

Discussion paper

Accountability and transparency in the housing association sector

A collaboration between the Centre for Public Scrutiny and the National Housing Federation

**NATIONAL
HOUSING
FEDERATION**

CFPS
Centre for Public Scrutiny

Executive summary

The National Housing Federation recently wrote to the Prime Minister setting out our sector's long-term ambition to be among the most trusted and accountable organisations in the country. At the heart of this ambition is our commitment to openness and transparency. We want to ensure that each and every one of our tenants is clear on what they can expect from their landlord and what they can do when their expectations are not met.

This paper sets out the work we have carried out to consider how best to achieve this, and recommends steps to introduce a new transparency principle to the housing association [Code of Governance](#) and develop a sector-wide charter.

Developing a sector-wide charter

A charter will help organisations promote and develop a meaningful culture of transparency and openness, setting out a series of commitments that will define our sector's offer for tenants.

For a charter to have any meaning it must reflect what is important to tenants, which is why we're planning a comprehensive tenant engagement exercise in the autumn. But before we do this we want to hear from you, as landlords, on what you think is possible and deliverable.

We anticipate many of the questions about our role as landlords will feature prominently in the upcoming Social Housing Green Paper, which we are disappointed was not published before the summer recess. However, we do not need to wait for the Green Paper to start developing our sector-led response to these critical issues. There is already great work going on across the sector in this field, and we want to build on this and complement any other measures aimed at improving tenant and customer experience and engagement.

We want to hear from you

This discussion paper has been developed by the Federation with support from the Centre for Public Scrutiny, an independent national charity. Its purpose is to seek your view on the transparency and accountability challenges facing the sector, and asks some specific questions about this and the role of a charter.

There are ten questions in total and we ask that you either [respond via our online survey](#) or email your feedback to offerfortenants@housing.org.uk. You can answer all or some of the questions, but we ask that you do so before **5 September 2018**.

Your response will help inform the basis of a charter and ensure that we are on the right track to deliver commitments that are achievable, realistic and respond to the genuine needs of you as landlords and of our tenants.

We know that embedding a new approach to accountability across the sector will take time, but we would like to have the charter and changes to the Code of Governance in place by April 2019.

Introduction

Our sector is under more public scrutiny than it has been for many years, including from tenants and tenant groups. Many of the questions currently facing the sector relate to our role as landlords – how we engage with and listen to our tenants and wider communities, how we take account and evidence the tenant insight gathered in our decision-making, how accountable we are to our customers, and whether we truly put tenants at the heart of what we do.

Questions of this nature have come up repeatedly in the tenant roadshows run by the former Housing Minister Alok Sharma, as well as in the media and in recent public and political discourse.

While there are numerous examples of good practice from housing associations up and down the country in tenant engagement and involvement and in dealing with complaints, we recognise there is a lack of consistency across the sector. We cannot, with any great certainty, say we are as accountable as we possibly could be to our tenants. To address this, the Federation has set up a new programme of work – Offer for Tenants.

To help us reach this point we have spent months talking to housing associations, in individual conversations, workshops and roundtables, to gather your views on accountability and transparency issues in the sector. We have also been talking to tenants and tenant groups to begin to understand how the sector is viewed by our most important stakeholders – our customers. This work has been guided by our member steering group, made up of housing associations from across the sector.

We know there is much interest in social housing at the moment and many organisations are focused on ensuring social housing meets the needs of the country, both now and in the future. While we will be seeking to learn from these reviews and studies, and will reflect on any recommendations for the sector, our Offer for Tenants project is very much aimed at the practical difference we can make to the lives of our tenants, as the landlords who provide the homes and services.

To demonstrate our commitment to addressing the important questions facing the sector, we recently wrote to the Prime Minister to express the sector's ambition: To be among the most trusted and accountable organisations in the country.

As part of this work, the Centre for Public Scrutiny (CfPS) are providing expert advice, challenge and support as we explore what accountability and transparency means for housing associations and, crucially, how changes could help better meet the needs of tenants. CfPS is a national centre of expertise on scrutiny and governance. It has a long track record of supporting public services including local government, national government, housing, health, and the private sector.

This discussion paper is a collaboration between the Federation and CfPS, and is structured into seven sections:

- the purpose of this discussion paper
- the nature of the challenge
- what we are trying to achieve
- how to bring about change
- what could be included in a charter
- how we can encourage and embed change
- conclusion and next steps.

Purpose of this discussion paper

This discussion paper seeks housing associations' feedback on how we should address the accountability and transparency challenges facing the sector. It poses some specific questions on the proposal to introduce a new transparency principle to the [Code of Governance](#), and the nature and role of a housing association charter.

Developing a sector-wide commitment on openness and transparency is one of the key ways we want to deliver our members' shared ambition to be among the most trusted and accountable organisations in the country.

We want to consider:

- what being trusted and accountable means in practice
- what action we need to take
- how we will know when we've achieved this ambition.

Your feedback on the questions set out in this paper will help us to take this important work forward. This is an important stage in an extensive consultation process.

A housing association charter will only have real meaning if it reflects the needs, concerns and expectations of tenants. It must be created not just with tenants in mind, but with them in the driving seat. To do this we are planning a comprehensive tenant engagement exercise in the autumn.

However, as landlords, housing associations will be responsible for delivering these commitments, and any other changes and actions identified through this work, so we want to know what you think is possible and deliverable in the first instance.

We would be grateful for your responses to the ten questions and ideas set out in this paper by **5 September 2018**. We are happy to receive responses in whatever format suits you and ask that you do not feel bound by the questions set out here – only answer those where you have a view. We would like to hear from individuals as well as organisations in the housing association sector.

We ask that you either [respond via our online survey](#) or email your feedback to offerfortenants@housing.org.uk.

What's the nature of the challenge?

It is easy to call for more accountability in the housing association sector – less easy to truly understand what those words mean in practice. We think being more open and transparent is key but information, on its own, cannot lead to change. We need to understand how more and better transparency can help us become more accountable, more responsive to our tenants' needs, and ultimately better at providing the services customers expect.

When calls for transparency do happen, they tend to ignore critical cultural and behavioural aspects core to any meaningful change.

This can happen particularly when transparency is mandated – by regulation, assurance frameworks and other structures designed to enforce compliance – the end result can be pointless, the publication of a morass of data of little value, but which drains resources.

However, without a demonstrable commitment to change and a framework to drive and direct action, the result can be a patchwork of different approaches. In the housing association sector this could result in an atomised landscape where much good practice exists, but where poor practice and lack of openness could be impossible to tease out and address. This risks tenants being even more unaware and confused about what they can expect, and in some cases demand, from their landlord.

Leaving organisations to act in isolation also fails to address the need for the sector as a whole to demonstrate how it is responding to the accountability challenge. It is important to be able to demonstrate the steps the sector is taking to drive improvements and evidence the impact. Currently we can only rely on case studies and examples of good practice when the need arises.

Delivering the ambition to be among the most trusted and accountable organisations in the country will require working through a number of key challenges including:

- how to create a consistent view of transparency and a culture that delivers improved transparency, clear accountability and a better tenant experience, and not just compliance
- the question of a whether a voluntary or mandatory approach will achieve better transparency and clear accountability
- the difficulty of estimating or measuring the impact and the outcome of transparency policies.

What are we trying to achieve?

Social housing tenants often have little choice about the home they live in or the services they receive from their landlord. Many may have waited years to be allocated a home of their own. Others may have lived in their homes for many years and have established views of their relationship with their landlord. Most cannot, at least very easily, choose to take their custom elsewhere. Without this ability to exercise choice, we need to look at other ways of ensuring we are accountable to our tenants.

We know through our engagement and discussions that housing associations are committed to addressing the wider concerns arising from the tragic Grenfell Tower fire. Tenants and residents spoke about not feeling heard or their views not being reflected in decision-making. Housing associations are committed to playing their part in that change, rebuilding trust and ensuring communities feel listened to.

While there are many examples of good practice and individual housing associations who are transforming the way they operate with tenants at the heart of their decision making, as a sector we have struggled to demonstrate how we are leading and driving improvements in transparency standards and being accountable to our tenants.

There are clear and obvious benefits that come from greater transparency and openness. Organisations that are more open to involvement, engagement and scrutiny benefit hugely from the insight gained and relationships formed with customers. Many of the challenges we face now, and in the future, require us to transform how we work and engage with customers and the wider community in different ways.

Key to this will be tenants understanding what they can expect from us as landlords, including how they can engage and influence their landlord, understand how decisions are made and what they can do when their expectations are not met.

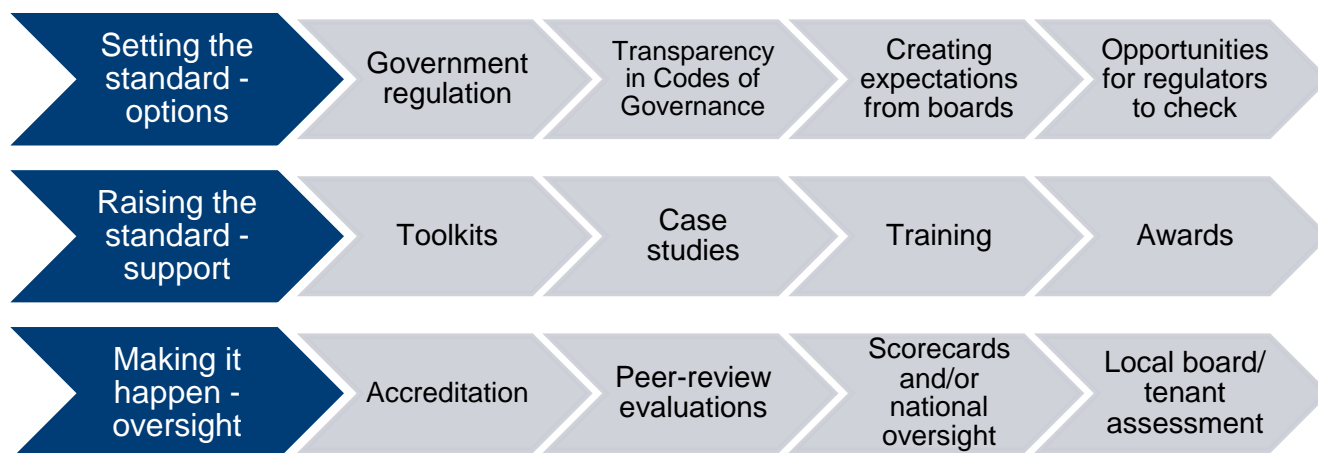
When we think about what we're trying to achieve, we need to ask ourselves, and tenants:

- What actions will improve tenant experience?
- What information and access do people need to play a central role in the decisions that impact on their lives?
- How can we share information with tenants so that our interactions are better informed?
- How can information be used to empower people, to constructively challenge us, to provide us with insights that help us to refine the decisions we make, and often to make decisions alongside us?

How to bring about change

Research shows that leading and driving change in a complex system, such as housing, needs to happen on a number of levels covering setting: the standard (options), raising the standards (support) and making it happen (oversight).

This diagram shows the options available to make this happen:



Learning from others, we recognise that to bring about meaningful, sustainable change it is important to create a clear, public mandate and a set of commitments that recognise the cultural change needed to succeed.

Taken together, we think changes to the [Code of Governance](#) and the introduction of a charter will lead to strengthened accountability in the housing association sector, making a real difference to the experience of tenants of housing associations. They will:

- create a national framework for locally-led action
- put accountability for overseeing delivery of the transparency commitments with the housing association board
- respond to the challenge of demonstrating our commitment to being among the most trusted and accountable organisations in the country to tenants and others
- provide tenants with clarity over what to expect from their landlord, enabling them to better hold us to account.

We believe a charter would ensure tenants and others can have confidence that lessons are systematically learned from failure. It would also create an evidence base of best practice and help strengthen relationships with other stakeholders, including national and local government.

Including a transparency principle in the Code of Governance will provide an opportunity for the Social Housing Regulator to ask questions about how the board has responded to the challenge of being as accountable as possible to tenants in its governance assessment.

While we don't think a charter should be mandated by the Government, demonstrably delivering the commitments in the charter will be one way that housing associations can show they have put tenants at the heart of what they do.

Questions:

1. What are your views on a change to the Code of Governance to include a transparency principle? Do you have any views on how this should be worded to ensure it helps achieve the aim of gaining the commitment of boards to putting tenants at the heart of what they do?
2. How can we ensure any changes to the Code of Governance and a new charter are proportionate and reflect the diverse nature of the housing association sector, including differences in size and types of organisation?

What could be included in a charter

A sector-wide charter is effectively a mechanism for delivering a series of commitments or standards that will define a more consistent offer for housing association tenants, regardless of who their landlord is. We believe a charter will help organisations promote and develop a meaningful culture of transparency and openness.

In this context, it is important to continue to respect the independence and diversity of the sector, ensuring every landlord can make decisions and deliver services that meet the needs and priorities of their tenants and communities.

For a charter to work it needs to have a clear purpose and audience – we believe this must be focused on improving tenant experience. The contents and commitments will be informed by what tenants want and expect from their landlord, and how their experience of living in social housing can be improved. This will be the purpose of the Federation's engagement exercise in the autumn.

To inform and shape these discussions, we have gathered evidence from a range of different sector charters, including a selection that already exist within the housing sector, a summary of which can be found in the appendix at the end of this paper. It is important to note that these charters imply or allude to a cultural understanding of the type we have discussed – they do not often make it explicit.

There are recognised building blocks of transparency – covering areas including governance standards, performance, key financial data, risk data, decisions are made, and how people can get involved and influence decisions. To achieve our aim, it will be important that a charter learns from best practice but is designed from a tenant perspective.

From the conversations we've had to date, we think the type of issues that could be covered by a housing association charter are as follows:

- Rights:
 - what rights tenants have
 - how tenants can seek redress
 - how tenants hold landlords to account and what they can do when expectations aren't met
 - service standards tenants can expect (specific to individual landlords).

- Access:
 - information on complaints
 - how tenants will know how we are doing
 - how tenants will be listened to if they have an issue.

- Involvement:
 - how tenants can get involved
 - what and how decisions are made.

We know many housing associations have exemplar policies and procedures in place for addressing these important issues. We have seen some great examples of annual reports to tenants which give a clear indication of performance on a range of issues, alongside an explanation of how decisions have been made and how they have been informed by tenants. We have also seen numerous examples of housing associations who have very well developed and effective mechanisms for engaging and involving tenants, including in their scrutiny arrangements and on boards.

Through developing a housing association charter, we intend to build on this good practice. Rather than specify exactly what arrangements we should have in place as a sector on these issues, we hope to describe a clear offer for our tenants, which each housing association will then deliver according to their own way of operating.

We have said we want tenants to be clear on what they can expect from their landlord so they can better hold us to account when we don't meet these expectations. We would therefore like to explore whether we could develop some specific standards against some of these issues that will help achieve this.

These standards could either be sector-wide or a commitment that each landlord will develop and publish their own standard. They may also take different forms, for example they could describe a specific set of steps setting out how a tenant can seek redress that apply across the whole sector.

As we've said, the specific content and commitments of the charter and any new principle added to the Code of Governance should be developed in collaboration with tenants, but we are interested in whether the ideas we have set out here are a sensible way of beginning the conversation.

Questions:

3. Do you agree that the issues listed above are the right ones to explore, and could be covered by a housing association charter?
4. Which topics do you think we should develop specific sector-wide standards or commitments for?
5. Are there any topics where you think it would be inappropriate or unhelpful to develop specific sector-wide standards or commitments? If so, could you explain why?

How can we encourage and embed change?

It is one thing to say we want to introduce a housing association charter and make changes to the Code of Governance to develop a sector-wide commitment to transparency and improve accountability, but quite another to take steps to ensure these are implemented in the way that shows tenants and others we are serious about making this a reality.

CfPS has identified a variety of measures and mechanisms which seek to mandate or encourage transparency, or both. In some sectors, practice is mandated by the Government through regulation, although adherence to such standards can still be variable – see for example [the National Audit Office's findings](#) on the adherence of Local Enterprise Partnerships (LEPs) to the transparency requirements in the LEP National Assurance Framework.

In other sectors, sign up to a charter or code of this kind is voluntary – often developed and overseen by industry bodies.

Accreditation is also a common theme, where organisations are assessed as to whether they meet a certain accepted standard. This can be a double-edged sword – a public standard can drive improvement but could be counter-productive if it's not driven by an internal understanding of transparency.

In recent years, popular accreditation schemes in other sectors (such as Investors in People and the suite of management standards overseen by International Standards Organisation (ISO) have sought to embed, as far as possible, an understanding of the importance of mindset – but externally evaluating the existence of this can be fraught with difficulty.

We'd also like to explore how, beyond this, oversight of the delivery of a charter would provide assurance that housing associations are tackling issues of transparency and accountability, while avoiding this becoming a tick-box compliance exercise and a new bureaucratic industry.

Most importantly, we want to be able to ensure that we are delivering our ambition to be among the most trusted and accountable organisations in the country, and ultimately that is leading to an improved tenant experience across the board.

Implementation and oversight – options

In terms of the options available in relation to supporting implementation and oversight of a sector-wide charter, we have identified the following:

- **Local oversight and evaluation based on local action plans:** This would firmly place ownership with the housing association board and executive, and therefore form part of the usual management processes of an organisation. A more formal method could involve tenants being drawn in to lead on an evaluation – compelling action if they feel that a charter is not being adhered to.
- **Peer/sector-led oversight and support:** A collation and reporting of key metrics data (see below) and working with the sector (and other partners) to identify where support and training may be needed.
- **Accreditation by an external independent body:** An external body would provide some form of assurance that an organisation is delivering the commitments (and meeting the standards) in the charter. This accreditation could be given weight and consequences for organisations who lose their accreditation status, for example by linking it to regulation.

These options all encompass different risks, from creating new bureaucratic burdens to being seen as 'marking our own homework'.

As well as looking at how individual housing associations are delivering any commitments set out in a charter, we are also interested in whether we are delivering a more consistent offer to tenants across the sector. Data could be gathered and reported that gives an insight into take-up of the charter, and where there may be gaps and further support needed. Data gathered could include:

- the number of organisations signing up to a new charter
- customer satisfaction/consumer standard measures and whether they improve
- evidence of new engagement/involvement/scrutiny arrangements post-charter
- the number of transparency-related complaints post-charter
- surveying tenants and stakeholders to gauge opinions on transparency matters
- collating statistics and a transparency scorecard akin to the existing model.

The issue of encouraging implementation and providing oversight is a difficult one. We are particularly interested in your view on how we can best evidence our commitment to tenants (and other key stakeholders), encourage take-up and evidence impact while maintaining local accountability and independence.

Questions:

6. Which of the levels of oversight identified above would you be most comfortable with?
7. Which of the suggested data we could gather, identified above, do you think are the most important? Are there any other that you think would be useful?
8. How do you think oversight of the delivery of the charter, and whether we meet any associated standards, would best help encourage and embed change that leads to more transparency and improved accountability in the sector?

Conclusion and next steps

We know through our engagement and discussions that housing associations are committed to addressing the wider concerns arising from the tragic Grenfell Tower fire. Tenants and residents in Kensington and Chelsea and beyond have spoken of feeling powerless and stigmatised, of feeling that no one was listening – of a breakdown in trust between residents and those in authority.

These are profound challenges that demand meaningful change at many levels of society. Housing associations are committed to playing their part in that change, rebuilding trust and ensuring communities feel listened to.

While there are many examples of good practice and individual housing associations who are transforming the way they operate with tenants at the heart of their decision-making, as a sector we have struggled to demonstrate how we are leading and driving improvements in transparency standards and being accountable to our tenants.

We know the Government may propose new regulatory measures in the Green Paper on consumer standards and/or tenant engagement, but we recognise that the challenge is about more than regulation, it is about a creating a culture that:

- recognises the value of a more equal relationship with our tenants and being clear about all our commitments
- recognises and understands the dynamics involved in being a social housing tenant and what we need to do to improve their experience of living in our homes
- shows that we are happy to be publicly held to account against a set of standards and evidence how we are meeting them.

This is why we want to be bold and brave in committing to changes to our Code of Governance and asking all our members to sign-up to a charter with specific commitments for tenants - which is co-designed with tenants and their representatives.

As we have said, our approach to accountability and transparency must be driven by what tenants want. That is why we are planning a significant and ambitious programme of tenant engagement in the autumn.

We know that embedding a new approach to accountability across the sector will take time, but we would like to have the charter and changes to the Code of Governance in place by April 2019.

When we have a clear direction, we will also look into what support, training and further tools can be developed to equip us to support this change, share learning and evidence impact.

Questions:

9. Do you think your organisation could sign up to the principles of the approach outlined in this paper, and adopt a charter of this kind?

10. Is there any other information that you would find useful for us to consider or questions you would like answered?

We want your responses to the questions and ideas set out in this paper. We are happy to receive responses in whatever format suits you and would like to hear from individuals as well as organisations in the housing association sector.

Please either [respond via our online survey](#) or email your feedback to offerfortenants@housing.org.uk by 5 September 2018.

If you would like to hear any more about the Federation's Offer for Tenants work then please email offerfortenants@housing.org.uk.

Jacqui McKinlay from the Centre for Public Scrutiny is also available if you wish to have a conversation via Jacqui.mckinlay@cfps.org.uk or 07716 409562.

Appendix

Examples of transparency charters

Organisation	Content
Transparency Charter for International Financial Institutions	<p>A voluntary charter for all international financial institutions that is designed by the Global Transparency Initiative. Consists of nine principles listed in the preamble and detailed explanation of each principle in the commentary. The principles are the following:</p> <ul style="list-style-type: none"> • the right of access to information • automatic disclosure of information about structures, finances, decision-making process and project work • access to decision-making • the right to request information • limiting exceptions • having a right to appeal • whistle-blower protection • promotion of freedom of information • regular review of policies and principles • detailed explanation of each principle.
International NGO Accountability Charter	<p>Accountability charter that consists of 12 principles, is voluntary in nature, and is aimed at international NGOs. Consists of:</p> <ul style="list-style-type: none"> • four principles on what international undersigned NGOs want to achieve • four principles on approaches to change that includes people-driven work, strong partnerships, open organisations, and advocating for fundamental change • four principles on what to do internally to achieve the named goals that includes empowering staff and volunteers, well-handling resources, having responsive decision-making, and responsible leadership.
Charity governance code	<p>The Charity Commission has recently (in 2017) updated its governance code following a consultation with over 200 partners. The new governance code</p>

	<p>includes an openness and accountability chapter that mentions the following:</p> <ul style="list-style-type: none"> • communicating and consulting effectively with stakeholders (a need to have a strategy for regular and effective communication, strategies to hold charities accountable, etc.) • developing a culture of openness (includes regular reporting on feedback and complaints, up-to-date register of interest, publishing of remuneration levels and annual reports) • member engagement (includes a need to be clear about the ways in which members can participate in charity’s governance).
<p><u>NHS</u></p>	<p>Transparency is listed among one of the key principles guiding NHS work (principle 7) and is understood as being transparent and clear to the public, patients and staff, and includes similar measures to the CQC (see above).</p>
<p><u>A charter for Sports governance in the UK</u></p>	<p>Transparency is listed as the first principle and includes:</p> <ul style="list-style-type: none"> • giving sufficient information about the organisations’ mission, aims, results, decision making and governance structure, and transparency around public funding.
<p><u>Good Governance in the Public-Sector Framework (CIPFA)</u></p>	<p>A framework designed by the Chartered Institute for Public Finance and Accountancy (CIPFA) that includes two overarching principles of good governance and acting in the public interest (out of seven principles in total):</p> <ul style="list-style-type: none"> • behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law • ensuring openness and comprehensive stakeholder engagement. <p>One of the remaining principles includes being transparent in relation to information sharing and audit.</p>

We also know that codes relating to transparency and accountability exist within the housing sector and individual organisations will have taken steps to create their own standards. As snapshot of what currently exists in the table below.

Housing-related sector – comparing codes	
<u>National Housing Federation Code of Governance</u>	Accountability and openness are listed as key principles of good governance.
<u>Northern Ireland Federation of Housing Associations</u>	<p>A Staff Code of Conduct that includes the following principles:</p> <ul style="list-style-type: none"> • openness, understood as being open about decisions and actions taken, including sharing the reasons for such decisions • accountability understood as officers and senior executives being subject to scrutiny from the public and stakeholders.
<u>Community Housing Cymru</u>	<p>A code of conduct that includes transparency and openness as its key principles. In particular, refers to the following:</p> <ul style="list-style-type: none"> • boards demonstrating accountability to all stakeholders • annual report of organisation activity and performance should be published • role of shareholders and shareholding members should be clearly identified • effective communication and feedback mechanisms are in place • a policy about access to information should be established by each organisation.
Scottish Federation of Housing Associations	Guidance published in 2017 on what information should be available to tenants and other partners/stakeholders. The publication looks at various issues, starting from decision making to financial information provision, and offers examples and guidance on how these issues need to be addressed in an open and transparent way.
<u>National Federation of Tenant Management Organisations (NFTMO)</u>	<p>Code of governance that includes ethical standards, accountability standards, and systems to ensure effective operations. In particular, the following are mentioned:</p> <ul style="list-style-type: none"> • ensuring that governance bodies are representative, and that tenants are encouraged to get involved • TMO should be acting in an open manner towards partners, stakeholders, and tenants, which includes access to information, publishing of annual report of activities and finances • TMO is held accountable to its members.

<p><u>Confederation of Co-operative Housing</u></p>	<p>Code of Practice includes ethics, accountability and democracy, and openness and transparency among its core nine principles. In particular, it mentions:</p> <ul style="list-style-type: none">• publishing an annual report of activities• having a strategy to ensure democratic operations and communication information to members and stakeholders (all key governance matters and information should be disclosed).
---	--