

Housing Associations - Are they the next generation of collaboration catalysts?



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A key message from the Chartered Institute of Housing's 2013 report¹ on outsourcing and shared services is that: *"Housing associations are redefining themselves in terms of focus and operational emphasis and are going to have to work in more commercial ways. We are likely to witness the emergence of a mixed market of association structures, partnerships and approaches, in which outsourcing and shared services could play a significant part."*

This echoes Liz Potter, Chair of Orbit Group, who set out the challenge for the housing sector in the coming years in a 2012 paper:

"If we are to continue delivering good quality affordable homes in volume, continue helping people to achieve their aspirations, and continue improving the look, feel and economic vitality of neighbourhoods we must transform the way we work, not just as a short-term reaction, but as a fundamental business driver for the future?"

A similar theme was raised at the same time by Alistair McIntosh, Chief Executive of the Housing Quality Network:

"Cuts to benefit will starve associations of cash. It is a testing experience running to wafer thin margins. Ask your friends in councils and ALMOs. Everything is up for the chop. ...Leadership in the relaxed world of 2012 will bear no relation to what is about to come?"

If these are accurate predictions then, if not happening already, the leadership in many organisations will be running each of their services through the SSA's Efficiency Matrix (see page 14) to determine what they want to retain in-house, sell, outsource or share with other housing associations.

¹ CIH (2013) *Going to market – The role of outsourcing and shared services in Housing Associations*.

² Orbit Group (2012) *Housing 2020: Six views of the future for housing associations*.

³ Housing in 2013: 'A testing experience running to wafer thin margins' Dash24 (10/12/2012).

However, whilst sharing services with other associations may be an option, maybe there is a more important role for them as conveners of major collaborations in their local place. But hold that thought whilst we look at existing shared service activity in the sector.

'Dabbling' in shared services...

Kate Davies, Chief Executive of Notting Hill Housing is not enamoured by the volume of shared service activity in the sector:

"Apart from dabbling with procurement clubs, development agencies and a few stock swaps there has been very little collaborative activity in the housing sector. Most social landlords do everything in-house. [For example]...Housing associations (and their tenants) spend a lot of time complaining about repairs contractors, but why hasn't our sector had the courage to create a maintenance company to sell focused, expert services to housing associations?"

Why haven't we been able to design, collaboratively, a great housing IT system that everyone would surely want rather than what the flaky private sector are offering?"

However let's not overlook the good internal shared services activity that has taken place. Current examples are Riverside Group's shared service centre to provide standardised financial transaction processing services and Sanctuary Group's development of an internal shared service.

It makes good sense to gain efficiencies through internal sharing for two reasons. Firstly, if you have a strong culture of internal sharing then you should be better disposed to external sharing⁵. Prof Rosabeth Kanter describes this as "collaborative advantage", suggesting that organisations who learn to collaborate well prove to be attractive to many partners and therefore have "collaborative advantage over others"⁶.

⁴ Guardian Professional, Wednesday 18/07/2012

⁵ Huxham, C. (1996), Sullivan and Sketcher (2002), Lank E (2006) Economist Intelligence Unit (2008) et al.

⁶ Kanter, R. (1994) Harvard Business Review 72:4

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There are also good examples of shared services in the sector. For example East North East Homes, West North West Homes and Aire Valley Homes, have combined IT, finance, human resources, marketing and communications to form a vehicle called the ALMO Business Centre Leeds.

In 2010, Devon & Cornwall Housing, Tor Homes and West Devon Homes set up a shared service to work together on efficiency savings and service improvements. In addition is the East Kent Housing ALMO, the provision of shared services by four councils to 18,000 households.

However, the future of ALMOs is looking a little precarious. Brendan Ryan, Chief Executive of East Kent Housing, told *The Guardian* in December 2012: *“It seems that the money ALMOs have taken away from councils for the provision of support and back office services may be behind some decisions to go back in house, with the councils needing to bolster their own back office services in these cash strapped times. Maybe the ALMO of the future needs to look at how it can share or contribute to the council's back office services”*.

A final example involves Bromford Group, Merlin Housing Society, Notting Hill Housing and others who have each acquired so-called ‘cells’ in Igloo – a risk transfer company for the social housing sector, established in 2011 by insurance adviser Acumus.

Igloo helps individual housing associations to set up its own in-house insurer for routine claims. It is a risk management tool to create savings on smaller claims that do not have to be underwritten by a major insurer. 125,000 homes in England and Wales are now insured through the shared Igloo structure.

What about collaboration with non-housing partners?

An example of a non-housing to housing partnership is Kirklees Neighbourhood Housing (KNH), which manages 23,000 homes and has partnered with energy metering and billing specialist ENER-G Switch2 (ES2).

They plan to install in-home display units that lets customers see, in graphical form, how

⁷ Guardian Housing Network Blog, 01/12/2012

much energy they are consuming, when they are using it, how much it is costing them and how much credit they have available.

It will make it easier for residents to budget and to monitor and manage their energy usage, helping them to reduce consumption and costs. The pay-as-you-go element works like topping up a mobile phone, using smart wireless technology to replace the traditional token-based pre-payment system.

The benefits are less arrears on tenants’ energy payments and reduced costs for the billing company.

Then there is the collaboration between Ascham Homes, ReStore, Waltham Forest Council and Forest Recycling, called Furnishing The Future. It recycles both furniture and paint for the benefit of residents. It reports that it has recycled 5,524 litres of paint and 67 tonnes of furniture, saving 175 tonnes of carbon in the first year of the project.

The 2013 catalyst for more of these types of cross-sector collaborations in housing could be the Public Service (Social Value) Act 2012⁸.

Mark Richardson is author of the *Green Light Report* which examines the relationship between housing associations and the wider social enterprise sector.

His view is that: *“The Social Value Act will require housing associations to consider wider social value when procuring services... They can buy from social enterprise, they can partner with or capacity-build existing social enterprises, or they can start new ones.”*⁹

The role as collaboration catalysts

With that thought let’s return to the potential for housing associations as conveners of major collaborations in their local place.

ResRepublica, released a report in November 2012: *Acting on Localism - The role of housing associations in driving a community agenda.*

⁸ See SSA Magazine VI Ed. 8 for background to the act.

⁹ Guardian Social Enterprise Network 10/12/12

The potential to do more is immense. Building resilience, developing social capital and self-help and working with communities to strengthen and sustain them are activities which many associations have yet to tackle.

Phillip Blond, Director of ResRepublica (p3) writes that: *“In our view, housing associations are ideal change and place makers - they can and should make a difference in the communities they serve.*

After all, they are well positioned to do so; they already contribute an annual investment of almost £746.5 million to community and neighbourhood activities. Housing associations hold an established relationship with, not only their tenants, but also the wider community. They are embedded within communities and are in an ideal position to generate both social and economic capital by acting as guarantors, enablers, investors, capacity builders and facilitators”.

He cites the example of Placeshapers, a group of housing associations, of more than 80 members with half a million homes: *“They act as catalysts for community change, provide knowledge, expertise and resources for wider community benefit, focus their activities at community level, re-invest cashable*

savings to support their work in these communities, create and support a wide range of cross-sector partnerships and encourage new forms of accountability to give communities a stronger voice.

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Hilary Clinton is credited with the phrase, *“Never waste a crisis!”.*

In that context, and the context of the diminishing financial clout of councils hit with further budget reductions over the next four years, housing associations that equip themselves with the right collaboration skills and knowledge could well become the major collaboration catalysts and place shapers in local, public purpose activity.

Top trends to watch for in social housing, in 2013-15

- 1. Leading from the top**, with boards and partners reassessing the purpose and role of housing associations and ALMOs within the context of a long period of austerity. Some councils will want to bringing their ALMOs in-house, the emergence of super ALMOs, and the exploration of shared ownership models such as council owned/ community owned (COCO) models.
- 2. Localism will be a key driver** in 2013 and beyond. Watch out for community budgets being expanded beyond the existing 'whole place' and 'neighbourhood' pilots. This will be a spur to more collaborative working at local level.
- 3. The need for more innovative approaches** to democratic and community engagement. The Orbit Group talks of three different community investment models (freeway community chest, invest to save and triple bottom line)
- 4. More shared back offices and procurement.** This might be achieved by bringing ALMOs in-house, or by setting up shared service organisations (eg ABCL) or via shared procurement and membership (eg Igloo)
- 5. Moving from public services to public service.** Welfare reform is a classic example (as are troubled families or adult social care/health) where citizens are demanding more joined up provision. Housing associations, given their close relationship with their residents, are uniquely placed to be the promoters of local diversity, local vehicles of community ambition and capacity builders for active social participation (ResRepublica).
- 6. The burning platform is becoming hotter.** The tough it out strategy simply by cuts and efficiency improvements are unlikely to address the gap between supply and demand. New models of working will be required. To quote Derek Long of NHF *"social housing's future lies in collaboration and creativity".*