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DIVERSITY AND DECISION MAKING IN THE HOUSING SECTOR

SURVEY RESULTS, ANALYSIS AND RECOMMENDATIONS
NOVEMBER 2014

Executive Summary

The research and analysis set out in this report is timely. Throughout 2014 we have seen a growing trend in moves to increase diversity, whether by improving the gender balance and ethnic mix in the boardroom, or in organisations as a whole, to reflect their customer base, locality and espoused values.

Respondents to this survey of housing associations have concerns about unconscious bias within their organisation, and the level of confidence in bias-free decision-making is the lowest of the survey. Some 43% did not believe that their Board considered diversity and inclusion in succession planning for executive and non-executive roles and other senior or key appointments. **Some 45 % did not believe that decision-makers are fully trained to make objective assessments free from bias, which means that 45% do not have confidence in the decisions the line managers in their organisation make.**

Whether this concern - and it is a cause for concern - resides at Board or operational level, it is clear that the good work that has already been done in the housing sector, while laudable, should not lead to complacency. There is still more to be done to seek to ensure that strategic and commercial objectives are not tainted with unconscious bias, when key decisions are being made, at all levels. The associated legal, financial and reputational risks will increase over time, for those organisations, which fail to recognise and tackle the issue.

Why the survey and what of the results?

DAC Beachcroft LLP and the Employers Network for Equality and Inclusion (enei) work with a number of housing associations and are familiar with their challenges. With increasing budgetary pressures on the provision of social housing, and supportive health and social care in the community, the challenges for social landlords to meet their commercial objectives and the needs of the communities they serve are ever increasing.

However, the sector clearly has a strong commitment to diversity and inclusion so DAC Beachcroft LLP and enei developed a survey for those in the housing sector to:
- Explore issues commonly encountered
- Assist in identifying good practice
- Highlight opportunities to improve
- Share insights and best practice
- Analyse trends in key areas
- Inform, for the future

The results have been used to develop the agenda for a conference on 25th November 2014 to provide insights into better decision making in the sector, ranging from strategy, projects and procurement to decisions affecting groups or individuals.

Background

Given the diversity of the UK's population, there has been growing concern at the lack of appropriate representation of women and minorities in the private sector, particularly at Board level.

On 2 November 2014 there was widespread reporting of the launch, by the Business Secretary, Vince Cable, of a plan to address the distinct absence of ethnic minorities on the UK's Boards, with a view to ensuring 20% of Board members come from a non-white background. This was closely followed by the progress report on women in the boardroom, where numbers have improved but are still nowhere near where many would wish to see them.

Diversity in the housing sector has been a hot topic for many months now, if the number and range of articles

in Inside Housing is anything to judge by. In particular the diversity on the Boards of housing associations has been the subject of some scrutiny. Some months ago we decided to take a look at the broader picture, recognising that while diversity at Board level is very important, it is the contribution that comes from diversity across an organisation, and reflected in the culture and operating models of the organisation, that can make a real difference to the calibre and range of what it can achieve.

At the outset, it is worth taking a look at how the picture has changed, at Board level, over the last few years, since it is the Board or other governing body which will normally strongly influence, if not wholly determine, the approach of the organisation in key areas such as setting priorities and commercial objectives, making executive appointments, succession planning and the strategy for customer service delivery.

In August 2014 Inside Housing published the results of its survey of 40 of the UK's largest housing associations, which indicated that 60% of their current non-executive Board members were not in place in 2010/2011. In fact Boards have also shrunk by 10% since that time. Furthermore, women made up only 34%, which was almost exactly the same as it had been in 2010/2011. Only 9 out of the 40 were chaired by a woman.

A separate survey of 80 UK housing associations conducted by the Board Development Agency and Raglan Housing Association, has found that 10.1 % of Board members had BME backgrounds, and 46% had no BME members at all. This contrasts with the figure of 20.9% of people of BME background who make up the population and the 15.2 % who are residents of the participating organisations.

Disabled Board members made up just 11 % of Chairs compared with 17.9% of the population as a whole and 24.3 % of residents. 52% of the Boards surveyed had no members known to be disabled.

The majority of Chairs of these housing associations were white British males between the ages of 50 and 59.

Against that background, how well are housing associations doing, day to day, in ensuring that diversity and inclusion play a full part in making the organisation a success, for all those who work within it and their residents? At the heart of this question is how good they are at decision–making and in implementing their decisions. Our survey asked a range of questions to seek to assess how organisations, and individuals in a variety of roles within them, perceive this issue.

The Respondents

The survey was completed by 29 organisations in the housing sector. Some of these are listed in the Appendix but others chose to remain anonymous.

Responses were gathered from varied organisations of different sizes. 59% of respondents have less than 500 employees, 21% between 501 and 1,000 employees and 20% over 1,000.

Responses were submitted by a wide spectrum of individuals, representing a broad range of roles and responsibilities within their organisations including' board member', 'housing director', 'head of business strategy',' corporate project officer',' director of client support services', 'compliance and assurance manager', 'business improvement manager ', business innovation manager, 'community insight officer' and 'equality & diversity manager'.

The Results

Results have been reported under the following sub-headings:
- Leadership
- Work Environment
- Procurement

- Unconscious Bias
- Customer Inclusion

Leadership

Respondents have a good deal of confidence in the leadership of their organisations at Board level, both in general terms and in terms of the involvement with diversity and inclusion ("D&I"):

- 93% agree or strongly agree that Board members are kept up to date with developments, as part of their leadership in and support of the wider culture of the organisation
- 93% agree or strongly agree that the Board ensures commercial objectives reflect the organisation's values, including in respect of diversity
- 90% agree or strongly agree that the Board have created an environment that brings the organisation's values to life.
- 86% agree or strongly agree that Board members receive training and are aware of the relevant aspects of diversity
- 83% agree or strongly agree that the Board monitors progress against the diversity strategy and priorities
- 79% agree or strongly agree that the organisation takes full account of diversity in pursuing its commercial objectives.

However, it is evident that this confidence was not felt across all key areas in which a Board is expected to function. In particular:
- Only 57% agree or strongly agree that the Board considers D&I in succession planning for executive and non-executive roles and other senior or key appointments
- A number of respondents commented that their organisation was in the process of undertaking a review or taking similar steps in relation to such matters as corporate strategy and corporate values.

Many examples of best practice in the area of inclusive leadership were reported, including:
- Regular D&I updates to the Board
- D&I Steering Groups with members including the CEO and other Board members
- D&I and unconscious bias training for Board members and other senior figures
- D&I Annual Report developed and signed off by Board
- Board level D&I champions
- Requirement for all Board papers to include an equality analysis before they can be agreed.

Action - Whilst a high proportion of the responses were in the 'agree' category and improvements can be made to increase this to 'strongly agree'; results demonstrate a firm foundation for D&I in the sector.

Some respondents commented that Board involvement was limited to signing off plans rather than agreeing and owning plans, and additional work to engage the Board in the detail of the intentions and cultural impact may improve the results. For example, although the results show that some Boards are well-informed, all Boards should ensure that they understand the broader aspects of diversity such as unconscious bias. They should also ensure that they learn from other organisations and sources such as developments in the law. In that way they can provide visible leadership and can assure themselves that good practice is embedded across their organisations, and they can challenge effectively where it is not.

A sufficiently broad understanding of diversity can also enable Boards to ensure that aspects such as unconscious bias are addressed in strategies, business plans, culture-setting, development of people and risk management. Boards' organisations can only benefit from embracing good diversity practice, including, for example, by training managers to avoid unconscious bias when making decisions about services, recruitment and other key issues. Boards will also be enabled to lead the culture of the organisation; this relies on visible leadership in setting overall and supporting strategies (and commercial objectives) and the way in which the Board addresses challenges when they arise.

The lowest scores were reported in the question about succession planning and comments indicate that more work is required to increase awareness of what inclusive management of succession planning actually looks like. This chimes with the findings made in other surveys conducted this year to which we have referred in the 'Background', above. Boards which are diverse are more likely to be able to robustly address the significant financial, service provision, regulatory and other challenges which organisations face.

Working Environment

Respondents believe they have diverse teams and the tools in place to support D&I. However, they are less confident in the line manager's ability to make inclusive decisions:

- 97% agree or strongly agree that the organisation has a range of measures in place to create and maintain a diverse and inclusive working environment
- 94% agree or strongly agree that they have a diverse team where people's differences are taken appropriately into account
- Only 72% agree or strongly agree that front line managers consider D&I in the operational staffing decisions they make e.g. recruitment, staff appraisals and promotions.
- Comments indicated that organisations are actively reviewing and implementing measures to seek to ensure that recruitment, development and promotion are fair and based on merit, without adopting measures which entail taking positive action.

Examples of good practice include:
- Diversity monitoring of employees
- Leadership programmes for women
- Network groups
- Mentoring schemes
- Bias free short listing (with personal data removed)
- Diversity awareness of candidates testing at recruitment stage
- Agile working
- Flexible/remote working/flexi-time
- Term-time working
- Community Language Honorarium to provide services in different languages
- Celebration of cultural events including religious and faith observances
- D&I training during induction with refresher training periodically
- D&I training in probationary period with a pass mark that must be achieved before probation can be ended
- Wide ranging diversity training modules with multiple themes
- Roadshows and bitesize training on a range of topics (e.g. forced marriage, domestic abuse, dementia, transgender awareness, young people stereotypes etc)
- Mandatory challenging inappropriate behaviour training
- Diversity training for contractors
- Apprenticeships
- An equality challenge unit
- An equality scheme, which informs staff, customers and stakeholders of commitment to D&I
- Equality analysis on policies that are likely to negatively affect protected groups
- Analysis of staff satisfaction and appraisals by diversity strand with action where necessary.

Action - There are a wide range of D&I initiatives in place across the sector but improvements could be made by working with line managers to understand bias, the daily impact of making poor decisions and recognising what unacceptable behaviours look like. This could be achieved with training but the most effective change to the culture will be achieved by leaders role-modelling inclusive behaviour.

Procurement

Respondents have confidence that their organisations' procurement process is commercially robust but believe that more could be done to be more inclusive and support their community:

- 96% agree or strongly agree that the procurement processes ensure that they make sound commercial decisions
- 89% agree or strongly agree that their procurement processes reflect their commitment to supporting the community they serve
- 82% agree or strongly agree that the procurement processes reflect the diversity strategy and priorities.

Good practice in inclusive procurement is reported across several areas including:
- D&I as a central feature of tendering and contract renewal
- Encouraging contractors to offer apprenticeships
- Use of local labour
- Partnerships with local schools and colleges
- Scheme for long-term unemployed
- Mentoring project to local businesses
- D&I training for contractors.

Action - Although respondents have a high level of confidence in the fairness of their procurement process, comments indicate that much of the work is focused on increasing the D&I responsibilities of contractors, rather than proactively working to become more inclusive to a wider range of diverse suppliers. Procurement teams should be briefed on the range of activities they can implement and/or promote to become more inclusive.

Unconscious Bias

Respondents have concerns about unconscious bias within their organisation, and the level of confidence in bias-free decision-making is the lowest of the survey. **Some 45 % did not believe that decision-makers are fully trained to make objective assessments free from bias, which means that 45% do not have confidence in the decisions the line managers in their organisation make.**

Priorities where bias in decision-making should be reduced were ranked as follows:
1. Recruitment and selection (40% of respondents placed this first)
2. Groupthink at executive level (over 30% saw this as an important priority)
3. Residents
4. Groupthink amongst managers
5. Team formation
6. Performance management
7. Work allocation.

Action - Although some organisations have provided unconscious bias training to leaders and managers, many others can do more to raise awareness of unconscious bias and the impact it has on decision-making. As awareness grows of the impact that unconscious bias has, there will be an increasing need to acknowledge and address its adverse consequences.

Although we have not yet seen unconscious bias play a critical role in the evidence relied on in legal proceedings involving allegations of unlawful discrimination, that is very likely to change in the future, as the trend in recognising and tackling the adverse consequences of unconscious bias steadily increases. There is already case law to demonstrate the importance of the mind-set of those in a position to influence decision-making and the dangers of their making biased decisions. The legal, financial and reputational risks will increase over time, for those organisations, which fail to recognise and tackle the issue.

Customer Inclusion

Respondents have a great deal of confidence in the way their organisations support diverse customers:

- 97% agree or strongly agree that the organisation has a range of effective measures in place to understand and meet the diverse needs of their customers
- 89% agree or strongly agree that front line managers consider D&I in the customer facing decisions they make e.g. provision of housing and care, tenant complaints, liaising with service commissioners.

Good practice initiatives reported include:

- Tenant surveys to understand the needs of diverse customers
- Language lines and translation services
- Interactive websites (translation and audio) and mobile technology
- D&I analysis of residents with comparisons against local demographic profile
- Annual reports and website with D&I measures
- Hearing loops
- Engagement and consultation groups
- Community initiatives
- Use of social media to engage diverse customers – e.g. facebook, twitter accounts
- Customer panels and scrutiny groups
- Use of external agencies and partners where no internal expertise

Action: Although respondents have a high level of confidence that their organisation understands the diverse needs of their customers, and have a range of positive measures in place to meet customer needs, there remains scope to improve further when customer facing decisions are being taken on the front line. The deployment of technology driven solutions to enhance customer inclusion and experience is growing. Whilst opening up new opportunities, the more "traditional" methods of customer engagement will still play an important role in ensuring an organisation's well-rounded and inclusive approach to its customers. Customers themselves may often have innovative ideas to contribute. Securing that contribution is essential.

Conclusion and Recommendations

The results of the survey demonstrate a positive view of the importance and position of D&I within the housing sector. There are many examples of good practice, which could be adopted by others within the sector. As always, there are also areas for improvement, which should be focused on the following:

1. Board level ownership of D&I strategy and plan, not just an awareness of it. Stronger accountability structures and reporting lines to ensure D&I is monitored at the top.
2. Increased awareness of what inclusive management of succession planning involves.
3. Working with line managers to understand bias, the personal and commercial impact of making poor decisions and recognising what unacceptable behaviours look like.
4. Unconscious bias training that is targeted to different job functions.
5. Sharing the experience of D&I tools, initiatives and plans across the sector
6. Embracing a range of ways of working and making use of the tools to facilitate them, to secure the engagement of as wide a pool of stakeholders as possible.

Appendix – Contributors

DAC Beachcroft LLP and enei would like to thank the following contributors, plus those who have chosen to remain anonymous:

A2Dominion Group
Accord Housing Group
Action Housing and Support
Arcon Housing Association
Broadacres Housing Association
Equity Housing
Friendship Care and Housing
Great Places Housing Group
Kirklees Neighbourhood Housing
Liverpool Housing Trust – part of Symphony Housing Group
Magenta Living
Midland Heart
Notting Hill Housing
Tower Hamlets Homes
Your Homes Newcastle

About DAC Beachcroft

With over 2,300 people, DAC Beachcroft combines one of the most comprehensive UK legal networks with coverage across Europe, the Americas and Asia-Pacific, including 10 offices across the UK.

We provide a full-service commercial, transactional, claims, risk and advisory capability. We work with clients in a select range of industry sectors and are market leaders in health, insurance and real estate.

We give a comprehensive range of advice to clients in the housing sector, making the most of our in-depth expertise in development (where we also act for some leading house-builders). As trusted advisers we have very practical experience of tackling strategic issues and resolving the day to day challenges facing our housing association clients, in such areas as resident services and the management of human resources. Our expertise as market leaders in the provision of legal advice in health and social care makes us uniquely well placed to support these clients as they diversify and look for ever greater efficiencies and value for money in all that they undertake.

We are agile, progressive and easy to engage with. Our flexible approach to resourcing enables us to apply the right mix of legal, commercial and process skills to deliver the right outcome at the right price, depending on our clients' individual needs.

We are committed to supporting the communities where we operate through charitable giving, pro bono work and programmes such as those operated by Business in the Community and The Prince's Trust. DAC Beachcroft LLP is also the largest UK law firm to hold a Gold Investors in People award.

We are members of the enei, to whom we provide a range of support and we are enei Champions. We are also committed to supporting the Housing Diversity Network's Board Mentoring Programme, including the provision of mentors.

For more information, please visit: www.dacbeachcroft.com.

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About enei

The Employers' Network for Equality & Inclusion is the UK's leading employer network covering all aspects of equality and inclusion issues in the workplace. Our Members include a number of housing bodies.

Our six strategic themes are: access to opportunities, agile working, the global marketplace, inclusive leadership, workforce representation and unconscious bias.

In addition to supporting employers, our role is to influence Government, business and trade unions, campaigning for real practical change. We do this by:

- Advising Government on equality and inclusion related policy issues
- Representing the views of UK employers
- Supporting our Members in creating inclusive workplaces
- Challenging the status quo by presenting real alternatives
- Highlighting the pros and cons of new employment laws
- Developing campaigns against discrimination

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