring of the division between the public and private sectors is likely what-ever government is in power.(1999:681)*

This prediction has largely come to fruition as the sector has changed two-fold by way of growth and expansion. Growth and change has been driven by private sector funding with the main consequence being the growth of the longstanding traditional housing association movement with new forms of provider such as the LSVT programmes and ALMO's. The changing nature of the social housing providers has seen a number of operational issues and challenges emerge, most notably around two areas: complex governance structures and the increasing financial independence of larger housing organisations. This has been acute for those housing organisations that have formed partnerships and mergers as this has brought the spot light back onto board effectiveness with issues surrounding the remuneration of non executive directors and the co-option of executives to boards. This has led to a review of the governance procedures of these organisations along with the roles and responsibilities of non executive directors. Coupled with this services users (tenants/clients/ customers) have gained a much more prominent role in potentially influencing the performance and objectives of the organisation which they receive a service from. Service users now feature as 'tenant representatives' on the boards as non-executive directors.  Some have argued that all the above has brought with it the introduction of new (private) values as well as entrepreneurism. (McDermont 2007: Cowan et al 2000).

As already highlighted social housing in the England together with other countries (from Europe) are facing a number of challenges which vary from new radical funding arrangements to changes to their organisational governance structures together with calls for a more devolved role for their customers.

Following our initial phase of research we must now turn to a number of largely neglected issues and themes concerning;

1. The activities and behaviour of the board members in the newly created social housing organisations.
2. The relationship between management and the board members.
3. The use of tenants on these newly created boards as well as scrutiny panels.
4. The recruitment and subsequent training and development of the board and the impact this has on contribution and involvement.
5. How effective are they in leading the strategic direction of the organisations they 'serve'?
6. How capable are they of facilitating and managing a wider range of accountabilities (as proposed by Collier 2005)?
7. The potential impact of provisions for more local (if representational) influence arising from the Localism Bill if and when it becomes law.

We propose that this takes the form of both a longitudal and qualitative research project in a variety of social housing providers, not one single case study, to obtain an in-depth and potentially comparative insight which will go some way to close the apparent research gap and inform the practitioner community.

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