CLES Bulletin is a topical summary of an issue which has recently emerged. Its aim is to provide a pithy précis of the issue, thus creating a quick and easy to read document which directs to more detailed material, if required.

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The challenges and opportunities presented to the social housing sector by new forms of governance proposed in the Local Government White Paper

CLES Centre for Local Economic Strategies

Written by **Stuart MacDonald**
Policy & Information Researcher, CLES, E-mail: stuartmacdonald@cles.org.uk
Express Networks, 1 George Leigh Street, Manchester, M4 5DL
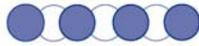
Introduction

Registered Social Landlords (RSLs) have valuable ties with local communities and are experienced in delivering services at the neighbhourhood level. They are also key players in the Government's Sustainable Communities agenda (ODPM 2003).

The Local Government White Paper has, however, largely overlooked the potential of the social housing sector to help meet its aspirations for improved governance and empowerment of local communities. As the sector is subject to review at present and the White Paper's proposals are not directional, this raises a number of questions as to how housing associations and other RSLs can have input into new governance arrangements that are proposed.

This Bulletin explores some of the challenges and potential opportunities that are presented by the White Paper, *Strong and Prosperous Communities*, and suggests ways in which the sector could respond.

Background and methodology

The Local Government White Paper was published on 26th October 2006 by the Department of Communities and Local Government (DCLG). Its contents were outlined and analysed by the Centre for Local Economic Strategies (CLES) in its reports *New Powers for Local Authorities? A Summary of the Local Government White Paper* (Jackson 2006) and *Linking Elected Members and the Local Community more effectively through the Local Government White Paper (*Bradford et al 2006*).

The impact of the White Paper's proposals were also addressed in a National Housing Federation briefing for members (NHF 2006). But a lack of attention to the role of social housing in the White Paper resulted in it receiving minimal attention by other housing bodies and scant coverage in the specialist housing press.

The DCLG has tasked Professor John Hills to review the future role of the sector by the end of the year, which means the survival of some housing associations is uncertain (Hilditch, December 2006),

and the urgency of this has also, naturally, detracted attention from more developmental considerations thrown up by the White Paper.

As a number of key tenets of the White Paper are of relevance to RSLs however, and it presents a series of challenges and potential opportunities for them to further enhance their role in neighbourhood governance. CLES was asked by the National Housing Federation to facilitate two seminars at its North West region conference 'The Future of Social Housing', which took place in Liverpool on 13th November 2006. These were entitled 'New local governance: opportunities and challenges for the social housing sector' and provided a useful discussion forum. They were each attended by around 30 delegates representing RSLs across the region. CLES chief executive, Neil McInroy, and policy manager, Nicola Carroll, firstly presented the relevant proposals contained in the White Paper and their perspective on its implications for the sector.

Discussion among delegates of what new local governance means for RSLs was then focused around the themes of:

❑ Leadership;
❑ Management;
❑ Neighbourhood services; and
❑ Engagement.

This Bulletin will firstly summarise the relevant White Paper proposals and CLES's perspective on their implications for social housing. It will then present the opinions of seminar delegates in an anonymised format which identifies challenges and opportunities for the sector around those themes of leadership, management and partnerships, neighbourhood governance and local services and engagement. Finally, suggestions as to how the sector might best respond to the Local Government White Paper will be offered.

White Paper governance proposals

The governance issues considered in the White Paper can be summarised around the following themes:
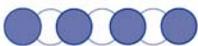
- **Structure** - The White Paper offers opportunities for two-tier authorities to become unitary councils. Bids must be submitted by 25th January 2007 and a survey by the Local Government Chronicle found that more than half of the counties in England are considering doing so (Golding, November 2006). Elsewhere, there will be the opportunity for 'virtual unitaries' to be established without formal restructuring taking place. Unitary and district councils have also been offered freedoms to set up parish town and neighbourhood councils in non-rural areas.

- **Elections** – The White Paper offers options for councils to be run by directly elected mayors, elected executives or leaders, all of whom would serve four-year terms of office. Referendums are no longer necessary to determine whether to opt for directly elected mayors.

- **Councillors** – The White Paper proposes an enhanced role for backbench councillors to become 'champions of the community'. There is an emphasis on improving the leadership role and skills of councillors and encouraging a more diverse range of people to become councillors.

- **Partnerships** – It is proposed that councils have new duties to consult partners in Local Strategic Partnerships and Local Area Agreements; and Multi Area Agreements, which span local authority areas, have been proposed. The overview and scrutiny role of backbench councillors has also been strengthened and applied to public bodies, which could include RSLs.

- **Cities and regions** – The White Paper proposes reformed transport executives, co-ordinated economic development activity and the establishment of employment and skills boards to connect up health, skills, business and employment policies.

- **Performance and services** – The White Paper proposes more of a 'light touch' inspections regime. The number of national performance targets for local authorities is reduced to 35 Local Area Agreement improvement targets and 200 Performance Indicators are now expected instead of 1200. The Best Value framework has also been strengthened to allow more public involvement and better provision of information.

- **Community focus** – the central thrust of the White Paper is empowerment of local communities. Its key aims are to engage residents, encourage more active citizenship and forge stronger links between communities and their elected representatives. Two specific mechanisms that are proposed for achieving this are the introduction of a Community Call for Action, which enables councillors to take up public issues on behalf of their residents, and the Local Charter, which involves communities in setting standards and priorities for local services. Another proposal which could offer more power to communities is a review which is under way to examine the transfer of assets to community groups.

Local Government White Paper limitations

The launch of the Local Government White Paper *Strong and Prosperous Communities* occurred against the backdrop of growing policy emphasis on devolved decision-making, place-shaping in localities, neighbourhood management and a stewardship role for local authorities. In the run-up to the document, radical reform had been heralded, for example with then communities minister David Milband's promise of 'double devolution' from central government to local government and from local government to local people.

The White Paper published by Secretary of State for Communities and Local Government, Ruth Kelly, was, however, compromised as key questions cannot be addressed until the Lyons Report on local government finance and the Comprehensive Spending Review 2007 are produced. In CLES's opinion, it therefore fails to give clear vision or direction to local authorities and the communities they serve or make explicit the links between the 'strong' and the 'prosperous' communities of its title (Jackson, 2006). Research among council
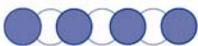
members, umbrella community bodies and community organisations operating at a local level also revealed a high level of uncertainly as to how attempts to increase community leadership and engagement would work in practice and whether sufficient capacity and resources were available to do so (Bradford et al 2006).

At CLES, we feel that the White Paper does not quite go far enough in striking the balance between participative and representative democracy. Whilst proposals to enhance representative democracy through stronger leadership of local councillors are introduced, the paper does not highlight how these will be carried forward and what it will mean for the way in which councillors and local people interact.

These limitations are also to be found in reference to the role of social housing providers. Social housing was not given sufficient attention in the White Paper, given its vital links to local communities and its prominence in service delivery at the neighbourhood level. Housing associations are only specifically mentioned a limited number of times. The White Paper raises more questions than answers for the sector, and highlights issues for consideration rather than suggesting tangible measures. It remains to be seen whether these issues will be clarified in subsequent legislation.

There are, however, governance and service delivery challenges and opportunities for the sector, which the sector as a whole and its individual members need to address. The onus is therefore upon RSLs themselves to respond effectively.

Implications for social housing

The White Paper does recognise Registered Social Landlords as key partners for local authorities, particularly in addressing homelessness. It says they should be 'responsive to their economic and social environment and make sure that strategies and policies are responsive to local and regional priorities'. It recognises that the future roles and responsibilities of the sector are under consideration. Specific proposals relating to social housing are:

❑ **Sustainable Communities Strategies** – These should be prepared in consultation with partners and cover housing, economic development and crime and disorder issues.

❑ **Tenants** – The White Paper includes proposals to make it easier to set up Tenant Management Organisations and take over the management of housing.

❑ **Councillors** – The Community Call for Action gives tenants more say on neighbourhoods and services and allows councillors to potentially take forward issues on their behalf. Councillors could also potentially have powers to bring housing associations before scrutiny committees.

❑ **RSL role in LSPs and LAAs** – The White Paper introduces a new duty for local authorities to consult partners and for councils and 'named partners' to have mutually agreed targets.

❑ **Community cohesion** – Registered Social Landlords have a potential community cohesion role and involvement in LSPs, LAAs and Sustainable Community Strategies can be a vehicle for this.

❑ **Services** – Some key issues need to be addressed in terms of the provision, resourcing and inspection of services. In particular, the implications of moves to integrate Supporting People into mainstream local authority procurement and the way in which new local government inspection regimes can be applied without incurring extra burdens for social housing providers need to be addressed.

The views of social housing providers

The RSL representatives who participated in the *New local governance: Opportunities and challenges for the social housing sector* seminar were asked to comment on the White Paper in terms of:

❑ Its potential to enhance local democracy and leadership?
❑ Whether it encourages communities to engage more actively?

- ❏ What role can RSLs play in encouraging more engagement and helping tenants shape neighbourhoods and services?
- ❏ Whether it will make it eaer to engage with LSPs?

Their responses can be presented in relation to the following themes:

Leadership
The delegates expressed that they were disappointed by the White Paper, which they viewed as 'bland'. One delegate described it as, 'a wet lettuce' and anther said he was 'underwelmed' by the proposals it contains. A housing association chief summed up: 'It doesn't provide a platform for local democracy and accountability.'

One of the delegates commented: 'The biggest disappointment is leaving a choice about two-tiers and virtual unitaries. It is a treasury fudge because it would cost too much to introduce unitaries everywhere.' The issue of directly elected mayors was also left as a 'fudge' according to the delegates. One of them said: 'The consequences will be confusing.'

They thought the White Paper made matters more complex rather than suggesting any clear vision. One commented: 'They are trying to create a homogeneity without having been directional enough to achieve that.' Another said: 'There are inherent contradictions. We would like greater clarity and what 'champions of the community' means. Does that mean that if a tenant isn't happy they can turn it into a policy campaign rather than going through the housing organisation procedures?'

One delegate summed it up: 'The empowerment of local government means that housing associations could be more accountable to elected officials while at the same time housing associations get bigger, there is a growing distance between housing association service delivery and governance.'

In short, they did not feel that the White Paper would necessarily enhance local democracy and leadership. They thought that housing associations are already fulfilling the community leadership role proposed in the document and working with individuals and communities. 'A lot of what is in the White Paper is what we have been doing for several years', said one housing association representative.

Management and partnerships
As previously identified, the Local Government White Paper has been launched against a backdrop of uncertainty for the social housing sector, with the results of Professor John Hills' review of its future leaving fundamental questions as to the role and accountability of RSLs to be addressed. This will shape their relationship with public and voluntary sector bodies.

The delegates identified wide variations in their current relationships with local authorities and their level of involvement in Local Strategic Partnerships (LSPs). A delegated explained: 'The funding aspects are critical. In councils without cash there is an element of reaching out and looking for ideas but in the ones with money there is the impression, not the actuality of consultation.' Another said: 'It depends on the strength and abilities of local authorities and how they work, but experience is on the whole negative. One housing association representative said: 'It feels like last minute involvement as a tick box exercise' One commented: 'You have to ask what's in it for you and not just the local authority'. Another said: 'It still feels like we are on the sidelines.'

One delegate commented on a more positive note: 'LSPs are not clear about what they are trying to achieve, but LAAs are starting to influence the way we think about service delivery.' The roles and relationships of the RSLs to other bodies varied greatly according to whether they were Arms Length Management Organisations, housing associations with Large Scale Voluntary Transfer stock and those without. Those with transferred stock were more woven in to local government working.

Neighbourhood governance and local services
The delegates expressed a view that housing associations are not currently aligned to the local governance agenda despite the fact that they are often the major player delivering services at the

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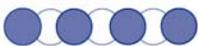
neighbourhood level and have become increasingly involved in providing a wider range of neighbourhood services for their tenants.

As one housing association representative put it: 'Lots of things RSLs already do are not necessarily reflected in the neighbourhoods agenda. It's like a parallel universe.' Another delegate commented: 'The White Paper all feels very theoretical when we are on the streets and in people's homes delivering good services and our accountability is already out there in the community.'

There was uncertainty in particular as to what the Community Call for Action would mean in practice and how it would work. Overall, the White Paper was described as 'light on neighbourhood governance'. It was agreed that while it raises significant issues, it does not adequately address them.

While neighbourhood working can be seen as an additional cost, it could potentially be a benefit to neighbourhood governance. Housing associations are, therefore, not necessarily fulfilling their potential community leadership role.

Engagement
Although the White Paper proposes more powers for tenants to manage properties and encourages greater community engagement generally, delegates were unsure as to how much of an impact this would have in practice. A delegate said: 'I don't think you should impose deeper forms of management on tenants. Opportunities are already there for those that want them.' Another commented: 'My personal experience is that tenants don't necessarily want to be involved.' One comment was that more engagement, 'depends on the capacity of tenants'.

Practical issues affecting engagement were highlighted: 'It is easier with large monolithic estates for them to have large tenant management groups. But it's a lot harder when properties are pepper-potted.' Concerns were expressed about the capacity and capability of some small local authorities with limited resources to engage residents. And in terms of RSLs themselves, while large housing associations are leading on

neighbourhood governance, the smaller ones are not necessarily geared up to do so. Coterminousity between council and housing association catchments also made matters complex.

One delegate made the useful suggestion that smaller housing associations could feed tenants' views into larger ones to allow them representation in local government and other bodies.

Recommendations

It is not possible to make firm recommendations about the way in which RSLs might maximise opportunities offered by new governance arrangements put forward in the White Paper until further legislation clarifies its intentions and the review of the future of social housing confirms the sector's future role.

Small steps could be taken at the present stage however, to stake the sector's claim in the new local governance arena. The social housing sector could address these issues and determine ways in which involvement in local governance could strengthen their relationships with other public and voluntary sector bodies and with tenants and help enhance service delivery. Possible ways forward include:

- Smaller RSLs could feed into larger ones to ensure their views, and those of their tenants, are represented.
- The National Housing Federation could address challenges and take forward opportunities presented by new forms of local governance in its neighbourhoods and regeneration policy work.
- A working group could be established with local government representatives to explore joint working on these issues and ensure the potential of housing associations to contribute to neighbourhood governance and community engagement is recognised.
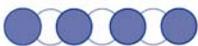
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For further information on the issues discussed in this Bulletin please contact:
Nicola Carroll, policy manger, CLES
Tel: 0161-236 7036
Email: nicolacarroll@cles.org.uk