

## **COMMUNITY INVESTMENT AND COMMUNITY EMPOWERMENT: The role of social housing providers in the context of 'Localism' and the 'Big Society'**

**Professor David Mullins,  
Third Sector Research Centre,  
University of Birmingham**

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**Housing and Community Empowerment**

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**David Mullins**

Birmingham, June 2011

## Foreword from HACT

We commissioned David Mullins, who leads the housing research stream at the Third Sector Research Centre, to produce this think piece as part of our evaluation of HACT's work on housing and community empowerment for a number of reasons.

David has been involved in research and practice on the community investment activities of social housing organisations for many years. This has included a number of collaborations with HACT, most notably his work on the evaluation of our Accommodate programme which included supervision of Patricia Jones' PhD on 'Refugee Community Organisations: Working in Partnership'. He has undertaken collaborative projects with Dutch housing researchers, including the Close Neighbours project in which HACT was a partner and an Anglo-Dutch comparison of approaches to measuring social performance in the housing sector which informed work undertaken with the G15 and the Tenant Services Authority. He has worked closely with a number of large housing associations on how they might manage the tensions of large scale procurement with local delivery and accountability including supervision of a PhD by Halima Sacranie on community investment activities in a large housing group. He has also worked with the National Housing Federation on plans for their 2011 Neighbourhood Audit and is currently supervising a PhD being undertaken by Vanessa Wilkes on understanding and improving the measurement of community investment activities by housing associations.

We asked David to stand back and reflect on the relationship between community investment activities and community empowerment. We asked him to provide a theoretical and conceptual framework that we could use to evaluate our community empowerment fund work in the changing policy context associated with the Big Society and localism discourse and the deficit reduction programme. We encouraged David to give a personal account and to put the 'I' back in his research, although we have noticed how frequently the 'I' becomes 'we' reflecting the necessarily collaborative nature of his learning experience. By commissioning an academic with so close and long-term an engagement with the housing sector we have taken a different approach to many think-pieces that tend to take a birds-eye view from outside a sector. We also took the risk of inviting a 'theoretical perspective' in the hope that David would use his best efforts to make this material relevant to the practical decisions that face all social housing organisations today.

I hope that you will enjoy sharing David's journey and will find the product of that journey (Figure 1.1 – Theoretical Framework and Key Questions) a useful tool in planning your own organisation's engagement with this agenda. I am delighted that you will have the opportunity to feed in directly to this think piece prior to its final publication by HACT and TSRC in the Autumn. This executive summary and the full draft report have been specially written for consultation at the HACT/TSRC Conference on Housing and Community Empowerment to be held at The Abbey Centre, London on June 9<sup>th</sup> 2011. The draft will be placed on the HACT and TSRC websites for your comments by August 31<sup>st</sup> 2011 so that it can be finalised and published in the Autumn.

**Heather Petch,  
Director of HACT, June 2011**

## 1 Executive Summary

**1.1 This summary introduces the main themes from each section of the think piece and raises key discussion points. It includes as Figure 1.1 a framework that can be used by housing organisations to position themselves on community investment and community empowerment issues.**

**1.2 This think piece has been commissioned to provide a framework to evaluate HACT's community empowerment work. It identifies some of the different ways in which the terms 'community investment' and 'community empowerment' are used by housing organisations and others. It suggests some key questions that need to be considered in order to align community investment inputs with community empowerment outcomes:**

- Is community investment about distributing surpluses to good causes to demonstrate social responsibility or about raising funding to support community-led initiatives?
- What motivates community investment and how do motivations differ between housing organisations and community groups?
- Is community empowerment about delegation or control? Can mutual engagement overcome power imbalances between housing organisations and community groups?
- Does community investment lead to community empowerment? And if so how do we know?

**1.3 Recent changes to the policy context expose social and private tenants to increased risks and threaten to reduce the stability and local capacity required to make 'localism' and the 'big society' a reality. This challenges social housing providers to re-assert the contribution that the provision of secure, affordable and decent homes can make to community empowerment. It also provides opportunities to develop the potential of their local presence, asset base, income stream and financial stake to invest in wider services to local communities to promote empowerment. At present social housing providers face a number of strategic positioning choices:**

- How to respond to increasing concentrations of poverty in their own stock and decreasing local authority resources for public services – social welfare or social entrepreneurial roles?
- Scale and efficiency or localism?
- Core social housing services or a wider role?
- Use of assets and spending capacity to build new homes on new terms or to support existing assets and communities?
- Neighbourhood/community or corporate focus for making these decisions?

**1.4 Ideas about the importance of community investment and empowerment have grown through the experience of stock transfer; arguably the largest example to date of the ‘opening up public services to new providers’. Research on housing transfers to third sector organisations has raised questions about the value added by third sector identity and how this addresses the ‘democratic deficit’ resulting from distancing from elected democracy. While the rationale for transfer was overwhelmingly financial, the potential to create new models for community empowerment through local accountability, community leadership and community investment were increasingly recognised. The value added by third sector identity of stock transfers can be seen as having two key dimensions:**

- Defining the scope of social housing to include wider community wellbeing.
- Decision-making on investment priorities that enables community empowerment.

**1.5 The history of the housing association sector highlights the long-standing links between housing and wider community investment. Rather than a diversification from ‘core business’ these activities have long been central to the missions of many associations. There are examples of youth diversionary and financial inclusion activities in the 1930s. Generations of associations have been founded on responses to housing and wider community needs. Examples include the ‘Shelter generation’ of associations associated with the rediscovery of poverty in the 1960s and 70s, specialist community providers for older people and homeless people funded by HACT at around the same time, BME and rural associations in the 1980s, and more recent self-help and new migrant groups. What all of these cohorts had in common was to see housing as part of a more holistic set of responses to social needs:**

- The core business of housing organisations has always been wider than a ‘core housing product’.
- The mix of housing and community investment activities reflects the values and purposes of founders and supporters of associations.

**1.6 It has been said that ‘associations should diversify as part of their mission rather than as a business opportunity’. The value drivers for community investment activity can be found in movements that have operated across parts of the sector at different times. Examples include the Christian Conference on Citizenship and Politics, the rediscovery of poverty, housing plus, People for Action, the BME housing movement, Place Shapers and In Business for Neighbourhoods. Since 1960 HACT has acted as a catalyst for many such responses. Some common drivers have been:**

- The links between good housing and wider community well-being.
- The potential for housing providers to have a wider neighbourhood impact

- The creation of partnerships of complementary organisations to strengthen responses to marginalised communities.
- The importance of creating opportunities for tenants and residents, building bridges between communities, and sharing resources with resident-led or voluntary groups.

**1.7 Because housing associations became involved in community investment as part of their own mission and values and not because it was expected of them by governments or regulators, community investment came to symbolise the independence of the sector. This was increasingly the case as the core housing business became more highly regulated. Therefore proposals in the Housing and Regeneration Bill 2007-8 to regulate community investment activities of associations were strongly and successfully resisted as a threat to sector independence. In its campaign against these aspects of the Bill the NHF invoked the third sector identities of associations and argued that the Bill as then drafted breached the third sector compact by allowing ministers too much 'control over independent not-for-profit organisations, with half of them being charities':**

- The NHF's In Business for Neighbourhoods campaign has been seen as an attempt to return to 'the independent spirit' in an increasingly regulated sector.
- Community investment has come to symbolise the independence of housing associations. These were discretionary activities consistent with a housing association's non-profit and in many cases charitable status.
- Nowadays do we also need to recognise the importance of investment in decent, secure and affordable homes that enable poor people to live in high value locations as another important symbol of independence through community investment?

**1.8 In the 1990s housing associations symbolised the 'democratic deficit' whereby public services were moving away from local democratic control. They faced upward external accountability to regulators and funders rather than horizontal local accountability to the residents and communities they serve. This has often left them with a limited legitimacy to exercise the independence discussed above. Case studies from the Close Neighbours project demonstrate the deadlocks that can arise when associations take the lead for neighbourhood planning but have only a limited mandate. There are three main ways in which social housing providers might build legitimacy to engage in, and where appropriate lead, local public service partnerships in the context of the localism and big society discourse:**

- By building the democratic anchorage of their local partnerships and neighbourhood plans through engagement with local government.

- By governance reforms to place community shareholders at the heart of their decision making processes and where appropriate devolve decisions to local community-led groups.
- By building strong and trust based local partnerships with community groups, third sector organisations including community anchors and small grass roots organisations such as RCOs, residents' groups and self-help organisations.

**1.9 For 50 years HACT has been a leading proponent of local partnerships between housing associations and other third sector organisation as the best way to combine community investment and community empowerment. As part of its '*Opportunity Agenda*' HACT has identified a variety of ways in which housing associations can harness their assets and capacity to partner with other – often smaller community and voluntary organisations in the neighbourhoods in which they work. In its *Supporting the First Steps* HACT has shown how capacity building work that can be undertaken by generalist bodies such as housing associations. In its *Together for Communities* work HACT has been demonstrating the contribution that can be made by bedrock partnerships between housing providers and community-led community anchor organisations. HACT has developed a *Housing and Empowerment Network (HEN)* which has exchanged ideas amongst social housing providers on how they can empower communities and transform neighbourhoods through more effective links with third sector partners:**

- The key dimensions of local partnership models to combine community investment and community empowerment have been illuminated by the work of HACT and its partners over a number of years.
- The interest attracted by HEN and the lively debates on a range of relevant issues from 'the housing officer of tomorrow' to 'social enterprise' and 'measuring social impact' have demonstrated the potential for those housing providers with a commitment to local partnership working to take this approach forward.
- The risk remains that while certain aspects of the current policy context appear favourable to such local partnership working, others are encouraging some housing providers to focus investment instead mainly on building new homes and taking part in vertical supply chain arrangements that are coming to the fore in areas of community investment such as the Work Programme.
- There is therefore a need to step back to consider the business models and drivers for community investment activity in the current policy and funding climate.

**1.10 Thinking about community investment activities by housing associations can be enriched by considering the nature of associations as hybrid social enterprises operating between the state, the market and the community. Theoretical work drawn from the Dutch housing sector and homelessness sector in England seeks to understand the positioning of these organisations and how they make decisions:**

- The Dutch work is used to identify the different positions that can be taken between social and commercial goals, between core business and diversification and how these decisions are made (between rational calculation and taken-for-granted assumptions and relationship based approaches).
- Work on the English homelessness sector identifies further positioning options relating to how service users are involved in trading activities and how values and mission affect responses to commissioning.

**1.10.1 Priorities for community investment decisions are affected by state, market and community drivers. Housing providers must decide:**

- How far they should adopt 'prospector' strategies to deliver non-housing services such as community investment.
- How they should involve beneficiary groups in their trading activities.

**1.10.2 Despite the rise of contract-based commissioning as a significant driver for community investment work, housing providers have three other options to steer their community investment:**

- They may adopt a more independent approach based on their own corporate strategy,
- They may follow a partnership approach based on links with national partners and funders; or
- They may follow a local relationship based approach with priorities set jointly with key local partners.

**1.11 There has been an increasing emphasis on measurement of the outcomes and impact of community investment activity across all sectors in recent years. Measurement is seen as important in making the business case within organisations and in attracting external investors. In the housing sector the NHF Neighbourhood Audit (which is being updated in 2011) has provided a major advance in understanding the inputs, outputs and leverage achieved in community investment activities. There is growing interest in measuring outcomes and impacts too. But to date there has been limited attention to tools to enable mutual assessment of benefits with community partners (e.g. through collaborative planning tools such as Outcomes Arena). Such tools are necessary to evaluate community empowerment. In determining their**

**approach to measuring community investment social housing providers need to consider how measurement will enable them to:**

- Appraise and prioritise social investment projects at the planning stage.
- Measure outcomes including social and financial return on investment.
- Relate community investment activities to corporate goals.
- Enable collaborative planning with community partners.
- Contribute to assessing community empowerment.

**1.12 Devolution of power to neighbourhoods raises a series of questions around structural forces, the role of the state in relation to civil society, community trust in politics, and the implicit assumption that all community engagement is 'a good thing'.** A variety of approaches to working with communities lie behind the use of the term **community empowerment** and housing organisations would benefit from assessing where their aims fit within the continuum from **community engagement** to **community development** (as self-help) and **community development** (to engage in political processes). The community organising and social action model currently being promoted is based on the premise that power has to be seized and cannot be given away. The response of mainstream housing providers to this thinking has not developed very far yet (e.g. there are few opportunities for residents to co-produce services).

- Large housing organisations appear to be moving from a logic of community empowerment to one of 'customer focus' linked to corporate goals.
- Very little is known about the residents' and communities' experiences of being empowered; yet for empowerment to occur there needs to be a matching of organisational and community goals.
- Housing providers need to consider their analysis of power, whether it can be given away or has to be seized and the implications of this for their community investment work; for example in making space for resident-led action.

**1.13 HACT's experience of partnership working helps us to explore the motivations for community investment and empowerment activities from a landlord perspective and from a community perspective. It identifies practices that can enable or prevent joint goal setting between stronger and weaker partners. HACT's Accommodate programme had a clear focus on enabling mutual partnerships between Refugee Community Organisations and housing providers, the lessons learned are relevant to a wide range of partnerships. HACT's Together for Communities Programme provides a different setting to explore partnerships involving community-owned and led organisations and social housing providers. Some key conclusions are that:**

- Relationship and partnership approaches to setting goals for community investment are more likely to deliver community empowerment than contract or strategy based approaches.
- All approaches to community investment need to build in spaces where mutual learning can occur and joint outcomes can emerge. Such spaces are more important than ever in the context of deficit reduction and the discourse of localism and big society.
- Linking community investment and community empowerment requires an alignment between motivations of housing organisations and communities/community groups with whom they work.
- Joint interest approaches to planning community investment can enable weaker partners to modify a priori objectives as they gain confidence and knowledge.
- Collaborative planning using tools such as the Outcome Arena would be one way of increasing such alignment.

#### **1.14 Bringing it All Together**

The typology in Figure 1.1 has been constructed to reflect the different theoretical considerations outlined in this think piece. It could also be developed as a practical tool for use by housing organisations seeking to understand their own positioning, and how to (re)design their community investment activities to fit the challenging current policy agenda.

**Figure 1.1 Theoretical Framework and Key Questions**

TYPOLOGY OF ACTIVITIES & MOTIVATIONS	<ul style="list-style-type: none"> <li>• What kinds of community investment activity are currently undertaken by social housing providers?</li> </ul>
	<ul style="list-style-type: none"> <li>• What models of community empowerment are used by social housing providers?</li> </ul>
	<ul style="list-style-type: none"> <li>• What are the main motivations for community investment and empowerment activities from a landlord perspective and from a community perspective?</li> </ul>
	<ul style="list-style-type: none"> <li>• How are these activities seen to relate to the 'core businesses' of social housing providers?</li> </ul>
POLICY CONTEXT	<ul style="list-style-type: none"> <li>• How are these activities and models likely to be affected by reforms of social housing access, tenure, rents and funding?</li> </ul>
	<ul style="list-style-type: none"> <li>• How do these activities and models fit with the broad themes of the Big Society (social action, public service reform, community empowerment) and interact with the public spending cuts?</li> </ul>
	<ul style="list-style-type: none"> <li>• How are these activities and models likely to be affected by the wider provisions of the Localism Bill such as the community right to challenge, community right to buy, neighbourhood plans and local referenda?</li> </ul>
FUNDING & INVESTMENT PRIORITIES	<ul style="list-style-type: none"> <li>• How do social housing organisations fund their community investment activities (balance between internal funds and external leverage)?</li> </ul>
	<ul style="list-style-type: none"> <li>• What types of external funding are used? (grants, contracts, donations)?</li> </ul>
	<ul style="list-style-type: none"> <li>• At what level are external funding bids made (local, regional, national, consortia bids)?</li> </ul>
	<ul style="list-style-type: none"> <li>• How are decisions on priorities for community investment made (considerations of return on investment, leverage, benefits to core business, corporate strategy targets v local responsiveness)?</li> </ul>
ORGANISATION, LINKAGES & LEADERSHIP	<ul style="list-style-type: none"> <li>• How do social landlords govern and organise their community empowerment and community investment activities?</li> </ul>
	<ul style="list-style-type: none"> <li>• Are services organised through partnerships and co-production with residents and community organisations or directly provided by the social housing organisation itself?</li> </ul>
	<ul style="list-style-type: none"> <li>• How can social housing organisations connect with the roles played by community anchor organisations and community organisers?</li> </ul>
	<ul style="list-style-type: none"> <li>• How can relationships between social housing providers and other third sector organisations build neighbourhood capacity?</li> </ul>
	<ul style="list-style-type: none"> <li>• What kinds of leadership are required for social housing providers to engage in effective community empowerment work?</li> </ul>

<b>OUTCOMES, MEASUREMENT &amp; FUTURE DIRECTIONS</b>	<ul style="list-style-type: none"> <li>• How can the outcomes and impacts of social housing providers' community investment and empowerment work be measured?</li> </ul>
	<ul style="list-style-type: none"> <li>• Should outcomes and impacts be measured by neighbourhood, by client group or for the whole organisation?</li> </ul>
	<ul style="list-style-type: none"> <li>• What are the costs and benefits of confining community investment and empowerment activities to social landlords' own tenants and residents or extending them to the wider community in neighbourhoods where social landlords have a significant presence?</li> </ul>
	<ul style="list-style-type: none"> <li>• Does community empowerment lead to better outcomes for community and social investment activities?</li> </ul>
	<ul style="list-style-type: none"> <li>• What future directions should this work take in the context of the Big Society and localism agendas and public spending reductions?</li> </ul>

### 1.15 Moving Forward Together

The HACT/TSRC Conference on June 9<sup>th</sup> 2011 provides an opportunity for dialogue to further develop the framework set out in Figure 1.1 into a practical tool that could guide future decision making in the sector. New evidence on the community investment activities of housing associations will be available later in the year as results of the latest NHF Neighbourhood Audit are published. We would therefore be interested in your responses to the challenge of how to connect the community investment agenda with genuine community empowerment.

Comments are invited to [d.w.mullins@bham.ac.uk/](mailto:d.w.mullins@bham.ac.uk/) by August 31 2011.

## 2. Introduction

This think piece provides a welcome opportunity to pull together ideas that have informed my own research and practice in engaging with the community activities of housing associations over the past 20 years. The more I thought about the title HACT suggested for it, '**Community Investment and Community Empowerment**' the more challenging it became. Both terms have a considerable currency inside and outside the housing sector, and have potentially complementary but also conflicting nuances (see Figures 2.1 and 2.1). Moreover these nuances do not always seem to fit specific non-housing community activities undertaken by housing organisations. The ideas that have driven these activities have changed substantially over the years, and critiques of these activities provide a wider canvass of ideas to consider.

Then there is the second part of the title '**the future role in the context of localism and the Big Society**'. The further challenge here is not to dwell too much on the past but to apply the framework to the emerging and seemingly radically different context heralded by the 2010 election: deficit reduction programmes and the emerging rhetoric and practice of the Big Society and localism. The Government's *Guide to the Localism Bill* set out six actions that are interesting to apply to recent developments in the social housing, including the eventual content of the Bill itself (see section 3).

I will try to rise to both of these challenges and to keep the think piece **grounded in the practice** evidenced by HACT's own extensive engagement through its 'Community Empowerment Fund' work, 'Housing and Empowerment Network', 'Together for Communities' programme and the earlier 'Opportunity agenda' initiative, the 'Collaborate' project and the 'Accommodate Refugee Housing Partnerships' programme and much more.

I have also drawn extensively on my own research collaborations with a number of researchers in England and the Netherlands in particular. While the think piece is not a literature review, it is based on the research and thinking of many people. I make no apologies for the personal narrative style (and copious acknowledgements of the insights gained from colleagues, partners and clients of various projects) since this is how big ideas are built. It also provides the transparency the reader might need to see where any mistaken perceptions have come from. Certainly my perceptions as an academic and occasional action researcher focused mainly on questions of organisation will differ substantially from those approaching the topic from a policy perspective or from the people based perspective of the activist, participant or beneficiary of community investment and empowerment activities.

### 2.1 Different Perspectives on Community Investment and Community Empowerment

In response to the first challenge I looked to see how the key terms 'community investment' and 'community empowerment' are being used by others, both within the housing sector and more generally'.

The general examples of use of the term community investment in Figure 2.1 show a number of different nuances. The biggest divide is between those like Business in the Community and the Charities Aid Foundation who see community investment as a way of **spending surpluses** earned from mainstream commercial activities on worthwhile projects and Co-ops UK who focus on **raising funds** for community-led initiatives. For the former community empowerment is a potential outcome to be measured and evaluated alongside benefits to the business such as image and competitive advantage. For the latter community engagement is an essential part of the process of ordinary people investing their own money in their communities.

The general examples of use of community empowerment differ mainly between those focusing on **delegation of power** and opportunities to influence decisions and those who emphasise the confidence of communities to take control following the premise that **power cannot be given away but needs to be taken**. These differences are likely to be most apparent in situations where community aims differ from those with the power. The key question of **how do we know that community investment leads to community empowerment** is addressed by the Community Development Exchange who define the characteristics of an empowered community:

### Figure 2.1 Community Investment and Community Empowerment – Some Different Perspectives

#### Community Investment (is it about distributing surpluses as a social dividend or about raising funding for community-led initiatives?)

- Part of an overall business responsibility strategy; sharing resources with the wider community to make a positive difference to both. Benefits include improving competitive advantage, enhancing image and reputation, increasing shareholder value and developing partnerships of mutual benefit (**Charities Aid Foundation**).
- The Community Mark national standard for excellence in community investment is based on five principles: identifying relevant social issues, working in partnership with communities, planning investment, inspiring and engaging employees, customers and suppliers and measuring and evaluating the difference made by the investment for the community and for the business (Business in the Community).
- Community investment is different. Instead of turning to the private sector and wealthy individuals for support, community investment is about engaging communities to invest in themselves. Community Investment is about community engagement. It is about ordinary people investing their own money to support the development of something they care about. (**Co-operatives UK**).

#### Community Empowerment (is it about delegation or control, what happens when community aims differ, can mutual engagement overcome power imbalances?)

- Enabling people to play an active role in the decisions that affect their communities (**DCLG**).
- Community engagement encompasses a variety of approaches whereby public service bodies empower citizens to consider and express their views on how their particular needs are best met (**Home Office**).
- An empowered community is confident, inclusive, organised, co-operative and influential (**Community Development Exchange**).
- Real power is rarely given away but has to be seized (Gramsci 1929)...‘community groups can be ‘autonomous, empowered and dynamic’ but may also be (from a different perspective) ‘dissenting, resistant, dysfunctional and destructive’. Community empowerment tends to be used loosely and has been criticised as lacking in-depth analysis of power, and the big question is who sets the agenda? (**McCabe, TSRC WP51**).

Turning to the housing sector, Figure 2.2 shows similar variations in how these terms are used with differing implications for how community investment activities are prioritised, organised and delivered. Recently there has been a significant shift from seeing community investment as expenditure on good causes to seeing it as a potential benefit to core business which needs to be demonstrated (hence an increased emphasis on measuring impact and outcomes). One reason for this may be the increasing residualisation of social housing and the concentrations of very poor people in its homes, another may be the debates about where tenants' rent income is best spent, while a third reason may be the increasing commercial focus of housing organisations and the need to be assured of the financial and social return on all investments. These differences highlight the need to consider motivations for community investment (see section 13).

With regard to community empowerment there are apparent differences in motivation between those emphasising provision of activities to promote individual and community empowerment and those preparing communities to take power. This may reflect the individual rather than community focus of many 'community investment' activities such as employment training and financial inclusion. The key issue of who sets the priorities for community investment, whether and how communities are involved in this process and what happens when motivations differ are highlighted by the final example in Figure 2.2.

#### **Figure 2.2 Community Investment and Community Empowerment - Perspectives from social housing providers**

##### **Community Investment (is it about spending or about payback to core business?)**

- '...not just about investing in quality homes. We also aim to make a positive difference to our residents' lives and improve the quality of life in the neighbourhoods where our residents live' (**Orbit Heart of England**).
- Community investment teams were under increasing pressure to justify their work as a benefit to the core business in terms of hard cost savings ...for example reductions in anti-social behaviour & rent arrears (**Case Study Research**).

##### **Community Empowerment (what motivates community action and how do motivations differ between housing organisations and community groups?)**

- 'improving people's lives by increasing their capacity to help themselves and benefit their community...targets disadvantaged, underrepresented and hard to reach groups...involves construction, personal and social development, job search, short courses, equality and diversity, learning and vocational skills' (**Accent Group**).
- There are two sides to community empowerment. One side is about those who currently have power being prepared to take active steps to relinquish that power to communities. The other side is about communities being prepared to take power.... The bedrock of community empowerment is the simple act of people and neighbours interacting with each other to form communities. It is in that simple act of interaction that community stability, identity, toleration and respect for neighbours is born, and where the desire to participate in activities in the neighbourhood stems from (**Confederation of Co-operative Housing, response to Communities in Control Action Plan**).
- Following the introduction of a corporate community investment strategy some interviewees described a shift in rationale from empowering residents and communities, and investing in people to predominantly efficiency and financial drivers. Investment decisions were now based on corporate themes and priorities and systems-oriented approaches rather than a sustainable communities approaches based on local staff, local contractors and face-to-face contact with tenants (**Case Study Research**).

### 3. Current Policy Relevance

The scale of change facing social housing organisations under the Conservative-led coalition government is comparable to anything seen before. Earlier changes of a similar magnitude were first the introduction of the public funding and regulation regime for housing associations in 1974 which eventually led to the third sector becoming the majority providers of social housing. Second, the introduction of private finance in 1988 which led to their operation as hybrid social enterprises outside of the public accounts. The change in the context for their community investment and engagement activities arising from the Comprehensive Spending Review, Big Society and Localism discourse is likely to be equally great. It is recognised that these agendas are not yet fully formed and have attracted very different reactions from commentators and activists.

#### The Role of Housing

Social housing provides a home for almost five million households in the UK. It is an important arena for community empowerment because of who it houses, the focus of provision on local neighbourhoods and as an example of the outsourcing of state services to third sector organisations. The sector has contracted by over a quarter since its peak in 1979 when it accounted for nearly a third of all households, including a much wider range of income groups than today when it caters more exclusively for low-income groups. Recent policy debate has focused on the links between worklessness and social housing and the exclusion of long-term renters from asset-based welfare.

The wider community investment role played by housing providers in building sustainable communities (for example in employment and training and financial inclusion work and by investing in neighbourhood facilities) has been emphasised by the sector<sup>1</sup>. An audit by the NHF in 2006/7 identified £435 million of investment by housing associations in neighbourhood services and facilities<sup>2</sup>. It will be interesting to see the changes in this in the forthcoming 2011 Audit, although it may be difficult to draw clear conclusions about trends given the intervening recession and change of government. Another limitation is that while the Audit includes estimates of leverage, it looks at community investment from the perspective of associations themselves without a mutual assessment of benefits with community partners that might be necessary to ensure a link with community empowerment, spending cuts and new discourse around localism and the Big Society (see Section 12).

The key strengths of housing organisations for community investment and empowerment work remain their local presence, asset base, income stream and financial interest in sustainable neighbourhoods. These characteristics have inspired initiatives such as HACT's Together for Communities work to "forge strong partnerships between community anchors and local social housing organisations, who are also working to achieve neighbourhood renewal"<sup>3</sup>.

<sup>1</sup> Mullins D (2010) Housing Associations. Third Sector Research Centre Working Paper 16.  
<http://www.tsric.ac.uk/Publications/tabid/500/Default.aspx>

<sup>2</sup> National Housing Federation (2008) The scale and scope of housing associations activity beyond housing; London, NHF.

<sup>3</sup> HACT Press Release February 18 2011. 'Social housing leaders debate the future for community investment'.

The positive role historically played by secure and decent quality rented housing in empowering communities has tended to be given less emphasis when talking about the social performance of housing associations<sup>4</sup>. However, this may become more important with the pressure placed on these core characteristics of social housing by the new investment framework that trades security and affordability for new supply.

### Impacts of Social Housing Reforms

The potential impacts of the social housing reforms on localism has been the subject of separate analysis<sup>5</sup> which argues that the social housing provisions of the Localism Bill have more to do with deficit reduction than localism and can be directly traced from provision in the CSR to a discussion paper on reform of social housing. The main changes have included a new investment framework based on 'affordable rents' set at up to 80% market rents for new development; 'flexible' (less secure) tenancies, which might be reviewed as often as every two years; caps on housing benefit leading to predicted mass movements from high rent areas and use of private rentals to discharge homelessness duties. These provisions increase exposure of both social and private tenants to market pressures, erode security of tenure for new social housing tenants and reduce resistance to social polarisation between high and lower rent areas and set an unpromising context for the delivery of reforms consistent with the 'Big Society' discourse.

The consequences of the new investment framework for community investment activities by developing housing associations has also been discussed by Lupton and Leach<sup>6</sup>. Briefly, they suggest that current reforms of funding, tenure and welfare policy provide social housing providers with difficult choices about their future role and direction (the 'crossroads' of the title). Those who pursue development under the new funding regime, sweating their assets in order to do so, will have little spare to invest in supporting and developing their communities, and thus risk a 'race to the bottom'. Others will be wary of this (and recent indications are that most large associations are scaling back their development programmes<sup>7</sup>). If they do, they will see a significant improvement in their financial positions, as their reliance on debt reduces.

What will they do with these surpluses? Lupton and Leach argue that if such organisations are to retain their legitimacy, they will need to consider carefully their purpose, governance and accountability. Freedom from centralised, normative regulation provides an opportunity to create new business models which are adapted to local markets and need. The key to this will be new models of governance and accountability. New models of control and ownership, such as mutualism, co-operative and devolved management are suggested, where appropriate to local circumstance. The experience of Dutch housing associations

<sup>4</sup> Mullins, van Bortel, Ham and Watson (2010) *Social Investment Performance Management Toolkit for Housing Organisations*. CURS University of Birmingham for Tenant Services Authority.

[http://www.curs.bham.ac.uk/research\\_consultancy/housingx/SocInvestmentPerformanceMgtToolkit.shtml](http://www.curs.bham.ac.uk/research_consultancy/housingx/SocInvestmentPerformanceMgtToolkit.shtml)

<sup>5</sup> Mullins D (2011) The Reform of Social Housing. Chapter 12 in Raine J and Staite C (eds) *The World will be your oyster? Perspectives on the Localism Bill*. Birmingham, Institute of Local Government Studies, University of Birmingham.

<sup>6</sup> Lupton M and Leach M (2011) *At the Crossroads*. A Progressive Future for Housing Associations. London. Res Publica

<sup>7</sup> Inside Housing May 13, 2011, p.12-13 'Arrested Development' '18 out of 20 associations surveyed say they expect their development pipeline under the programme to shrink or flatline'

since their freedom from government funding and control in 1996 is cited as highlighting the potential dangers of freedom without adequate accountability (see section 8, Figure 8.1).

### The Potential for Localism

On the other hand the underlying principles of localism, as set out in the DCLG Guide to the Bill<sup>8</sup>, are highly relevant to social housing and if applied through detailed and specific policy initiatives could produce a reversal of the long term dominance of scale and efficiency over local accountability and control in the sector. A fuller analysis of the six actions of localism and their relevance to the social housing sector is included in a recent publication on the Localism Bill<sup>9</sup>. Table 3.1 and the following paragraphs briefly summarise the analysis.

**Figure 3.1 Six Actions of Localism - Relevance to social housing providers**

Action	Barriers in housing	Potential actions in housing
Lift the burden of bureaucracy	Regulation Centralisation Bulk Procurement	Local responsiveness Local decisions Local partnering
Empower communities to do things their way	Streamlined decisions Loss of local subsidiaries Portfolio management	Neighbourhood planning Estate management boards Community assets – community right to buy
Increase local control of public finances	National development packages	Local partnerships/ community budgeting Land trusts Self-help housing
Diversify the supply of public services	Consolidation and merger Prime contractors and supply chains	Delegation of control Mutual stock transfer models Partnership and Community Accountability
Open up government to public scrutiny	Emphasis on costs rather than benefits (CEO salaries) Focus on minute detail without bigger picture	Local Offers and Community level information Estate based budgets Social Audit
Strengthen accountability to local people	Governance systems lacking clear local accountability	Community ownership Role of local residents in setting priorities

Source: Mullins (2011) Analysis drawing on Essential Guide to Localism Bill (CLG, 2010)

The table highlights the strong embedded barriers to localism in the ways in which the social housing sector has been regulated and governed, and the incentive structures that have driven it over the past quarter century. The final column indicates the potential for change if

<sup>8</sup> DCLG (2010) Decentralisation and the Localism Bill: an essential guide. HM Government

<sup>9</sup> Op cit 5

both the external controls and the internal governance of social housing providers were to adapt to more localist incentives. However, I conclude that the competition between logics<sup>10</sup> in the social housing sector that has seen localism lose out to cost reduction through scale economies and bulk procurement over many years is unlikely to be reversed in the short term, and will probably be accelerated by responses to deficit reduction.

I will focus on just two of the six actions here to illustrate the argument – the burden of bureaucracy and diversifying the supply of public services.

The burden of bureaucracy is certainly recognisable in the housing sector, not just in the complex regulatory web that has been woven around the sector for 30 years but also in the increasingly centralised structures that associations have adopted to manage their businesses. For example opportunities to maximise local economic impact of investment through local partnering have been hampered both by European procurement regulations and by cumbersome centralised procurement strategies that remove local autonomy and tie associations in to national contracts with a few large suppliers. While reducing regulatory burden has been a specific element of recent housing policy reforms, key areas of control remain. Moreover, the strong competitive signals sent by the new investment framework may not encourage associations to be more locally responsive. Indeed early commentary on the response of housing associations to funding development through portfolio asset management involving selective sales of vacant properties and changes of tenure and rent levels to fit local markets suggests that this will introduce new tensions between corporate and local relationships since '*in reality new supply will not always be possible or desirable in the areas of income generation*'<sup>11</sup>.

Diversifying the supply of public services has also been put forward as one of three policy directions emerging from the Big Society discourse; the others being social action and community empowerment<sup>12</sup>. Third sector housing has been among the biggest winners from previous policies along these lines stretching back to the late 1980s. Yet after a process which has seen over 50% of social housing move to the third sector, housing associations are seen by commentators such as Andrew Purkis<sup>13</sup> as lacking legitimacy, distant from the voluntary sector and former localist identities. Instead of being answerable to local councillors, housing managers are overseen by management boards whose primary duty is to the organisation itself, rather than to a broader constituency. These challenges need to be addressed and later sections of this paper will explore issues of values (section 6), independence (section 7) and legitimacy (section 8), leading to the proposition that motivations (section 13) are the key to making links between community investment and community empowerment.

<sup>10</sup> My argument on the competing logics of scale and efficiency and local accountability on the other was first set out in 2006 in Mullins D 'Competing Institutional Logics? Local Accountability and Scale and Efficiency in an Expanding Non-Profit Housing Sector' *Public Policy and Administration* 21.3 6-21. It has proved a robust framework for analysis of change in the sector and informed the Close Neighbours project (see Section 6.1) in which eight large housing associations in England and the Netherlands sought to balance scale and local responsiveness. Recently Halima Sacranie has developed the competing logics framework to understand community investment activities in large housing organisations (see Section 10)

<sup>11</sup> National Housing Federation (2011) *Radical Reform: Real Flexibility. Delivering the new investment framework*. London, National Housing Federation.

<sup>12</sup> David Cameron, July 19, 2010 speech reproduced in Independent July 20, 2010 'The Big Society: a genuine vision for Britain's future - or just empty rhetoric?'

<sup>13</sup> Purkis A (2010) *Housing Associations in England and the Future of Voluntary Organisations*; London Baring Foundation.

## Possible Directions for Housing Providers

In Table 3.1 we identify some of the barriers that prevent the recipe of diversifying the supply of services from delivering localism goals. Following on from stock transfer there has been a process of sector restructuring in which housing services have tended to increase in scale again through mergers of existing providers, sometimes followed by the streamlining of groups, removing locally accountable subsidiaries. Another barrier, evident in the housing sector from 2004, is the impact of procurement limiting direct access to funding to a small number of housing consortia. Now we are seeing similar arrangements in community investment activities such as employment and training whereby funding is restricted to a small number of 'prime contractors' able to mount large competitive bids and payment by results. Locally based third sector partners including housing organisations become part of the 'supply chains' led by the (generally private sector) prime contractors. Their ability to respond to local priorities and empower local communities is severely reduced.

Two alternative directions are identified in the final column of Table 3.1. The first, primarily concerned with the governance of housing organisations forms the basis of the recent report by Lupton and Leach in which it is proposed that **community ownership and mutual models** should be adopted to hold associations to account locally and that in return there should be increased freedom from central control. The complementary direction also included in Table 3.1 is the partnerships model long advocated by HACT in which the accountability and legitimacy gap is overcome through **partnerships with residents and locally based third sector organisations**, including community anchors.

This section has highlighted the key changes of policy and policy discourse of relevance to the community role of housing providers. Housing providers need to address both the implications of changes in their core housing role and the potential for their wider community role. The response of social landlords will require consideration of the competing drivers outlined below:

- How to respond to increasing concentrations of poverty in their own stock and decreasing local authority resources for public services – social welfare or social entrepreneurial roles?
- Scale and efficiency or localism?
- Core social housing services or a wider role?
- Impact of new investment framework on local decision making, use of assets and spending capacity
- Strategic choices sharpened about neighbourhood/community focus v development/asset strength/corporate focus
- Impact of localism agenda on opportunities for communities to engage and challenge through the community right to challenge
- Impact of local government cuts on local public service design and delivery.

#### 4. The Stock Transfer Experience

Arguably the process of housing stock transfer from local authorities to the third sector is the biggest example to date of the kind of change envisaged by the current Conservative-led coalition government's big society ambition to 'open up public services to new providers... to get more innovation, diversity and responsiveness'<sup>14</sup>. This process which began in 1988 has now left local authorities in direct control of only a quarter of social housing in England, with a half now owned and managed by independent third sector providers and a quarter in arms length management on behalf of local authority owners.

My first academic engagement in this field was as a researcher at the University of Birmingham in 1989 working with Pat Niner and Moyra Riseborough on a five year evaluation of the earliest housing **stock transfers** from local authorities to housing associations<sup>15</sup>. Most of the housing associations involved at the time were newly formed bodies, enacted hybrids as David Billis<sup>16</sup> now calls them, with few organic connections with the longer standing third sector organisations that had preceded state housing and provided a complementary alternative to it for most of the twentieth century. However, part of our work in evaluating stock transfer involved exploring the possibility that **third sector identity** offered more than simply being off the public sector balance sheet so that the huge borrowing required by these new bodies to bring the housing stock up to scratch did not contribute to public expenditure. This quest led to some puzzles with some early interviewees suggesting that the main advantage of transfer was being able to focus on housing matters alone without the distractions provided by other local authority functions (including economic development or community development) or interference from democratically elected councillors. However, a longer term perspective of the experience of 20 years of stock transfer, recently reviewed with Hal Pawson<sup>17</sup>, indicates that thinking about community empowerment and the benefits of undertaking non-housing community investment activities had shifted considerably and that these aspects were seen as part of the third sector identities of stock transfer associations.

Partly through public policy and regulation and partly as a consequence of the shift of the stock transfer programme under Labour to more deprived and challenging areas, the advantages of a mandate to do more than housing and to engage local communities in the process became clearer. New organisational models emerged giving greater emphasis to **local accountability and control** (ALMOs) and to **community leadership** (Community Gateway and Community Mutuals). Canny stock transfer negotiations (such as Trafford Housing Trust) involved providing an **ongoing funding stream to support community investment and empowerment** activities, for example with local budgets for community forums. Moreover, smaller and more locally based transfers, more akin to Scotland's tradition of community-based housing associations, became part of the stock transfer landscape offering greater scope for community empowerment (for example the WATMOS model for former Tenant Management Organisations). Stock transfer housing associations

<sup>14</sup> David Cameron speech July 19 2010, Op Cit

<sup>15</sup> Mullins D, Niner P and Riseborough M *Evaluating Large Scale Voluntary Transfers of Local Authority Housing*. London, HMSO

<sup>16</sup> Billis, D. (2010) **Hybrid Organisations and the Third Sector. Challenges for Practice, Theory and Policy**. Basingstoke: Palgrave.

<sup>17</sup> Pawson H and Mullins D (2010) *After Council Housing. Britain's new social landlords*. Palgrave,

became prominent in organisations such as Place Shapers arguing for community-led alternatives to large scale procurement and management models that were emerging in the wider housing sector.

Ideas about the importance of community investment and empowerment have grown through the experience of stock transfer. Answers to questions about the value added by third sector identity seemed to lead not just to definitions of public expenditure but to definitions of the scope of the social housing task to include wider community activities, and how decisions are made about these activities to include the need for community empowerment.

## 5. History

Stepping back a bit from this relatively recent history of stock transfer, important as it is in the current morphology of the social housing sector, my view of community investment and empowerment is also informed by the **history** of the more organic development of the 'traditional housing association' sector. Work with colleagues Stephen Hall, Shena Latto and Alan Srbljanin<sup>18</sup> mapping the diversity of services provided by housing associations in the early 2000s was framed to explore the interaction with **regulation**, accompanying the policy debate at the time on 'regulating a diverse sector'. However, it also highlighted the importance of history in shaping how associations defined their core business and how often this differed from a housing regulator's view which was at the time espousing the notion of a 'core social housing product', departures from which were perceived as risky and outside of domain based regulation. In contrast our report argued that '*while there has undoubtedly been considerable diversification in recent years, the baseline for this activity was not a homogenous sector with a common definition of core business but rather a diverse sector in which specialisation has been a long term characteristic*' (p.16). And moreover that '*the current diversity of the sector is not simply a response to changing housing policy drivers in different periods but also a reflection of the different values and purposes of the founders and supporters of each association*' (p.17-18).

A swathe of organisational histories published at the time, particularly inspired by Peter Malpass<sup>19</sup> who led many of them himself, provided evidence that before state funding and regulation required housing production and management to be the primary purpose of these bodies (1974 Housing Act), a wide range of activities were undertaken, many of which would today be called community investment. An excellent example of this genre was the fascinating account produced by Kevin Gulliver<sup>20</sup> of the history of the then Prime Focus (now Midland Heart) in which moves towards becoming a 'social investment agency' were prefigured by over 50 years by the COPEC (Christian Conference on Politics, Economics and Citizenship) from which Prime Focus originally grew. Kevin's account is assisted by an earlier history of COPEC itself by Miss Fenter, its long time director who describes how:

<sup>18</sup> Mullins, Shena Latto, Stephen Hall and Alan Srbljanin (2001) *MappingDiversity. Registered social landlords, diversity and regulation in the West Midlands*. Housing Research at CURS Number 10.

<sup>19</sup> Malpass P (2000) *Housing Associations and Housing Policy. A historical perspective*. Basingstoke, Macmillan.

<sup>20</sup> Gulliver K (2000) *Social Concern and Social Enterprise. The Origins and History of Focus Housing*. Studley, Brewin.

*'a derelict workshop was repaired and decorated, a gas fire installed and some furniture provided, clubs for boys and girls were started..at first administered from the office, but in 1934 responsibility was taken by Bournville Youth Club ... (and)...and activity started in wartime and still functioning was the running by the manager and assistants of a savings group'.*

So we have 'meanwhile use'<sup>21</sup>, youth diversionary activities and financial inclusion – key elements of a modern community investment strategy in place in 1930s Birmingham. Later historical shaping of community investment agendas can be traced in the origins and missions of new generations of associations: for example the 'Shelter generation' in the 1960s associated with social action and wider campaigning, typified by Friendship HA (now fch) established slightly earlier in 1956 to *'offer friendship and housing in equal measure'* to new migrants, providing mother and baby hostels and operating with strong emphasis on volunteering and links with local churches. Meanwhile, with Shelter's enlarged fund raising capacity in the early 1970s, *'HACT continued to reach the more specialist, community-based projects that are just as vital to society and which could easily have fallen through the cracks'*<sup>22</sup>

Figure 5.1 summarises some of the main eras in the development of community investment and community empowerment activities by housing associations. Further waves of organisations focused on area based renewal, specialist projects aimed at older people and homeless people, BME communities, rural communities, care and repair projects, wider neighbourhood roles (promoted by People for Action), empty homes and self-help and refugees and other new migrants strengthened the connection between activities and values. This cemented the importance of community investment alongside housing investment. The important catalyst role played by HACT in each of these eras from its formation in 1960 is documented in the report *HACT 1960-2010 Past, Present & Future...* For example HACT was involved in the formation of Shelter, in supporting the FBHO and start-up of over 40 BME HAs, in setting up People for Action, Care and Repair Ltd, in working with rural housing providers, in bringing together refugee organisations, housing providers and other stakeholders, in linking smaller support providers to tender jointly and share resources, in supporting the Empty Homes Agency and establishing self-help-housing.org.

**Figure 5.1 Key Phases in Community Investment activities in the housing sector**

Key Phases and Types	Examples
<b>Early beginnings – philanthropy – co-operation</b>	<b>Peabody, COPEC, Bournville Village</b>
<b>Rediscovering Poverty – the Shelter generation – housing part of wider anti-poverty agenda</b>	<b>Friendship, Notting Hill</b>
<b>Specialist community projects working with older people, homeless people etc.</b>	<b>Hanover, Anchor</b>
<b>Area Based Initiatives – HAAs/GIAs- NDCs – upscaling HMRAs</b>	<b>Midland Heart</b>
<b>Housing Plus – the wider agenda</b>	<b>Sutton Hastoe – Housing Corporation</b>

<sup>21</sup> A term in currency now to refer to temporary use of assets such as vacant shops and empty homes.

<sup>22</sup> David Bebb – Shelter Housing Director 1971-3 cited in *HACT 1960-2010 Past, Present & Future...* p.9.

Community-based housing organisations – Tenant Management Organisations (TMOs)	Glasgow CBHAs Castle Vale, WATMOS
BME HAs	FBHO – Presentation, Ujima
Rural HAs	ACRE & Rural Housing Trust
Stock transfer and area based regeneration – Community Gateway	Optima, Poplar HARCA CCHS, Preston Gateway
Partnerships – the Opportunity Agenda and beyond	SHAPE, People for Action South London Family
Social enterprise – trading with community and resident-led organisations	TREES, Black Country
Co-production with residents	Trafford, Redditch
In Biz – rebranding the sector	NHF
Place shaping and leadership - Place Shapers Group	West Kent
Corporate Social Responsibility to reinvest surpluses in communities	Affinity Sutton
Housing provider involvement in Future Jobs Fund, Working Neighbourhoods and consortia bids for Work Programme	Affinity Sutton, Castle Vale
Total Place, community budgeting, reconfiguration of local public services	INCLUDE

Much of this history can be understood with reference to HACT's core ideas concerning the links between good housing and wider community well-being, the potential for housing providers to have a wider neighbourhood impact, the creation of partnerships of complementary organisations to strengthen responses to marginalised communities, and the importance of '*creating opportunities for tenants and residents, building bridges between communities, and sharing resources between housing groups and resident-led or voluntary groups*'.<sup>23</sup>

## 6. Values within the sector

While there has never been a single view across the sector of whether or why housing associations should undertake community investment activities, there have at certain times been key movements associated with particular ideas. Individual mission based approaches began to be linked across groups of organisations in the sector articulating **underlying philosophies to support doing more than housing**. As James Tickell put it in 1999 '*it's very important that associations should diversify as part of their mission rather than as a business opportunity*'.<sup>24</sup>

The COPEC example in Birmingham considered above is a clear example of this with the Christian Conference on Citizenship held in 1920s leading to the establishment of several 'public utility societies' to realise a mission including housing and wider social goals.

<sup>23</sup> The Most Reverend and Right Honourable Dr John Sentamu in *HACT 1960-2010 Past, Present & Future...* p.3.

<sup>24</sup> Housing Today Issue 26 1999.

Values based approaches linking community investment to housing were promoted by the notion of 'housing plus' advanced by associations such as Sutton Hastoe and the Housing Corporation itself. The BME housing association movement was articulated by the Federation of Black Housing Organisations and promulgated by the magazine Black Housing. Bodies such as People for Action which promoted community initiatives by housing associations in the 1990s began to outline the different approaches that these activities might represent. *"The idea that housing associations could have a wider neighbourhood role, whether helping to train young people, create jobs, run credit unions or build community facilities was a fairly radical one at the time. HACT was there to water the seeds so that People for Action could take root and grow".*<sup>25</sup>

In 1999 People for Action identified four distinct approaches to 'housing plus' :

**Figure 6.1 People for Action- Approaches to 'Housing Plus'**

- the good landlord approach focusing on sustainable tenancies,
- the re-provisioning approach rethinking services and employing tenants (in what were later to be called social enterprises),
- the empowerment approach working with the wider community to support residents to meet their needs and
- the community development approach using housing association investment as a catalyst for the local economy.

Later these ideas were one influence on the National Housing Federation's In Business for Neighbourhoods campaign which cleverly sought to rebrand the sector around an identity that was both business focused and neighbourhood targeted and a database of neighbourhood projects was assembled to exemplify the wider contribution associations were making. Yet still there was a tension between the increasing scale and development focus of some parts of the sector and the more community focused aspirations of others. The more recent phases of the history indicate a degree of divergence between approaches focusing on the organisation and its mission, on vertical commissioning/contract type partnerships at the national level and those more concerned with horizontal local relationships with communities and public services and other third sector partners. I will return to these differences of approach in sections 9 and 10 below.

This gap was highlighted by the emergence of new groupings of medium sized, locally focused housing associations in the 2000s such as Place Shapers to promote the community focused approach highlighted this gap. Place Shapers who claim to have stood against the tide of mergers and associated moves away from local community identities. Their website identifies four principles that sum up the ethos of their 50 or so members:

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<sup>25</sup> Chris Wadham, Director of SHAPE and co-founder of People for Action, and current HACT Associate in *HACT 1960-2010 Past, Present & Future...* p.15.

## Figure 6.2: Place Shapers group principles

1. put our residents and customers at the centre of what we do and ensure that they have real influence on how our organisations evolve;
2. provide more than simple landlord services because we care about the people and places where we work;
3. recognise the importance of the local authority role and support all of our LA partners in improving and shaping places at both a strategic and operational level; and
4. believe there is strength and benefit to residents and stakeholders in maintaining a strong, independent, diverse, non-profit making sector.

Source: <http://www.placeshapers.org>.

However, Lupton and Leach<sup>26</sup> recently concluded that '*despite many associations' aspirations towards defining a clearer community role....the dominant public and policy discourse about associations has been principally about facilitating the large-scale development of new homes*'.

### 6.1 The Close Neighbours Project –a response to increasing scale

A key critique of the housing association sector's spectacular expansion since 1980 is that this has been largely opportunistic through organic growth in response to funding for new development and mergers and acquisitions behaviour which makes some private sector conglomerates look positively lethargic. Some of this growth has made little particular reference to spatial or community linkages, local accountability or service quality. Large housing organisations were well placed to conform to the logics of scale and efficiency through 'buying big' and seeking 'consistency in service standards' across large emerging groups as advocated by funders and regulators. However, many also recognised the need to demonstrate that they were 'in business for neighbourhoods' and had 'tenants at the heart' of all they did. While these organisations had considerable expertise in *doing projects in neighbourhoods they had often lost the ability to adopt a genuine neighbourhood focus* either in their governance or service delivery arrangements.

The idea of Close Neighbour (CN) housing organisations emerged through relationships built with Gerard van Bortel, Vincent Gruis and Nico Nieboer (Delft University of Technology). This provided the opportunity to develop and test a framework in which competing logics might be rebalanced in favour of local accountability. Together we entered an essay competition organised by the Dutch housing innovation body, SEV, to design *the housing organisation of the future*. In our essay we set out ten plain language characteristics of the CN housing organisation as shown in Figure 6.3. We balanced the first six descriptors concerning local human relationships and accountability with four descriptors more associated with scale and efficiency. In the essay the CN concept was also elaborated in relation to organisational form, asset management and governance.

Over the next two years we tested these ideas in an action research project partnering with SEV and HACT and 4 Dutch and 4 English CN partners; all medium or large housing associations who saw the challenges as about more than 'bricks and mortar' and were

<sup>26</sup> Op Cit 6

looking for community investment, access to employment and safer places for residents. Some had inherited resources that could be used to address these challenges; in particular the capital resources to bring homes up to the Decent Homes Standard associated with stock transfer, and in one case an associated funding stream for community investment. Some recognised challenges of maintaining a neighbourhood focus while stock was rehabilitated, demolished and rebuilt.

### Figure 6.3 The characteristics of a Close Neighbours housing organisation

**ONE OF US** – working to our agenda, not easily distracted into other areas and activities.

**DEPENDABLE** – here for the long term, consistently responding to our problems and needs.

**AWARE OF WHAT'S GOING ON** – uses local relationships to make connections between problems, actors and solutions. Identifies and fill gaps in local services, give residents easy access to decision makers and services for the area.

**ACCOUNTABLE- CAN BE EASILY FOUND** – If busy at meetings, they are meetings with us and we understand their purpose (transparency).

**ACCOUNTABLE – TAKES RESPONSIBILITY** – Agrees what going to do with us and keeps us involved as plans are implemented and changed

**RESPONSIVE- CAN BE INFLUENCED BUT NOT TAKEN FOR GRANTED** – Needs to be constantly balancing interests and keeping people informed of where they stand.

**CAPACITY TO DELIVER** – To deliver to the highest levels of current practice needs to be a well trained and supported neighbourhood manager.

**CONNECTED TO WIDER SOCIETY** – Recognises that the problems of the neighbourhood cannot all be solved within the neighbourhood. Needs to have strategies to influence wider regional economic and social strategies.

**OPEN TO NEW IDEAS** – Overcome any local insularity – perhaps by the occasional exotic cruise to pick up the latest ideas. Prepared to change the neighbourhood rather than just maintaining its historic niche.

**STREET-WISE** - Self-confident and assertive and will confront others with their responsibilities and commitments

Source: Summarised from Close neighbours essay 2007.

The main thing that changed during the project was that CN partners sought to become more directly aware of neighbourhood contexts through increased contact with residents. They recognised the tacit knowledge that local residents (and locally based staff) have to become 'aware of what's going on'. This led to decisions to redesignate posts so that some spend most of their time in neighbourhoods, to get 'housing officers out on the estate interacting with residents' the majority of the week, to close town centre offices and open neighbourhood access points, to instigate regular visits to tenants' homes. It also lay behind initiatives to involve residents in 'co-production' initiatives, as 'block champions', as contract managers and in decision-making on local expenditure. CN partners undertook a wide variety of projects from which learning was drawn out on three common elements – engaging with communities, changing the organisation and building effective partnerships<sup>27</sup>. Examples of learning from Close Neighbours project are included as Figures 8.2 and 11.2; a full report is available from SEV<sup>28</sup>.

<sup>27</sup> More information about the Close Neighbours project can be found at <http://www.tsra.ac.uk/Research/ServiceDeliverySD/Housing/CloseNeighbourhoods/tabid/788/Default.aspx>.

<sup>28</sup> SEV (2011) [http://www.sev.nl/rapporten/rapport.asp?code\\_pblc=1035](http://www.sev.nl/rapporten/rapport.asp?code_pblc=1035).

## 7. Regulation and Independence

The regulation theme that shaped my investigation of diversification in 2000 was followed by a slight loosening of regulatory controls on the proportion of non-core activities it was deemed acceptable for associations to be involved in from a risk perspective. First the definition of core activities was widened and later there was positive encouragement for associations to take on a wider regeneration role especially as part of stock transfer programmes.

However, there remained a strong sense that housing associations were involved in community investment because of their own mission and values and not because it was expected of them by governments or regulators. In many ways community investment **symbolised the independence** that Morag McDermont's research found to be an enduring feature of a sector largely shaped by regulation and captured by state funding<sup>29</sup>. She sees this as having largely been about independence from the state and largely supported by claims to expertise in relation to specialist skills and knowledge. She quotes one senior Federation officer as defining the distinctive position of associations as '*having an independent spirit*' (p.149). This spirit had been challenged by large scale public funding in the 1974 Housing Act and the Federation's In Business for Neighbourhoods campaign was seen as an attempt to return to 'the independent spirit'. From this perspective it is easy to see why attempts to regulate the added value neighbourhood activities promoted by the In Business campaign were resisted so strongly by the Federation in 2007–8 in the run up to the Housing and Regeneration Act.

Halima Sacranie's PhD treads similar ground in reviewing the stakeholder interest positions revealed by submissions to the Cave Review of social housing regulation. This clarified the very different orientations between housing associations to public and private identities, core purpose and mission and the differing importance attached to links to state, market and civil society. When we later tracked the outcomes of the review in the policy process and legislation we were fascinated by the battle royal engaged in by the National Housing Federation over the non-regulation of community investment activities<sup>30</sup>.

In one of the strongest statements of third sector identity by English housing associations for many years, the Federation mounted a campaign against certain provisions in the 2008 Housing and Regeneration Bill which it saw as a **threat to the independence** of housing associations. A press release issued by the Federation in January 2008 was headlined "*Government breaks agreement not to infringe the independence of charity and third sector organisations*" and the text went on to argue that the Bill as then drafted would have breached the third sector compact because it would have allowed ministers too much control over housing associations "*which are not-for-profit organisations, with half of them being charities*". Another briefing in the campaign described the Bill as the "*biggest threat ever to the independence of associations*".

<sup>29</sup> McDermont M (2010) Governing Independence and Expertise. The Business of Housing Associations. Oxford, Hart.

<sup>30</sup> Mullins D and Sacranie H Competing Drivers of Change in the Regulation of Housing Associations in England: A Multi-layered Merging Perspective *Housing Studies Association Conference, York April 2008*.

The threat to sector independence by a burden of over-regulation particular in areas deemed to be local authority responsibilities (such as regeneration), resulted in the National Housing Federation lobbying the House of Lords to make changes to the proposed 2008 Housing and Regeneration Bill. A Peers Briefing document<sup>31</sup> read that "...*The Bill, as it entered the Commons, contained so much potential state control over associations that it risked their being reclassified as public bodies*". With regard specifically to community investment the same document continues:

*'Housing associations do not do this (social work) because a housing regulator told them to. They do it because they see the local need and work with tenants and communities to meet that need'*

And:

*'Funders, such as charities and local partnerships, agree what they expect to see in return for their funding. They will not want the housing regulator to step in and steer such work. If it could do so, it could divert associations to concentrate on the flavour of the month or what politicians and civil servants think will work'*.

Notwithstanding the NHF campaign in the 2008 Bill, Andrew Purkis' external view of the housing association sector<sup>32</sup> took the view that decreasing independence of the sector was evidenced by a reduced campaigning role. This could be attributed partly to an increased direct involvement in mainstream public service delivery as well as a more commercial orientation associated with private borrowing. The price of growth is seen to have been a severing of the connections between associations and their civil society origins. As Purkis put it "*what happens to voluntary organisations if they take over the mass delivery of public services previously entrusted mainly to the state?*" (p. 3). This is an important question to address as other parts of the third sector become increasingly involved in public service delivery.

## 8. Legitimacy

There are strong connections between the quest for independence discussed in section 7 and the legitimacy to act independently. Much earlier in my journey the question of **Legitimacy** of housing associations' involvement in wider activities (or indeed in their core activities) was brought home by critiques of the QUANGO state. This involved the move of functions such as housing away from local authority governance. In 1995 my then colleagues, Howard Davis and Ken Spencer<sup>33</sup> argued that housing associations symbolised the '**democratic deficit**' whereby public services were moving away from local democratic control. While this created a challenge for core services that were at least subject to extensive regulatory control, it was surely much more of an issue for non-housing services with more limited external control.

<sup>31</sup> National Housing Federation (Peers Second Reading Briefing), 28 April 2008.

<sup>32</sup> Purkis, A. (2010) *Housing Associations in England and the Future of Voluntary Organisations*. London: The Baring Foundation.

<sup>33</sup> Davis H and Spencer K (1995) Housing Associations and the Governance Debate. Birmingham University, School of Public Policy.

More recently Gerard van Bortel introduced me to the Dutch experience of housing association independence from government funding and very limited regulation accompanied by a growing perceived distance from society. We summed up this experience in Figure 8.1 below, which was included in the recent Res Publica report *At the Crossroads*<sup>34</sup> as highlighting the need to combine independence with social purpose and a mandate.

### Figure 8.1 The Dutch Experience – Independence Requires Social Purpose And Mandate

The Dutch housing association sector is comparatively large accounting for 33% of all housing in Holland and a market share of 75% of rented housing. In 1995 Dutch associations were freed from many government controls and historic debt to government was written off. They were to operate as social enterprises without future state subsidies using a revolving fund principle. They were largely self-regulated by supervisory boards with light touch regulation (by a Central Housing Fund). The end of public subsidy radically changed the incentive structure and public accountability levers leading to conflicts over public policy goals, engagement with society and ultimately taxation.

For the first ten years of freedom they benefited from rising asset values, became adept in portfolio asset management, and sought to cultivate a new identity as social entrepreneurs. While their non-housing activities are not as wide as English associations they developed social real estate activities building schools, health centres and managing neighbourhood hubs staffed by other public services.

In recent years the dark clouds have begun to gather for Dutch housing associations who have been subject to political criticism such as overpromising, underdelivering, overpaying CEOs, and being insufficiently attuned to the needs of their tenants and communities. They have been subject to challenges from European competition regulations for their unfair advantage over the much smaller private rental sector. They continue to be subject to rent controls and new regulations are being imposed, taxation has increased, and a new levy to contribute towards housing benefit costs is being introduced

**Source** Mullins and van Bortel – reproduced from Lupton and Leach (2011) *At the Crossroads: A Progressive Future for Housing Associations*. London, Res Publica p.44.

Elsewhere we have highlighted the benefits of creating closer links between network governance and **democratic anchorage**, following the work of colleagues such as Chris Skelcher and Erik Hans Klijn in our review of a number of papers on urban renewal and community involvement across Europe<sup>35</sup>. The benefits of achieving such anchorage were apparent where associations could be confident that local authorities and other partners would deliver. Conversely, where such anchorage had not been developed it was difficult for housing associations to take the lead locally for wider community investment projects.

In our Close Neighbours collaboration with Dutch and English housing associations, the need for legitimacy and anchorage before joint actions could proceed was a recurring theme. In one case the Close Neighbour association had found itself in a position where its tenants expected them to take the lead on neighbourhood planning for local community issues beyond housing. However, they had found that this was not always realistic if they could not secure the necessary support and mandate to work with the local authority on wider community projects (see Figure 8.2 for a summary of learning from this case study). In a similar Dutch example the association had led on the development of plans for large scale

<sup>34</sup> Op cit 6 – page 34.

<sup>35</sup> Van Bortel G and Mullins D Critical perspectives on network governance in urban regeneration, community involvement and integration *Journal of Housing and the Built Environment* Volume 24, Issue2 (2009), 203-219.

area regeneration in partnership with a local authority. However while there had been apparent agreement on the vision, the local authority had been unwilling to secure funding for the programme, anticipating that the association would have the resources to deliver alone:

### **Figure 8.2 Close Neighbours Case Study- Deadlock on Neighbourhood Plans**

They were recognising that the process of collaborative planning is complex and requires listening to develop joint solutions 'it isn't ours but an offer we are putting on the table'. It also requires a sharing of information, assumptions and ultimately financial commitments. Some key barriers encountered by the CN projects included the absence of effective Local Strategic Partnerships (a statutory partnership between the local authority and other key actors) to which the associations partnerships might contribute, their limited legitimacy and mandate to go it alone, the different and unclear visions of potential partners, and 'unwillingness to share information which means that they will probably not share the costs'.

#### **Learning Points identified with the CN Partner**

Need Council to take a strategic lead for major planning of this nature

Residents have expectations that the association will take the lead but it must recognise the limitations of its mandate and resources.

Need to avoid running too far ahead of the game

More work is needed to align and coordinate ambitions for neighbourhoods with strategic partners

**Source: Close Neighbours Case study report (anonymised)**

In the current context of expenditure cuts and local service withdrawal associations are widely seen as potential gateways to local public services, but without legitimacy or funding. As Mark Lupton and Matt Leach have recently pointed out, the main source of legitimacy for housing associations has been central government and regulatory approval, rather than the trust of the residents and communities which are served. The role of housing associations as principal actors in civil society at a local level has therefore been under-utilised.

#### **There are three ways in which such legitimacy might be enhanced in the future:**

- The first is by building democratic anchorage as I outlined with Gerard van Bortel above through strong involvement of local authorities in initiatives, as for example in England under the previous government's local strategic partnerships and local areas agreements or through an open approach to community budgeting to share back office and front of house facilities with other local organisations to deliver local public services.
- The second is that developed in the Res Publica report by Lupton and Leach<sup>36</sup> which advocates new models of ownership and governance including mutuals and co-operatives, such as the proposed tenant and employee owned housing trust in Rochdale, community participation and asset transfer. Where housing associations adopt governance models that place community shareholder interest at the heart of governance, Lupton and Leach argue

<sup>36</sup> Op cit 6

that they should be set free from external regulation and restriction on management of their assets.

- The third approach has been at the centre of much of HACT's work in recent years including in particular the opportunity agenda, bedrock partnerships and community empowerment fund work. This is to build strong and trust based local partnerships with community groups, third sector organisations including community anchors and small grass roots organisations such as RCOs, resident's groups and self-help organisations to whom individuals often turn in the first instance. The next section explores this approach to third sector partnerships in more detail.

## 9. Third Sector Partnerships

This leads into a core issue raised by both community investment and empowerment of whether delivery is by the housing organisation itself or through **partnerships with the local community**. For 50 years HACT has been a leading proponent of local partnerships between housing associations and other third sector organisation as the best way to **combine community investment and community empowerment**.

Starting with the Opportunity agenda<sup>37</sup> in which housing associations were themselves conceptualised as 'community anchors', HACT identified a variety of ways in which housing associations were harnessing their assets and capacity to partner with smaller community and voluntary organisations in the neighbourhoods in which they worked, and ways in which these partnerships could be formalised in clusters or hubs to develop successful neighbourhoods. HACT argued that housing associations had the capacity to support smaller third sector organisations, could provide a sustainable base from which to support voluntary and community groups, were capable of contributing to broad based neighbourhood programmes and that this would have the added benefit of driving up housing associations' housing management standards since "*a bad landlord could not be a good neighbour*".

Later as the term 'community anchors' was applied to more generic neighbourhood bodies such as development trusts, HACT developed a new terminology<sup>38</sup> of community enablers that would provide '**neighbourhood bedrocks**' to define the role of community focused housing associations, and '**bedrock partnerships**' to refer to housing association partnerships with community anchor organisations, which might together support smaller grassroots voluntary and community organisations. A specific definition of community anchors was agreed with CLG and Community Alliance partners that these organisations must be 'community-led'; as noted above this is not one that most housing providers could meet without reform of their governance structures.

<sup>37</sup> Wadhams, C. (2006) An Opportunity Waiting to Happen: Housing Associations as 'Community Anchors'. London: Housing Associations Charitable Trust.

<sup>38</sup> Wadhams, C. (2009b) Localism must find its bedrock if the adventure is to continue. *New Start*, August 2009, pp. 48–50.

In *Supporting the First Steps*<sup>39</sup>, based on research undertaken for Capacity Builders, Chris Wadham outlined how some housing associations in the West Midlands are aligning themselves to the wider third sector through partnerships at neighbourhood and community level. The West Midlands research was intended to reflect similar situations in other regions and to test propositions to improve the capacity of at least 25 smaller neighbourhood based organisations and promote the business case for housing associations to take on this capacity building role. Chris found a wide range of examples of existing engagement between the case study associations and local third sector organisations.

Support provided by the housing associations included an accreditation scheme to promote excellence in small community organisations, community newspaper and radio, tenant management organisations, referrals to and development support for credit unions, and a resource centre for refugee community organisations. These examples highlighted the types of capacity building work that can be undertaken by generalist bodies such as housing associations rather than by specialist capacity building or infra-structure organisations. Chris goes on to highlight the importance of an asset base in sustaining such partnerships over the longer term and the scope to expand activity of community land trusts and other development trusts to facilitate this. Bedrock partnerships are advocated that bring together housing associations and third sector organisations with development trusts to build local assets and with them community resilience. In 2009 HACT was supported with funding from the CLG Community Empowerment Fund to develop examples of neighbourhood bedrock partnerships. The potential for this model to assist in strategic adaptation by housing associations to changing times is highlighted by a housing association senior officer quoted as follows:

*“Broadly speaking the past decade has been one that has celebrated size in both development schemes themselves and in the organisations funded to deliver them. Maybe in these more difficult times it’s appropriate for a neighbourhood based approach to add the human scale to the work of housing associations. It need not be either or. Efficiencies of scale matter but they may be best delivered with a recognition of and respect for work at a neighbourhood level”*<sup>40</sup>

Upscaling has also been a feature of public service commissioning over recent years. HACT's Collaborate project provides a response to changes in commissioning arrangements that are widely seen as having disadvantaged smaller and specialist third sector providers for example in the social care and support field. The Collaborate Project set out to sustain the diversity of providers to include these smaller specialist organisations through collaborative tendering and clustering<sup>41</sup>. The collaborative tendering approach is intended to respond to the trend to bundle up contracts in a way that leaves only large providers with the resources and capacity to tender. Two main strategies were supported.

<sup>39</sup> Wadham, C. (2009a) *Supporting the first steps. From capacity to community*. London: HACT.

<sup>40</sup> (cited in Wadham 2009a Op Cit above p. 35).

<sup>41</sup> HACT (2010) Sustaining diversity through collaborative tendering. Collaborate 1: HACT's Supporting People Collaborative Tendering Project. Collaborate 2: HACT's Supporting People Clustering Project. London, HACT.

First the grouping of a number of small and medium sized organisations into a consortium to bid jointly. Second the sub-contracting to one or more smaller organisations by a larger prime contractor. The clustering project involved working with four clusters of small community-based support providers to share back office resources to increase their resilience. The project had a number of successes but concluded that collaboration is not a magic formula. Consortia cannot include all endangered providers, take considerable joint effort and planning in a tight timescale and there is no guarantee that they will win. Subcontracting was seen as more likely to be the main route for smaller providers but this requires the promotion and enforcement of good supply chain management to ensure that smaller providers are not exploited. Clustering also generated significant benefits for smaller providers and in some cases led on to consortium tenders for contracts. But the real test will be whether the benefits are sustained.

A key component of HACT's Community Empowerment Fund (CEF) work is the creation of a national network of social housing providers "Housing and Empowerment Network" (HEN) which has exchanged ideas on how social housing providers can empower communities and transform neighbourhoods through more effective links with third sector partners, and which plans to disseminate these ideas through national road show events and an interactive on-line resource, HACTnet. The HEN has held seven round table discussions which have considered the following topics:

- 'The Housing Officer of Tomorrow' (May 2010)
- 'Mixed Tenure Neighbourhoods' (July 2010)
- 'Social Enterprise' (Sept 2010)
- 'Volunteering' (Nov 2010)
- 'Measuring Social Impact' (Feb 2011)
- 'Housing and Inter-generational practice' (May 2011)
- 'Tackling Worklessness' (May 2011)

Other elements of the CEF work include a leadership programme to strengthen "leadership layers" within social housing organisations to facilitate more effective community engagement and empowerment; to enhance the awareness of housing funders and regulators of the needs of marginalised and vulnerable groups; to support the involvement of small consortia involving housing and third sector organisations in commissioning processes; to stimulate innovation in local partnership work between housing and other third sector organisations; to support the development of self-help housing and to support a further five bedrock partnerships between housing organisations and community anchors.

**Figure 9.1 HACT's CEF work: Programme strands and outputs**

Strand	Output
Housing Empowerment Network	Round tables. National road shows. HACTnet.
Leadership	Action learning toolkit.
Engage marginalised and hard-to-reach groups	Two round tables exploring leadership through the lens of community empowerment.
Supporting VCO organisations in commissioning	Round table to discuss the learning from the Collaborate work. Dissemination of reports/toolkits through HACTnet.
Design and deliver community anchor partnerships	12 funded and 5 unfunded partnerships.
Discussion with senior housing CEOs	Round table to help HACT understand HAs current approach to social investment.
Establish an innovation and challenge programme	HACT's Golden Project Competition selecting 10 ideas for project support and 2/3 for further development.
Support self-help housing	Provide link to self-help housing website and information through HEN and HACTnet.
Build effective links with the Third Sector Research Centre	Disseminate relevant research through HACTnet. Involvement in evaluation.

Source: HACT CEF Evaluation Brief 2011

A separate strand of work **Together for Communities** was funded through the Community builders programme. HACT is supporting 12 partnership, each consisting of a 'community anchor' and a social housing provider partner. The idea behind this work was that a concerted programme should be developed in which social housing providers with their financial and professional resources would provide practical assistance and development support to independent local community anchors working in distinct neighbourhoods.

These activities provide an ideal mechanism to observe the impact of the new political and funding agenda as well as deficit reduction and the Big Society and localism discourse. A separate project is evaluating the Community Empowerment Fund work and will provide further insights for the final revision of this think piece in the Autumn. The key dimensions of local partnership models to combine community investment and community empowerment have been illuminated by the work of HACT and its partners over a number of years.

The interest attracted by HEN and the lively debates on a range of relevant issues from the housing officer of tomorrow to social enterprise to measuring social impact have demonstrated the potential for a number of housing providers with a commitment to local partnership working to take this approach forward. The risk remains that while certain aspects of the current policy context appear favourable to such local partnership working, others are encouraging some housing providers to focus investment on building new homes and taking part in vertical supply chain arrangements that are coming to the fore in areas of community investment such as the Work Programme. There is therefore a need to step back to consider the business models and drivers for community investment activity in the current policy and funding climate.

## 10. Social Enterprise and Hybridity

A slightly different and more theoretical contribution to my understanding of community investment and empowerment has been provided by the academic literature on social enterprise and hybridity. While some readers may be tempted to skip over this section with its triangles and matrices that are the currency of academic theory building, I hope that I have at least in part met HACT's expectations in making this material relevant to the practical decisions that face social housing organisations today. This section has been particularly influenced by learning about Dutch housing associations from work with Vincent Gruis and Nico Nieboer from Delft University of Technology. This has been reinforced by parallel work on homelessness social enterprises in England; in particular work by Simon Teasdale and Heather Buckingham at TSRC. Both sets of learning can be profitably applied to understanding community investment activities of English social housing providers.

A key difference I picked up between the Dutch and English housing association sectors was the much greater willingness of the former to **see themselves as social enterprises** rather than reserving the term for the community enterprises, such as tenant-led businesses, that housing associations sometimes trade with. This difference may be related to the much clearer separation of the Dutch sector from government following the writing off of historic debt in return for the end of new build subsidies in the mid 1990s (see Figure 8.1). Dutch associations see themselves as **hybrid bodies located between state, market and community** and mixing commercial and social goals. When you think about it, English housing associations are much the same, but have continued to be more closely intertwined with Government as well as markets and communities, at least up to the present time.

Vincent Gruis' use of strategic management models, in particular Miles and Snow's prospector/defender model, helps to understand the different positions that hybrid organisations can take<sup>42</sup>. Vincent used the model to map the choices made by Dutch housing associations between **commercial and social goals and between core business focus or diversification**. This had resonance with my earlier work on diversification in England (see section 7). It is of particular relevance to thinking about the positioning of community investment activities in relation to core business.

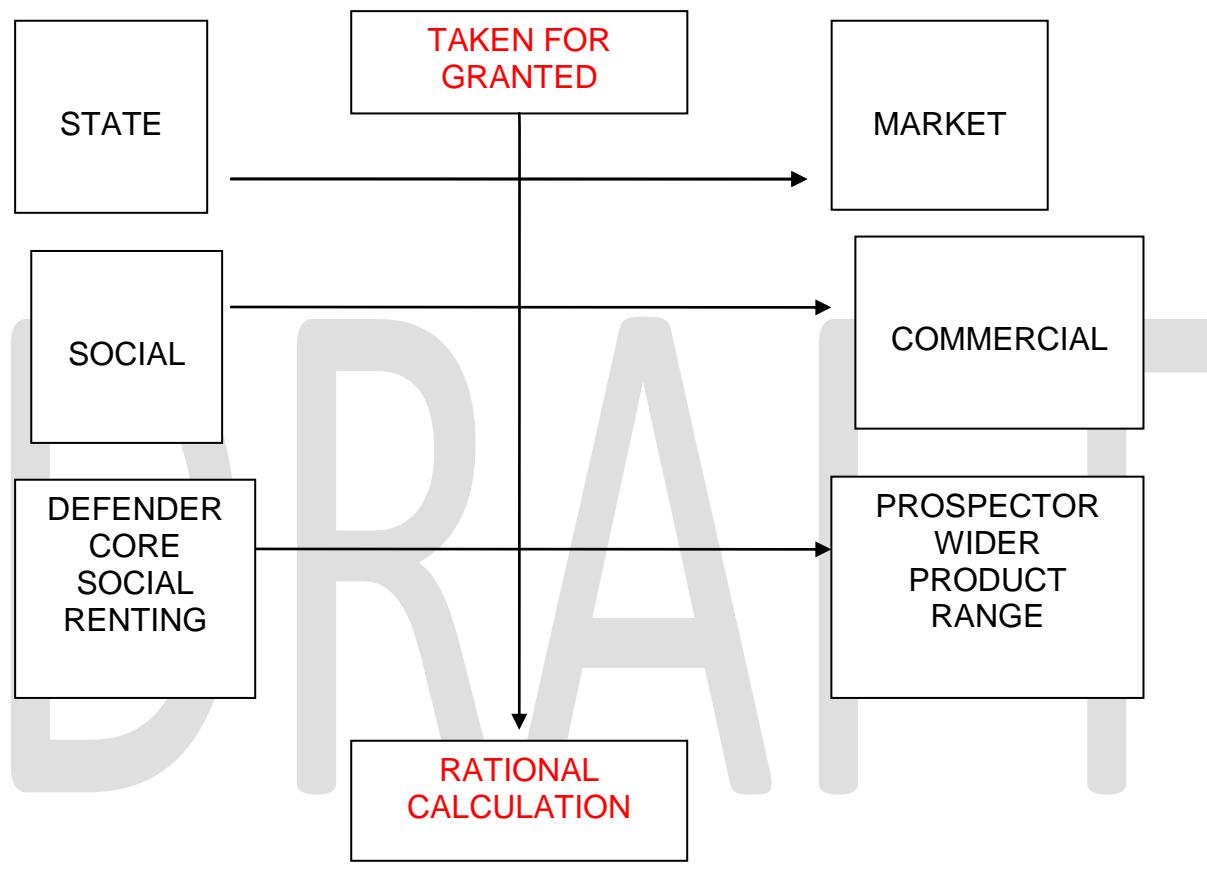
Figure 10.1 allows us to position associations between **state and market** and plot the choices that they make between **commercial and social** projects. It also divides them between '**defenders**' who tend to stick to core business and '**prospects**' who are constantly seeking new opportunities for diversification. In the Dutch case Vincent found that the same group of innovative organisations tended to take prospector positions in relation to both commercial activities such as real estate development and social activities such as community investment.

Nico Nieboer and I later suggested an additional axis, cutting across the other three in Figure 10.1. This new axis is based on our observation that many Dutch housing associations were taking a **rational and calculating** approach to these strategic choices. For example many Dutch associations subscribe to the AEDEX property index which allows them to calculate

<sup>42</sup> Gruis, V. (2008) Organisational Archetypes for Dutch Housing Associations. Environment and Planning C: Government and Policy, 26 (6): 1077–92, Miles, R. and Snow, C. (1978) Organisational Strategy: Structure and Process. McGraw-Hill.

financial return on investment<sup>43</sup>. Similarly some were, like English associations, becoming interested in social return on investment and similar approaches to prioritise community investment decisions on the basis of outcomes. This contrasted with associations who used **taken-for-granted** assumptions to determine their mix of activities, for example basing choices on existing patterns of specialisation and well-established relationships.

**Figure 10.1 Four Dimensions of Hybridity in Housing Associations**



Source: Based on Mullins and Nieboer (2010) and Gruis (2007)

Figure 10.1 can also be read as highlighting the tensions that social enterprises face in balancing priorities on each of the four scales. Different balances between commercial and social objectives will have different consequences for the mission of the organisation and its relationships, for example with service users. Such tensions are also evident in the English homelessness sector where explicit social enterprise models have developed in response to government support for trading models to tackle links between homelessness and worklessness. Simon Teasdale<sup>44</sup> has explored case studies of different models of how homeless people are involved in trading activities.

<sup>43</sup> Mullins D and Nieboer N Comparing Dutch and English Housing Associations: Rational Calculations and Taken for Granted Assumptions W16 Social Housing in Europe, Institutional and Organisational Dynamics, European Network for Housing Research Dublin, July 6-9 2008.

See also Koopman M, van Mossel H-J and Straub A (2008) Performance measurement in the Dutch social rented sector. Amsterdam, IOS Press for examples of emerging rational approaches.

<sup>44</sup> Teasdale S (2009) Innovation in the homeless field: How does social enterprise respond to the needs of the literal homeless population?, (20<sup>http://www.tsra.ac.uk/LinkClick.aspx?fileticket=4xb77peVCwo%3d&tabid=500</sup>

Figure 10.2, identifies six different models for homelessness social enterprises distinguished in part by the way in which tensions between social goals (to support homeless people) and commercial goals (generating trading income) are managed. Some cases following the 'contracted service provider' model have shown that social enterprises may exclude beneficiaries with the most acute social needs in a 'skimming off' process designed to ensure the viability of the enterprise. In other cases the tension is managed by separating responsibility for income generation from the part of the organisation responsible for providing social support. These tensions are also of relevance to those community investment activities that involve service users in trading activities.

**Figure 10.2 Models of Homelessness Social Enterprise**

<b>Social Enterprise Model</b>	<b>Homelessness sector example</b>
Revenue generator/mission awareness raising	Salvation Army/WarCry
Contracted service provider	Shelter
Accommodation provider	St Mungos
Participation based community	Emmaus
Employment provider	Big Issue
Training and work experience	Crisis Cafe
Hybrid	Big Life Company

Based on Teasdale (2009) TSRC Working Paper no 5.

One of the most relevant conceptual contributions is provided by work with Halima Sacranie whose PhD considers the role of community investment in large housing associations. She explored the strategy, culture and the institutional logics that underpin organisational behaviour. Her multilayered case study identified similar tensions to those identified by Simon Teasdale in the homelessness field. In our joint paper on Corporate Social Responsibility (CSR) and community investment we explored the question of how housing associations set priorities for their community investment activities. We considered state, market and community influences on these investment decisions.

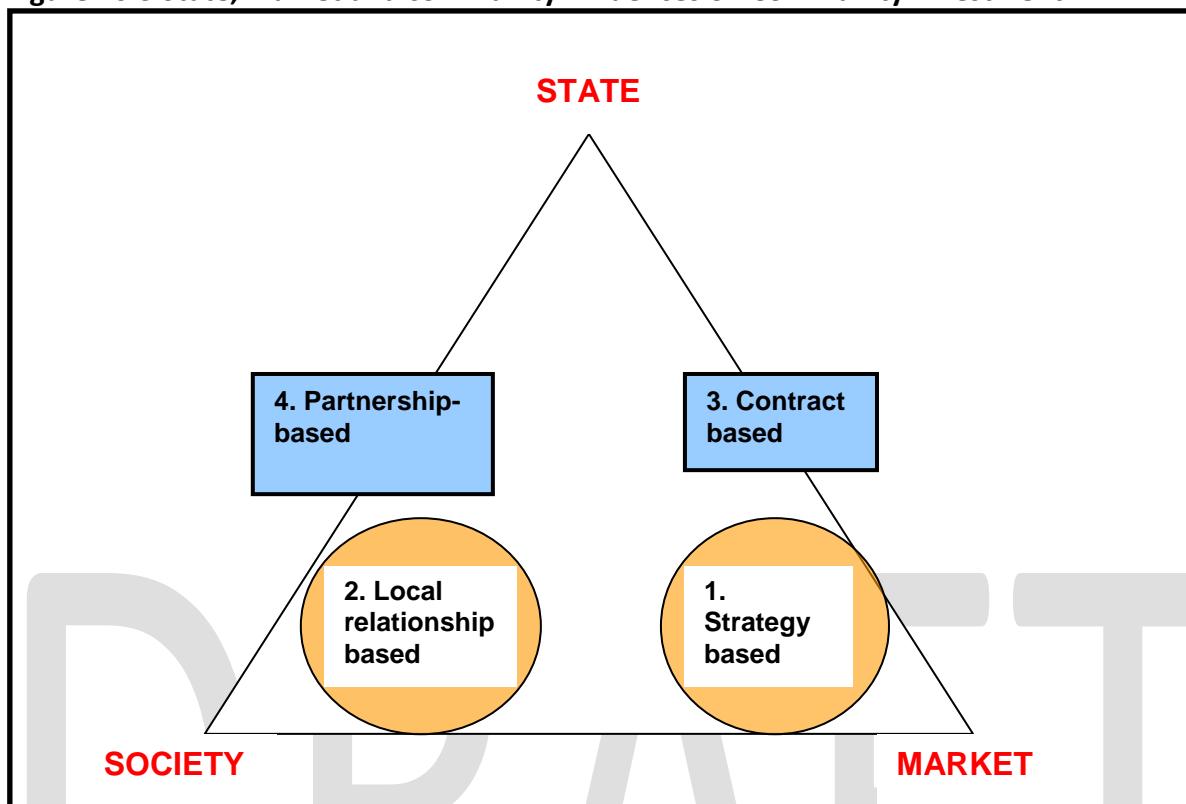
We drew on two main models from the literature on social enterprise and hybridity to do this. First we used earlier work by a number of authors on social enterprises and their position in mixed economies of welfare, often referred to as the welfare triangle<sup>45</sup>. Second, we used David Billis' <sup>46</sup> concept of 'principal ownership' whereby each organisation is assumed to have primary allegiance to either state, market or community, but may also have secondary allegiances to other sectors leading to up to 9 'zones of hybridity' .

Figure 10.3 uses the triangle model to present four main approaches, associated respectively with the market (1) and society (2) angles of the triangle and with the state/market (3) and society/market (4) intersections. The ways in which organisations construct, prioritise and measure their community investment activities will depend upon their principal ownership and secondary ownership:

<sup>45</sup> In particular Gruis, V. (2009) Conceptualising Social Enterprise in Housing (CECODHAS) who in turn draws on earlier work by Evers, A. (2005) Mixed welfare systems and hybrid organisations: Changes in the governance and provision of social services. International Journal of Public Administration, 28(9): 737–48 and Branden, T., van der Donk, W. and Putters K (2005) Griffins or Chameleons? Hybridity as a Permanent and Inevitable Characteristic of the Third Sector. International Journal of Public Administration. 28: 749–65.

<sup>46</sup> Billis D (2010) *Hybrid Organisations and the Third Sector*. Basingstoke, Palgrave.

Figure 10.3 State, market and community Influences on Community Investment



Source: Mullins and Sacranie (2009) drawing on Gruis (2009), Evers and Laville and Brandsen et al (2005)

- If primarily market driven, community investment will be determined mainly by their **corporate business strategy** (including CSR) in the same way as in a private company.
- If, on the other hand they are more society driven (e.g. neighbourhood focused housing associations) then community investment **activities may emerge from locally based relationships** between staff and residents (in line with Wadham's bedrock partnerships model described earlier) and success will be judged through local stakeholders' feedback.
- Organisations with strong **state and strong market influences** may be influenced by the **contractual model**; in this case community investment priorities stem less from the organisation's explicit CSR strategy than from opportunities to win contracts. Recent developments such as the Prime Contractors' supply chain approach used to commission the Work Programme may pull housing associations involved in worklessness activities away from internal drivers towards the state/market side.
- Finally for organisations with **stronger society and market links** (e.g. as members of third sector partnerships, perhaps drawing support from commercial partners' CSR activities or philanthropy), activities may be **co-produced and priorities set and monitored jointly**.

Figure 10.4 summarises the four main options emerging as strategy based, relationship based, contract based, or partnership based. The positioning decisions made by housing organisations to these options tell us much about their underlying missions and values.

**Figure 10.4 Zones of Hybridity: Influences on housing association Community Investment**

<b>1. Strategy Based</b>	CSR becomes the corporate planning framework and priorities for social and community investment activities are set and monitored corporately
<b>2. Local Relationship Based</b>	Priorities are set locally by local managers in partnership with residents and local community organisations.
<b>3. Contract Based</b>	Priorities are set externally by contracts won from state (and local state) who are seen as having the legitimacy to make these decisions
<b>4. Partnership Based</b>	Priorities are negotiated externally through partnerships with other social actors (this is a strong theme for NHF and is evidenced in the NHF Audit by the leverage of partner contributions) <sup>47</sup> .

Source: Based on Mullins and Sacranie (2009)

Similar theoretical strands were developed by Heather Buckingham in her study of responses by homelessness TSOs to supporting people commissioning, which also drew on and developed the welfare triangle model<sup>48</sup>. As shown in Figure 10.5 Heather conceptualised four types of homelessness organisations based on mission and responses to commissioning (comfortable contractors, compliant contractors, cautious contractors and community-based non-contractors). An increasingly marketised system of state welfare based on contracts and regulation was pulling types 1 and 2 towards the state/market axis (in a similar way to the Contract Based approach shown in Figure 10.3 above). There were growing tensions for type 3 organisations which were being pulled towards type 2 through internal change and potentially through mergers. This left only type 4 the community-based non-contractors as mission-led third sector organisations. Heather's work highlights the process of adjustment of third sector organisations to contract regimes.

**Figure 10.5 A typology of organisational responses to contracting**

<b>Type 1: Comfortable Contractors</b>  Typically housing associations or related organisations with business-like practices Involved in government contracts Homelessness is not 'core' business No volunteer involvement No voluntary income	<b>Type 2: Compliant Contractors</b>  Charities that have become business-like and professionalised Heavily dependent on government contracts No/little volunteer involvement No/little voluntary income
<b>Type 3: Cautious Contractors</b>  Involved in government contracts Voluntary income is significant Involve paid staff and volunteers Tensions between multiple stakeholders Resistance or difficulty in adapting to government requirements (Often) faith-based	<b>Type 4: Community-based Non-contractors</b>  Not involved in government contracts Entirely voluntary funded (Almost) entirely staffed by volunteers Small organisations or groups of people Embedded in local communities Independent of government monitoring (Often) faith-based

(Buckingham, 2010) TSRC Working Paper 41

<sup>47</sup> However, the Audit itself provides no information on the basis of these partnerships or the motivations and extent of involvement in decision making by the partners (see section 11 for further discussion).

<sup>48</sup> Buckingham H Paper 41: Capturing diversity: a typology of third sector organisations' responses to contracting based on empirical evidence from homelessness services, (Sept 2010); Paper 50: Hybridity, diversity and the division of labour in the third sector: what can we learn from homelessness organisations in the UK? (Dec 2010)  
<http://www.tsrc.ac.uk/Publications/tabid/500/Default.aspx>

As this section has shown, housing providers are involved in similar processes of adjustment to homelessness social enterprises. They too must manage the tensions between different goals arising from their hybrid social enterprise identities. A key question they face is how far they should adopt 'prospector' strategies to deliver non-housing services such as community investment. Another is the way in which they should involve beneficiary groups in their trading activities. Priorities for such community investment decisions are affected by state, market and community influences. Despite the rise of contract based commissioning as a significant driver for community investment work, housing providers have three other potential ways to steer their community investment. They may adopt a more independent approach based on their own corporate strategy, a partnership approach based on links with national partners and funders or a local relationship based approach with priorities set jointly with key local partners.

The local relationship and partnership based approaches would appear to be more likely to foster community empowerment, since they have the potential for mutual agreement of goals and priorities between housing organisations, their residents and third sector partners. However, such approaches can be difficult for those large national associations preferring a consistent corporate strategy to a multiplicity of local partnerships. This argument will be further developed in the next three sections relating to measurement, empowerment and motivations.

## 11. Measurement and Evaluation

As the example of Business in the Community's Community Mark (Figure 2.1) illustrates, there has been an increasing emphasis on **Measurement** of the outcomes and impact of community investment activity across all sectors in recent years. This has been an important concomitant of the attempt to attract social investment, partly to substitute for state expenditure on welfare. For example social impact bonds are predicated on the ability to specify outcomes that government will be prepared to pay for on delivery. This then enables social investors to fund some of the inputs which are expected to deliver the required outcomes and thereby receive a return on their investment. So far the main example of social impact bonds has been in the criminal justice field, where the outcomes focus on prevention of re-offending and thereby reducing expenditure on prisons. However, the interest in measurement of anticipated financial as well as social returns from community investment is growing.

In the housing sector it has also been associated with a perceived need to sharpen the **business case** for community investment to demonstrate benefits to the business. In some organisations this has seen a shift from the conceptualisation of community investment as a way of distributing surpluses as a community dividend, to a way of investing in the viability of the core business through positive impacts on anti-social behaviour, rent arrears etc. Examples of this approach include the Neighbourhood Planning and Assessment Tool developed by Places for People and recently evaluated by CRESR at Sheffield Hallam University. The approach is used to prioritise community and asset investment across almost 600 neighbourhoods within the Group's portfolio. A neighbourhood dashboard based mainly on financial and housing management indicators (such as turnover, arrears and surplus per property) is used alongside future asset management investment requirements

and local housing staff knowledge to prioritise investment (or exit) based on a traffic light system. The approach provides the outline business case for the investment of significant internal and external funding in the prioritised neighbourhoods and impacts directly on the viability and sustainability of Places for People's core business<sup>49</sup>.

The TSRC 'Social and Economic Impact' stream has recently produced a working paper on the ambitions and challenges of Social Return on Investment (SROI)<sup>50</sup>, one of a range of approaches that has recently been applied to measuring the impact of third sector activities. This examines the ambitions and expectations, challenges and limitations of SROI in practice, e.g. in relation to deadweight, displacement and attribution effects. This should lead to more rigorous approaches to proving and improving value in the third sector. A key sector resource in the measurement of community investment by housing associations is the **NHF's Neighbourhood Audit**, undertaken for the first time in 2006/7 to show the scope of association's activities beyond housing following the In Business for Neighbourhoods campaign from 2003<sup>51</sup>. It will be interesting to see the changes in this in the forthcoming 2011 Audit, although it may be difficult to draw clear conclusions about trends given the intervening recession and change of government. The Audit provides a clear picture of community investment by housing associations by category; organised into 6 domains in the 2008 Audit instructions (see Figure 11.1), the leverage that this activity is thought to have generated and estimated outputs in terms of numbers of people benefiting.

**Figure 11.1 Additional services of housing associations by domain type**

Domain name	Types of additional services / projects included
Community safety and cohesion	Additional police patrols Crime support – offender and witness support Domestic violence initiatives Youth diversionary measures
Education and skills	Adult education (formal and informal) After school and breakfast clubs / studies / activities Capacity building training for residents Language and literacy support
Employment and enterprise	Business start-up initiatives / supply of business units Full employment pilots Intermediate labour market projects Life skills for employment
Environmental liveability	Abandoned vehicle removal Are / street decoration in public places Energy efficiency measures Handyperson schemes
Well being – health and support	Community health workers / drugs / alcohol workers Family intervention initiatives Food co-ops Health clinics
Poverty and social exclusion	Assistance with opening bank accounts Financial literacy training Fuel poverty initiatives Money / debt advice

Source: Neighbourhood Audit Instructions, NHF, 2008

<sup>49</sup> Discussion June 1<sup>st</sup> 2011, with Steve Mather, Neighbourhoods Director Pfp in preparation for conference.,

<sup>50</sup> TSRC Working Paper 49. <http://www.tsrc.ac.uk/Publications/tbid/500/Default.aspx>

<sup>51</sup> National Housing Federation (2003) In Business for neighbourhoods; (2008) The scale and scope of housing associations activity beyond housing. London: NHF.

What the audit does not attempt to do, and would not be feasible from a national survey of this nature, is to assess the **outcomes or impact of community investment** activities.

However, as indicated above this is an area of growing interest in the housing sector along with other third sector organisations. Social performance tools used to measure the community investment activities of housing organisations have been subject to an earlier study undertaken for the Tenant Services Authority in collaboration with Affinity Sutton Group and Delft University of Technology<sup>52</sup>, which is now being built on by Vanessa Wilkes in a PhD studentship working with the NHF on their 2011 Neighbourhood Audit. A linked piece of work to this Think Piece is a survey of social housing providers being commissioned by HACT to update earlier work on impact to reflect key changes such as the new sector based tool being marketed by HouseMark and further issues identified by the HEN Roundtable on social performance measurement on February 10<sup>th</sup> 2011.

One of the most interesting conclusions from comparative work undertaken as part of the earlier study for the TSA<sup>53</sup> was the contrasting approaches taken by Dutch and English associations to social performance measurement. Scoping papers generated a checklist of 17 tools from research in the Netherlands and England; 5 to appraise and prioritise projects, 8 to measure outputs and outcomes and 4 linking social performance to corporate goals:

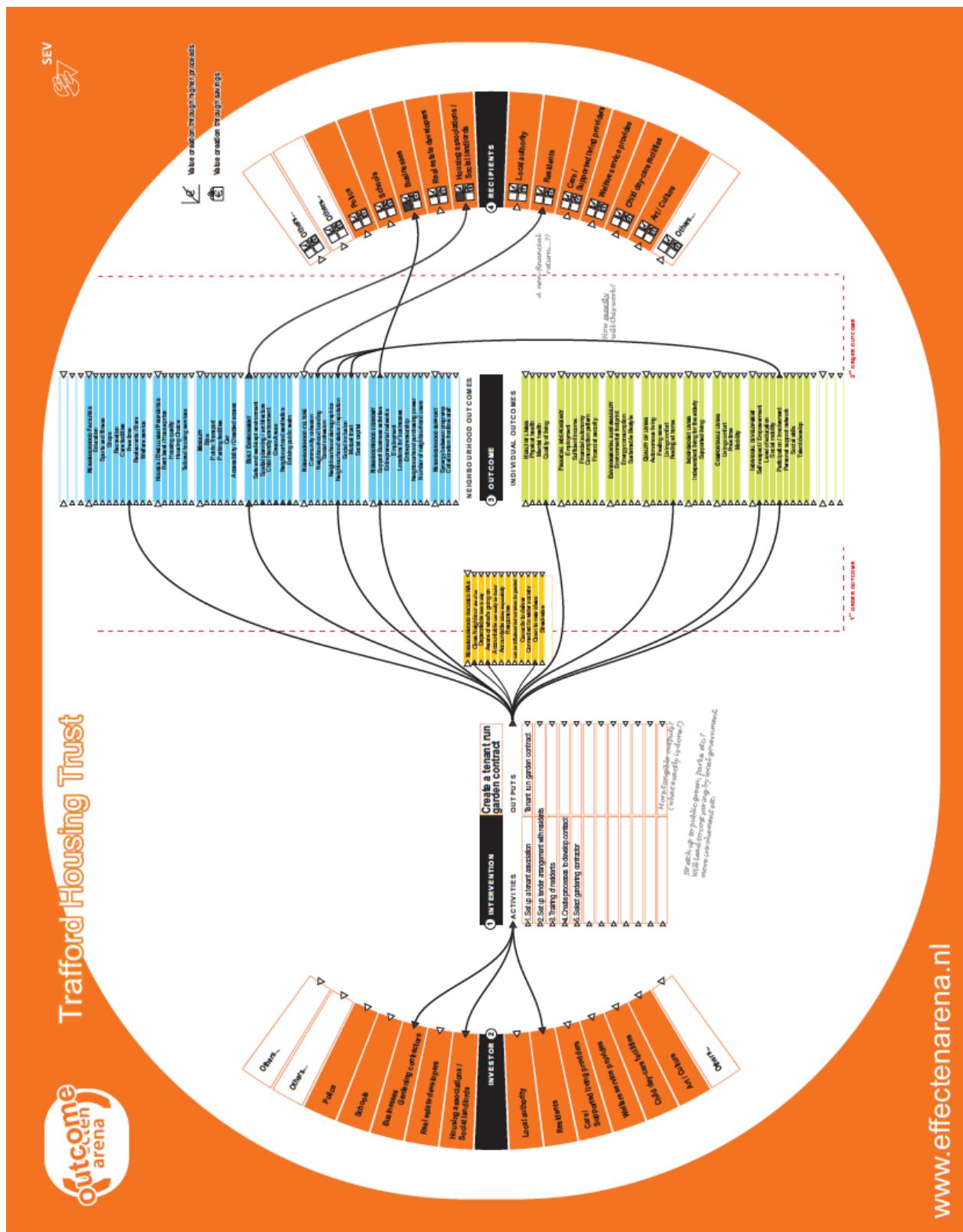
- Dutch housing associations have developed a wide range of tools to appraise and prioritise social investment projects at the planning stage. Tools such as the *Outcomes Arena* help organisations to think through why an activity should be undertaken, who is likely to benefit and who might be expected to invest in it.
- There is currently a strong emphasis in the English Third Sector on tools to measure the *Social Return on Investment*. Putting a value on social impacts may help to give them greater equivalence with financial outcomes, but careful consideration needs to be given to ensure that the costs of applying such methods are proportionate to the benefits and that the demonstrated returns are meaningful and relevant.
- Few housing associations currently relate social investment activities to wider corporate goals (e.g. by including them in their *balanced scorecards* alongside financial indicators). Several frameworks exist that can enable this including *Corporate Social Responsibility indices* derived from the private sector. However, some doubt the relevance of such tools to primarily social purpose organisations.

Another key limitation of the NHF Audit from the perspective of **community empowerment** is that while the Audit includes estimates of leverage, it looks at community investment from the perspective of associations themselves. It does not provide a mutual assessment of benefits with community partners that might be necessary to ensure a link with community empowerment spending cuts and new agendas around localism and the Big Society.

<sup>52</sup> Mullins D, van Bortel G., Ham Y J, and Watson C (2010) Social Investment Performance Management Toolkit For Housing Associations [http://www.curs.bham.ac.uk/research\\_consultancy/housingx/SocInvestmentPerformanceMgtToolkit.shtml](http://www.curs.bham.ac.uk/research_consultancy/housingx/SocInvestmentPerformanceMgtToolkit.shtml)

<sup>53</sup> van Bortel G and Mullins D (2010). *Measuring Social Performance by Social Landlords, Examples from the Netherlands* Research Report for Affinity Sutton Group and Tenant Services Authority pp 1-19

**Figure 11.2 Outcome Arena Example – Older People Procure Grounds Maintenance Contacts in Trafford**



As shown in Figure 11.2 the Outcomes Arena, one of the Dutch tools referred to above, has a strong potential to be used for collaborative planning between housing organisations and community partners. This tool initially developed by Jochum Deuten while he was based at SEV, the Dutch housing innovation body, was piloted in the Close Neighbours CN project. The example above taken from Trafford Housing Trust's CN project to involve sheltered housing residents in the procurement of grounds maintenance contracts shows how the tool enables users to identify who the investors and beneficiaries of the project are expected to be, what outcomes are anticipated for neighbourhoods and individuals, and the theory of change leading from project actions to these anticipated outcomes. This project was successfully implemented leading to replacement of large generalist national contractors with small local businesses who 'provided twice the service at half the price' - clear benefit of joint planning and co-production with sheltered housing residents.

This tool itself deserves wider attention from English social housing providers. Recent news from Jochum<sup>54</sup> is that there is a growing interest in the Netherlands from neighbouring domains like social welfare and health. – it is adopted by the Ministry of Internal Affairs / Housing in recent guidance for social-cost-benefit analysis, more and more housing associations are adopting the OA as a standard (for investments of over € 10,000). In June Jochum is applying for a grant to develop an open source web based application linked to a national knowledge base for effective neighbourhood interventions, one of the requirements will be a version in English.

## 12. Community Empowerment

Returning to Community Empowerment, Angus McCabe from the TSRC 'below the radar' stream has recently produced a working paper reflecting on community engagement, empowerment and social action in the context of the Big Society<sup>55</sup>. The paper raises a number of challenges of relevance to HACT's 'opportunity agenda' including the poorly understood nature of motivations for community action, power relationships between the state and communities, and the risks associated with co-option of independent groups to deliver government policy objectives.

One early impact of the current policy agenda may be to weaken the fragile unity<sup>56</sup> of the third sector with a loss of solidarity or collective identity within formal and funded third sector organisations (such as housing associations). Continued CLG support<sup>57</sup> for the potential of 'below the radar groups' to transform deprived neighbourhoods and promote community health and well-being is clear, but the evidence base that community groups have the capacity or willingness to engage is less so.

Angus argues that the espoused devolution of power to the 'nano' neighbourhood level raises a series of questions around structural and global forces, the role of the state in relation to civil society, community trust in politics, the implicit assumption that all

<sup>54</sup> Personal email communication April 21 2011

<sup>55</sup> TSRC Working Paper 51. <http://www.tsrc.ac.uk/Publications/tabid/500/Default.aspx>

<sup>56</sup> Alcock P (2010) A Strategic Unity, Defining the Third Sector in the UK. Voluntary Sector Review vol 1 no 1.

<sup>57</sup> For example in the CLG and Third Sector Partnership Board Task and Finish Report on Deprived Neighbourhoods (June 2010) cited by McCabe.

community engagement is 'a good thing', and the dangers that inequalities will be exacerbated by policies that favour stronger communities. Future work of the below the radar stream on the impact of current policy on communities, community networks and infra-structure groups and particularly on moving beyond traditional approaches to community capacity building to enable sharing of skills, knowledge and resources in below the radar groups can further contribute to the Think Piece. This work includes a case studies of a Tenant Management Organisation and of other forms of community ownership of assets. These case studies address questions of how empowered residents communicate activities to the wider community.

The current government is promoting the model of community organising and social action as advocated by the American activist Saul Alinsky and the Brazilian educationist Paulo Friere<sup>58</sup>. Both writers argue that power cannot be given away but has to be seized. According to Alinsky the 'job of the organiser is to manoeuvre and bait the establishment so that it will publicly attack him as a dangerous enemy' while for Friere the 'process of education either creates critical, autonomous thinkers or it renders people passive and unquestioning'. The implications of this thinking for how housing organisations approach their community investment activities, and indeed their general governance, are profound but as yet largely unexplored. The potential for co-production of services is one direction currently being thought through in certain parts of the sector<sup>59</sup>; but has been limited amongst mainstream housing providers. The case study in Figure 11.2 of this paper shows a small example of what can be achieved from resident-led services – 'twice the service at half the price'.

Alison Gilchrist and Marilyn Taylor<sup>60</sup> have recently distinguished a range of approaches to working with communities including:

- Community empowerment
- Community engagement
- Community development (as self-help promotion)
- Community development (as engagement in political processes)
- Community organising or social action
- Community or social enterprise

It would be useful for housing organisations to consider where they want to position their community investment work in relation to the different outcomes associated with this continuum of approaches. Over the last decade they noted an increased tendency for housing organisations to use community development as a form of customer relationship management. This enabled these organisations to play down conflicts of interest between their organisations and communities. This missed the potential to use community development as a tool for change in which communities are enabled to pursue their own priorities through engagement in the political (and policy process).

<sup>58</sup> Alinsky S (1971) *Rules for Radicals*. New York, Vintage Books; Friere, P (1978) *Pedagogy of the Oppressed*. Harmondsworth, Penguin.

<sup>59</sup> Simpson M (2011) *Viewpoint on Co-production, personalisation and housing: Improving outcomes for individuals and communities: Viewpoint 18*. London, Housing Learning and Improvement Network; Slater (2010) *Coproduction in Practice. 6 case studies of coproduction in the West Midlands*. Birmingham, Chamberlain Forum.

<sup>60</sup> Gilchrist A and Taylor M (2011) *A Short Guide to Community Development*. Bristol, Policy Press.

This tendency has been seen in the housing sector with the promotion of customer first and customer focused approaches by most larger organisations and by regulatory and trade bodies. The alignment between these approaches and commercial business management is clear; the implications for community empowerment much less so. Recent work on community investment in the housing sector by Halima Sacranie<sup>61</sup> confirms this tendency with the shift to a dominant customer logic tied in with a commercial and corporate, centrally driven sub-culture as the driver for community investment strategy in large housing organisations. This logic had largely displaced community logics, associated with traditional locally responsive or regional cultures in these organisations.

As noted in section 2 it is clear that the term community empowerment is used in many different ways both within the housing sector and more generally. One of the commentators on early drafts of this think piece commented that we seem to know much less about residents' and communities experiences of being empowered than we do about housing organisations' intentions and strategies. This raises the important question of motivations and the need to check out whether the motivations of housing providers and communities can be matched to set priorities for community investment that will produce returns in relation to community empowerment. The next section pursues this question further drawing on HACT's learning from the HEN Network.

### 13. Motivations

The final point of my journey in thinking about the relationship between community investment activities of housing providers and community empowerment was to consider the underlying motivations of this work. The final example in Figure 2.2 shows the extent of difference that can exist between community-based perspectives and housing organisation-based perspectives on the purpose and organisation of community investment.

The pursuit of the systems based approach to identifying themes and priorities for community investment activities and rational calculation in measuring impact (see section 11 above) can be seen to pull activity and decision making away from local communities. This is entirely understandable for large national organisations seeking to meet a variety of needs that are often individually defined rather than on the basis of community and to prioritise investment decisions between large numbers of localities. Similarly, the more commonly discussed mission drift associated with the contract approach, whereby third sector organisations provide only the services that commissioners will pay for, has been exacerbated by the increasing scale of contracts and shift of decision making up the supply chain to the interface between prime contractors and commissioners. However, these strategy-based and contract-based approaches seem very difficult to equate with the kind of mutuality implied by discussion of community empowerment in section 12 above.

These significant drivers of decision making on community investment activities away from the community level challenges me to ask two questions in this section:

- **What are the main motivations for community investment and empowerment activities from a landlord perspective and from a community perspective?**

<sup>61</sup> Halima's thesis has been submitted and is currently being examined.

- **What are the practices that enable or prevent joint goal setting between stronger and weaker partners?**

To answer these questions I will look to HACT's promotion of the partnership and relationship approach to community investment.

My first significant engagement with HACT was in evaluating the Accommodate Refugee Housing Partnerships Programme<sup>62</sup> which had a clear focus on enabling mutual partnerships between Refugee Community Organisations (RCOs) and housing providers, despite substantial power imbalances and differences in motivation and interest between the two groups. Lessons learned from this evaluation are relevant to a wide range of similar types of partnership.

My learning from this evaluation was substantially enhanced by supervision of Pat Jones linked PhD whose work took my understanding of power imbalances in partnerships to a new level<sup>63</sup>. As Pat has clarified, these imbalances are stark. RCOs are largely unfunded below the radar organisations dependent on volunteers, lack legitimacy and were often excluded from the language used by their partners. Housing organisations had the resources, paid staff, authority and expertise to make a difference but had competing strategic priorities, often used jargon that inadvertently excluded RCOs, and had less direct knowledge and understanding of the housing needs of refugee communities.

Refugee housing partnerships faced a challenging context with many structural and policy barriers to their aims to improve the housing options for new refugees leaving asylum accommodation after getting leave to remain. In the course of the research we discovered network management<sup>64</sup> which provided a number of useful pointers to practices that might enable joint goal setting between partners and thereby contribute to community empowerment. We learned that all partners need ideally to be involved in joint planning and decision making from the outset. But if true empowerment develops things are likely to evolve as partners begin to overcome language, confidence and knowledge barriers. Therefore rather than simply setting objectives at the start of the partnership, we should expect objectives to change, as RCOs begin to influence the agenda and mutual learning occurs.

Not surprisingly the evaluation identified a range of barriers to joint goal setting, not least the very different motivations of the partners. RCO objectives tended to be much more immediate and tangible, reflecting their transience, lack of funding, office accommodation, meeting space etc.; whereas housing organisations tended to be more interested in longer term, strategic goals, and had many other partnerships that often diverted them from full engagement. This led to frustrations, for example about the timescales for action following meetings. We found that one of the most effective ways to overcome barriers was to align the aims of the partnership to the immediate needs of the partners, to recognise that those needs differ and it is therefore important to ensure that 'there is something in it for

<sup>62</sup> HACT Accommodate <http://hact.org.uk/accommodate-publications>

<sup>63</sup> Pat's PhD 'Refugee Community Organisations: Working in Partnership' is available from the British Library.

<sup>64</sup> Our account applying network management theory to illuminate learning for the Accommodate project is published as Mullins D and Jones P (2009) Refugee integration and access to housing: a network management perspective . Journal of Housing and Built Environment vol 24 pp 103-125.

everyone'. A good example was a partnership that delivered an office accommodation hub for RCOs at the same time as influencing policy at the strategic level with the local Housing Market Renewal pathfinder. Needless to say it took some time to reach the understanding required to proceed with a mix of short and long term goals to meet the interests of all partners; and these goals differed considerably from those defined at the outset before the learning took place.

HACT's Together for Communities Programme provides a different setting to explore similar issues in partnerships involving community owned and led organisations and social housing providers. The recent lessons from the partnerships report by Mary Carter and Chris Wadham<sup>65</sup> provides the source material for this brief summary. Together for Communities provided practical assistance and development support to 12 pairings of housing providers with community-owned and led organisations described as 'community anchors'. Mary and Chris summarise a range of learning points about what each partner brought to the partnerships, sustaining community partners, the role of individuals and responding to unexpected events. These accounts provide some indication of the motivations of the partners and the practices that enable or prevent joint goal setting to enable comparison with my reflections in Accommodate above; but of course my observations here do not have the same validity or basis in personal research.

A first observation is about the way in which the project is framed. It brings together two potentially very powerful sets of partners capable together of transforming neighbourhoods. An apparent difference from Accommodate is the fairly comparable scale of the two sectors in relation to staffing and community investment. However, it becomes apparent from the case studies that the power dynamics vary considerably between the partnerships in term of the relative strength and capacity of the community anchors. Another notable feature of the framing is that the two sectors are depicted as having had little previous contact with one another and in some cases regarding one another with suspicion. Again the variability between partnerships is apparent with several of the community anchors having developed out of the housing sector or as part of a stock transfer and one having decided to merge with the housing partner.

Second, turning to the question of motivation, it is clear that HACT is convinced that the two sectors have an enormous amount to offer one another, with earlier projects including the Opportunity agenda and Supporting the First Steps underlining the need for social housing providers and community-owned and led organisations to build stronger links' (p.5). Both sets of partners found that coming together had deepened their understanding of the people and tenants living in their neighbourhoods. This had involved mutual benefits, and learning from progressing joint projects such as estate greening, social media and empty homes, which had in turn generated a sense of community ownership and control. It is also interesting that joint interests involved each partner gaining different things. Community partners gained most from the business and financial skills, and in some cases governance practices of the housing sector. Housing providers gained most from the community development and engagement experience and local community presence of the community anchors.

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<sup>65</sup> Carter M and Wadham C (2011) Together for Communities. Lessons from the Partnerships, London, HACT.

Third, in terms of enablers, the key themes from Accommodate of trust, a sense of mutual benefit, a shared vision, 'learning the language from each other's sectors and understanding the drivers and parameters that define their activities' were all mentioned in the evaluation. Additional ingredients on this programme were the provision of a range of useful external support and expert mentoring to enable the partners to achieve specific goals such as negotiating with empty home owners, undertaking social impact assessment, providing social media and IT training, training needs and feasibility studies for new social enterprises.

Fourth, in terms of barriers, similar observations emerge to the Accommodate evaluation including the time taken to build trust, the dangers of dependence of community partners on one key relationship (and apparent difficulties in attracting interest from other housing organisations) and the need to sustain support from the top to sustain engagement by the housing partner in particular. The impact of deficit reduction is clearly a new threat since the days of Accommodate and new threats to the time, space and resources needed to maintain common cause when the core businesses of each partner are stretched.

In conclusion I believe that the kind of learning gained from Accommodate and Together for Communities can only come from sustained relationships at the community level. The relevance to this paper is that in order to deliver community empowerment, housing organisations' community investment strategies need to build in the spaces where mutual learning can occur and joint outcomes can emerge. Arguably the need for and potential benefits of these spaces for responsive and efficient local services is even greater in the context of deficit reduction. The local, relationship and partnership approaches (section 10) appear to be the most likely to build in such spaces. However, the challenge to the corporate strategy and contract approaches is to make space within their mainly hierarchical planning and market response mechanisms where responsiveness to communities can also be built in.

Together for Communities led to the conclusion that '*having assets in neighbourhoods is not enough, there is still a need for joint working and joint funding. Organisations need help to understand how their assets can be put to best use, be shared, and developed to support community-led approaches that transform neighbourhoods*'. The need for space to develop such joint working and mutual understanding was a common conclusion from Accommodate, and one that seems essential if community investment is to lead to community empowerment. Only in such spaces can the questions of whether and how communities are empowered by community investment be addressed. Collaborative planning using tools such as the Outcome Arena (see section 11) would be one way of building joint vision and working towards joint outcomes

## 14. Bringing it Together

Bringing all of this thinking together, the typology in Figure 14.1 has been constructed to reflect the different theoretical considerations outlined above. However, I suggest it might also be the basis of a tool of practical value to housing organisations seeking to understand their own positioning, and how to (re)design their community investment activities to fit the challenging current policy agenda.

**Figure 14.1 Theoretical Framework and Key Questions**

TYPOLOGY OF ACTIVITIES & MOTIVATIONS	<ul style="list-style-type: none"> <li>• What kinds of community investment activity are currently undertaken by social housing providers?</li> </ul>
	<ul style="list-style-type: none"> <li>• What models of community empowerment are used by social housing providers?</li> </ul>
	<ul style="list-style-type: none"> <li>• What are the main motivations for community investment and empowerment activities from a landlord perspective and for a community perspective?</li> </ul>
	<ul style="list-style-type: none"> <li>• How are these activities seen to relate to the 'core businesses' of social housing providers?</li> </ul>
POLICY CONTEXT	<ul style="list-style-type: none"> <li>• How are these activities and models likely to be affected by reforms of social housing access, tenure, rents and funding?</li> </ul>
	<ul style="list-style-type: none"> <li>• How do these activities and models fit with the broad themes of the Big Society (social action, public service reform, community empowerment) and interact with the public spending cuts?</li> </ul>
	<ul style="list-style-type: none"> <li>• How are these activities and models likely to be affected by the wider provisions of the Localism Bill such as the community right to challenge, community right to buy, neighbourhood plans and local referenda?</li> </ul>
FUNDING & INVESTMENT PRIORITIES	<ul style="list-style-type: none"> <li>• How do social housing organisations fund their community investment activities (balance between internal funds and external leverage)?</li> </ul>
	<ul style="list-style-type: none"> <li>• What types of external funding are used? (grants, contracts, donations)?</li> </ul>
	<ul style="list-style-type: none"> <li>• At what level are external funding bids made (local, regional, national, consortia bids)?</li> </ul>
	<ul style="list-style-type: none"> <li>• How are decisions on priorities for community investment made (considerations of return on investment, leverage, benefits to core business, corporate strategy targets v local responsiveness)?</li> </ul>
ORGANISATION, LINKAGES & LEADERSHIP	<ul style="list-style-type: none"> <li>• How do social landlords govern and organise their community empowerment and community investment activities?</li> </ul>
	<ul style="list-style-type: none"> <li>• Are services organised through partnerships and co-production with residents and community organisations or directly provided by the social housing organisation itself?</li> </ul>
	<ul style="list-style-type: none"> <li>• How can social housing organisations connect with the roles played by community anchor organisations and community organisers?</li> </ul>
	<ul style="list-style-type: none"> <li>• How can relationships between social housing providers and other third sector organisations build neighbourhood capacity?</li> </ul>
	<ul style="list-style-type: none"> <li>• What kinds of leadership are required for social housing providers to engage in effective community empowerment work?</li> </ul>

<b>OUTCOMES, MEASUREMENT &amp; FUTURE DIRECTIONS</b>	<ul style="list-style-type: none"> <li>• How can the outcomes and impacts of social housing providers' community investment and empowerment work be measured?</li> </ul>
	<ul style="list-style-type: none"> <li>• Should outcomes and impacts be measured by neighbourhood, by client group or for the whole organisation?</li> </ul>
	<ul style="list-style-type: none"> <li>• What are the costs and benefits of confining community investment and empowerment activities to social landlords' own tenants and residents or extending them to the wider community in neighbourhoods where social landlords have a significant presence?</li> </ul>
	<ul style="list-style-type: none"> <li>• Does community empowerment lead to better outcomes for community and social investment activities?</li> </ul>
	<ul style="list-style-type: none"> <li>• What future directions should this work take in the context of the Big Society and localism agendas and public spending reductions?</li> </ul>

**DRAFT**

## 15. Moving Forward Together

This framework and the ideas that led to it will be presented at a Conference on Housing and Community Empower being convened by HACT and TSRC in June 2011. The conference provides an opportunity to take stock of research and practice on what used to be termed in Scotland 'the wider role' of housing organisations. HACT's work programme over the last few years has generated a wide range of learning about how housing organisations and third sector partners can work together to generate real empowerment in communities. Research by the Third Sector Research Centre has provided further learning both in its housing sector specific research on housing associations, self-help housing organisations, social enterprises, neighbourhood focused housing organisations, co-operatives, tenants' organisations, homelessness support and advice organisations and more generic work on below the radar organisations, measuring social impact and third sector partnerships for service delivery. The event itself will provide an opportunity for dialogue between research and practice and will provide the opportunity to further develop the framework into a practical tool that could guide future decision making in the sector.

Over the next year we will gain a clearer picture of the scale and nature of community investment activity in the sector as the National Housing Federation completes its second audit of housing association's neighbourhood activities. This will tell us a lot about the inputs and leverage and outputs in terms of number of people benefiting from these activities. It will surely lead to discussion of the reasons for any changes found since the last audit in 2006/7. However, attribution will be extremely problematic given the amount of change since the last audit; the global credit crisis and recession, change of government, deficit reduction programme and new policy directions such as localism and Big Society which were still at embryonic stage when organisational decisions that led to the activities included in the audit were being made. It will tell us very little about the motivations, style and impact of these activities. Impact measurement is the topic of a PhD being undertaken by Vanessa Wilkes at TSRC in partnership with National Housing Federation. In the autumn we hope to gain a more detailed picture of the approaches to impact measurement being undertaken within the sector through a further survey (with HACT) and case studies across the sector. The question of motivations which has underpinned this think piece will be part of this study and of a further PhD being undertaken by Steve Forrest on housing associations and the Big Society agenda.

The perspectives shared by participants in the HACT/TSRC conference will provide the input required to complete this think piece for publication in the Autumn by HACT and TSRC. Please feel free to contribute in whatever way you wish. The spirit of moving forward together, being explicit about our theories of change and disagreeing where we need to seems fundamental to the challenge of connecting the community investment agenda with genuine community empowerment.

Comments are invited to [d.w.mullins@bham.ac.uk/](mailto:d.w.mullins@bham.ac.uk/) by August 31 2011.

## About the Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The Third Sector Research Centre exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research.

Third Sector Research Centre, Park House, 40 Edgbaston Park Road,  
University of Birmingham, Birmingham, B15 2RT

Tel: 0121 414 3086

Email: [info@tsrc.ac.uk](mailto:info@tsrc.ac.uk)

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## Service Delivery

From housing, to health, social care or criminal justice, third sector organisations provide an increasing number of public services. Working with policy makers and practitioners to identify key priorities, this work will cut across a number of research streams and cover a series of key issues.

Critical understanding service delivery by the third sector is important to policy making as the third sector now provides a major - and very different - option for public services, which may be more responsive to the needs of citizens and service users. At the same time, there are dangers inherent in the third sector becoming over-dependent on funding from service contracts – particularly in terms of a potential loss of its independence. The centre's research will help to inform the debate on the way in which service delivery is developing, the potential role of the third sector in commissioning as well as contracting, and the implications of different approaches to service delivery on the overall impact of the third sector.

## Please Contact

**David Mullins**

Tel: 0121 414 3348

Email: [d.w.mullins@bham.ac.uk](mailto:d.w.mullins@bham.ac.uk)

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