

**The impact of the third sector in the UK:  
The case of social housing**

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## **Abstract**

This paper reports the findings of one component of the impact study being undertaken in the UK as part of the Johns Hopkins Comparative Non-profit Sector project. Drawing upon a literature review, expert interviews and a focus group, the paper summarises evidence on the impact of the third sector in social housing in the UK organised using the functions and drawbacks thought to be characteristic of the third sector in international literature.

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## **The impact of the third sector in the UK: The case of social housing**

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### **1 Introduction, background and policy context**

It is perhaps now a cliché to comment that agencies operating between market and state are increasingly having their multifarious contributions to UK society rediscovered by politicians, academics and the media. From being a shadowy enclave at the periphery of the mental map of policy makers and shapers, the sector has increasingly occupied centre stage in their minds as they grapple with the social and economic problems of our time. The diagnoses are many and familiar, and include:

- Disillusionment with private market solutions, which often seem to engender a raft of their own difficulties and failings. These include a lack of attention to the needs of citizens inadequately endowed with economic resources, and chronic vulnerability to the erratic movements of the economic cycle and financial markets;
- Mounting distrust in politician-dominated approaches, and scepticism about the capacity of often cash-starved, state-controlled agencies to deliver public services able to match spiralling user expectations and increasingly diverse citizen aspirations; and
- A positive endorsement of the actual and potential contribution of these organisations to the ‘good society’. This is not just by offering choice and responsiveness in services, but through providing opportunities for the generation of trust, civic virtue and ‘social capital’ via participation in community and public life. This is increasingly seen not only as of intrinsic value in its own right, but as being deeply connected with local, national and international economic success, and – controversially – as even constituting a core ingredient of a ‘third way’ in the political domain.

This (re)discovery of the voluntary sector has, until relatively recently, proceeded against the backdrop of a lack of robust empirical data and without a firm research base. However, the need for a more systematic body of evidence has now been recognised in the UK and abroad, and led to the development of comprehensive statistical estimates of the economic scope and scale of the sector (Kendall with Almond, 1998; Salamon et al, 1999).

However, while mapping the voluntary sector economically is an important part of the process of starting to understand its role, it is only one aspect. First, it focuses attention on the readily measurable dimensions of its activities, when many analysts argue that the most distinctive aspect of the sector is precisely those of its contributions which cannot readily be measured or summarised in aggregate form. Second, and relatedly, the statistics essentially capture the sector’s activities in

“input” terms, while saying little about its “outputs”. In other words, they cannot answer the “so what?” question: what impact does the sector make on communities?

To begin to explore this question, this project now includes an “impact study” component in most of the participating countries. This involves a number of stages. First, after reviewing the generic literature on the third sector (primarily of European and American origin), and discussions among the national researchers (including participants from the developing world and the transforming economies of Eastern and Central Europe), it emerged that five particular “functions” or “strengths” seem to capture the character of the third sector’s positive contribution. At the same time, however, it was recognised that it could also be characterised by drawbacks or “weaknesses”. These are set out in Box 1.

**Box 1: Voluntary sector “functions” and “drawbacks”**

*Functions*

- Service provision
- Advocacy (public policy campaigning and individual-level advocacy)
- Innovation
- Expression (of culture or identity) and leadership development (training for public life)
- Community building (fostering infrastructure, enhancing trust and developing relationships)

*Drawbacks*

- Paternalism (unresponsiveness to legitimate user demands and assertions of rights)
- Excessive amateurism or, conversely over-professionalisation
- Particularism (focusing on special interests, neglecting the wider community)
- Chronic resource insufficiency (a tendency to suffer from perceived underfunding)
- Problematic accountability (due to lack of market discipline and pressures from voters)

Second, researchers in each country are reviewing the national research and other literature to establish systematically the extent to which these functions are recognised at the sector wide level. This process has been completed in the UK, concluding that claims that these functions are being fulfilled are routinely made on behalf of the voluntary sector both by the sector itself and by government. (Other, arguably distinctive functions also discussed in the UK context include the expansion of *choice* and the development of *specialist services*). However, there is relatively little systematic comparative evidence on actual “impacts”, or how effectively these functions are actually pursued. Recognition of the “weaknesses” is also implicit in historical, recent and current policy and practice discourse, backed by some limited research evidence.

Third, research is also being conducted at the level of *individual fields of voluntary sector activity*, with each country pursuing in more depth available evidence on the contribution in (a) a field which improves economic opportunity/living conditions; (b) a traditional social welfare service field; and (c) a field involving the promotion of rights/self-expression. This more detailed work involves (i)

literature review; (ii) interviews with “experts” with a stake in the sector; and (iii) the conduct of 1-2 focus groups, also involving specialists in the field. The fields chosen in the UK case are social housing, care and support for older people, and environmental action.

The remainder of this paper is an attempt to provide a synthesis of our findings in the *social housing field* – choice (a) for the UK – following the research activities (i)-(iii) outlined above.<sup>1</sup> Social housing, delivered by non-profit registered social landlords (RSLs), was chosen for a number of reasons, including:

- The availability of a considerable amount of research evidence on which to draw, and the opportunity to gain guidance and advice from colleagues at LSE Housing;
- Its character as one of the quickest growing areas of voluntary sector activity; and
- Its positioning on the border between the state and the broader voluntary sector, while participating in a mixed economy involving extensive state funding and regulation – to the extent that the sector is seen as part of the *public system*.

This public housing system has witnessed more radical change than any other area of British social policy since 1979 in terms of the withdrawal of the state – with the third sector emerging as a major beneficiary of these developments. This growth was made possible through the financial support provided by the Housing Corporation, a quango exclusively concerned with RSL regulation and finance. It has tightly controlled the pattern of new development, aiming to ensure economic and efficient management, and that national social policy objectives such as ethnic mix and tenant participation have been realised. As well as the supply-side stimulus provided by the Corporation’s developmental grants, demand-side, means-tested Housing Benefit funded by the state have put low income tenants in a position to pay rent to RSLs.

The growth of RSLs can be understood partly by reference to the failures or limitations of, and difficulties associated with other rental sectors. Many *for-profit* landlords originally left the housing market following the development of extensive restrictions and regulations in this field in the post-

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<sup>1</sup> A broad range of categories of stakeholders were interviewed. Included were a senior policy officer from the Housing Corporation; a senior officer from a London borough public sector housing authority; a founding member of a group campaigning for tenants’ rights; a spokesperson from RSLs’ representative body; the chief executive of a large, well established Northern RSL; and a London-based for-profit supplier of social housing. Our focus group (led by LSE housing) comprised representatives of central government (DETR); a Northern public sector housing authority; a professional housing institute; and senior officers from a large generalist RSL; a homeless people campaigning organisation representative; and a historically pro-poor London based RSL. Additionally, many of these participants commented on an earlier draft of this report.

war period, originally prompted by successive governments unease about both the inefficiencies and inequities of an unregulated market. The Housing Corporation's constitution explicitly forbids it from providing supply-side support to for-profit landlords, reflecting these anxieties. It is only recently, with the opening up of local authority housing white collar functions to compulsory competitive tendering, that the for-profit sector has re-emerged as a directly funded social housing operator in the small number of London boroughs where it has succeeded in winning management contracts. In other parts of the country, the for-profit sector operates as a *de facto* provider of social housing – not as a result of direct supply side support from government, but because Housing Benefit-funded tenants have chosen this option in the context of their local housing market.

In this climate of antipathy towards for-profit housing, direct public ownership was initially seen as the appropriate model for social housing in the post-war years, reflecting dominant pro state attitudes and the assumption that this was “natural” because of the public sector's lead role in redevelopment. However, this view was not to last, and the period of greatest Housing Corporation-led growth in the RSL sector, during the Conservative administration from 1979 until the mid 1990s, can only be understood in the context of the dynamics of local-central government relations in the UK that had by then emerged. Antagonism towards *local government* – whose services, including housing, it was now prone to portray as over-bureaucratic, unresponsive and over-centralised – was one important ingredient; the objective of limiting public expenditure was another; and a third was the claim that RSLs should be favoured as diverse, innovative agencies mobilising volunteer contributions.<sup>2</sup>

Mid 1980s legislation permitting transfers of local authority property to RSLs after tenant ballots has added to the momentum. However, the environment for RSLs changed with the 1988 Housing Act, which initiated a revolution in the system of housing finance. Spurred by a desire to stimulate “efficiency”, the new financial framework requires RSLs to raise funds from their own reserves or private lenders to supplement the public subsidy, for which they must now bid on a competitive basis. Accordingly, they have to offer the financial market both adequate cash flows and enough

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<sup>2</sup> According to Hills (1989, p. 264), support for RSLs during the 1980s was forthcoming because they appeared to offer “variety and organisational style [which have] given them a good reputation for innovation and good management. They harness[ed] the enthusiasm and expertise of large numbers of voluntary management committee members which using professional staff to run their day to day operations”. This formulation stresses that volunteers primary input in housing has been in governance, rather than service delivery, a point to which we return below. However, it seems that Margaret Thatcher's enthusiasm for housing associations was actually predicated on the mistaken assumption that they were both governed *and* staffed largely by volunteers (We are grateful to colleagues at LSE Housing for alerting us to this interesting anomaly).



security, in terms of assets, to enable them to attract funds and then charge the rent necessary to service the debt. These developments in housing have effectively passed risk from the government to RSLs themselves, so that the state's role has effectively been proportionately rolled back in both finance and provision to an unprecedented degree.

## **2 Functions and contributions**

### **2.1 The service provision function**

Certainly as far as its leading public sponsor is concerned, service provision is the most important rationale for its support for the 2,500 RSLs it funds. While tremendously varied in their origins, size and scale, an essential, shared purpose is seen as being able “to provide accommodation for those who are inadequately housed or homeless, and for whom suitable housing is not available at prices within their means, or elsewhere in the local market” (Housing Corporation, 1991). At the same time, RSLs also undertake other, housing-related activities, such as the provision of nursing care, training schemes and personal care (NHF, 1995) of which account must be taken, particularly in discussing how the sector fulfils the other identified functions (see below).

This view of the *raison d'être* for social housing being peoples' limited ability to participate unaided in the market for housing embraces a multitude of tenants, including older people, people with mental health problems, young people at risk, people with drug and alcohol abuse problems, women at risk from domestic violence, refugees and ex-offenders. Accommodation forms range from sheltered housing to short term provision in self-contained units, group accommodation and hostels, as well as general housing. With the transfer of former local government housing stock to RSLs, the portfolio of the sector now also includes an increased proportion of general housing for low income groups, including many more unemployed people.

The huge extent to which the state, through rent controls, special funding initiatives, Housing Corporation category targets, and local authority nomination agreements, shapes and regulates the sector (Wither and Randolph, 1994) is strongly reflected in the composition of the tenants for which it provides. A rapid increase in the proportion of RSL's tenants who are homeless people and in particular families, rather than older people or people with special needs, in many ways reflects this pervasive influence, as government has prioritised provision for this group as a strand of national policy.

Some evidence has been accumulating on the *relative cost and quality* of the provider sectors in recent years. In terms of the development and construction of new homes, expressed opinion from

our interviews and focus group was that *on average* RSLs provide a higher quality service than their public sector counterparts, although this tendency conceals vast intra-sectoral variation. Recent research from the Housing Corporation confirms that RSL provision involves less over-crowding and higher bedroom standards than public or private sector social housing (Housing Corporation, 1998; see also London Research Centre, 1998). Four of the most important factors which it was thought lay behind this pattern were singled out by experts: first, the extent to which RSLs were housing specialists able to focus completely on this activity, in contrast to local authority providers who were “balancing a whole basket of tasks, some of which are not easily compatible”; second, better resourcing of maintenance programmes, making possible better performance in terms of repairs; third, the housing portfolios of the sectors are very different, with problematic high rise and other properties concentrated in the public sector; and fourth, negative experiences in receiving local authority services in the past were thought to create higher *expectations* about alternative provision.

The first two factors noted echo the argument of Page (1993), who, in common with other commentators in the literature, also draws attention to two further factors: one, superior staff-tenant ratios; and two, a lack of direct political control. These factors may also position RSLs to perform better in terms of the day-to-day management in such activities as timeliness of rent collection, turnaround and repairs, and void levels (Mumford and Richardson, 1999). In sum, on average RSLs may be delivering a higher quality service than the public sector, but have been better positioned to do so in part because of a different legacy in terms of stock, and higher levels of resource inputs facilitating superior management performance (see Malpass and Murie, 1992). It is much harder to conclude with confidence that for a given mix of housing stock and current level of resources, RSLs are on average providing superior services to the public sector (that is, that they are more cost-effective). In addition, some research also suggested that the 1988 switch in funding regime and the competition it engendered has put downward pressure on the quality of RSL housing in terms of space standards in new build homes (NHF, 1993; Karn and Sheridan, 1994), arguably eroding any existing quality differential. Moreover, it should also be stressed again that the use of averages conceals enormous variation within sectors, and that factors other than resource inputs, including, most importantly, social environment and tenant mix, are also significant in determining the actual or perceived quality of housing services, as well as the associated costs. Differences along these dimensions all add to the difficulties in comparing sectors.

Finally, comparisons of the single most important recurrent housing cost – rents paid by tenants – have also been attempted. Once again, these studies demonstrate tremendous variation between and within different environments, locales and situations. This variation is particularly prominent in the

RSL sector, where huge differences within a local authority area can contrast with relatively uniform rent for that authorities' own property. Researchers have also emphasised the problem of comparison in the context of differences in inter-sector, as well as intra-sector, housing quality. Differences in rent levels may also reflect different degrees of inclusiveness in terms of what services the rent payment actually secures. With these caveats in mind, it can nevertheless be concluded that RSL rents tend to be set, on average, at higher levels than local authority but at lower levels than private sector equivalent property (Wilcox and Rhodes, 1998; DTZ Consulting, 1998). This differential with regard to rental income is another underlying reason why RSLs may have been positioned to deliver the superior quality referred to above, since higher rent receipts can help fund the more generous staffing and extensive repairs activities referred to above, or allow for the accumulation of surpluses. These can in turn be used to enable capital expenditure on a greater scale than local authorities have been able to do. However, this situation is not unproblematic; a current concern amongst social housing analysts is that the gap between local authority and RSL rents may be growing too fast, with the latter increasingly being set at what the sector's "representative body", the National Housing Federation (NHF), regard as "unaffordable" levels. This may now be leading to households not fully subsidised by the state – which are offered accommodation in RSLs by local authorities under nomination arrangements (under which local authorities have access to a negotiated proportion of RSL places) – refusing to take it up in the hope that they will instead be offered much more affordable local authority housing *despite* any difference in quality (London Research Centre, 1996; Meikle, 1997).

## **2.2 The advocacy function**

At an operational level, many RSLs provide management, training or advisory services for other housing groups in addition to operating their own accommodation. The voluntary sector also contributes to housing advocacy through the operation of local specialist housing advice agencies, as well as through the advice on housing which forms an important part of the activities of generalist advice agencies. Highest profile of all is the national homeless charity, *Shelter*, which now helps more than 100,000 people a year. Its 54 housing aid centres exemplify many of the advice-giving activities also undertaken by more local organisations and some RSLs, including helping people avoid losing their homes to begin with; finding places to sleep at night; informing people of their legal rights; representing people in court or presenting their case to lenders or public authorities; and assisting in drafting letters to landlords and bank managers. While the public sector also provides housing advice, individual recipients of voluntary sector advice services may perceive the latter to be more approachable and less "bureaucratic", in part because they are less preoccupied with meeting statutory duties. Moreover, *Shelter* and others give strong emphasis to the independent, non-judgmental nature of their advice. This means that potentially beneficial courses

of action can be pursued on behalf of public sector tenant beneficiaries in particular, which might not be encouraged by local authorities' own staff. A final distinction between advice offered by the voluntary sector and other sectors is that the former is often delivered by volunteers. While knowledge of this status may generate worries that the adviser does not possess appropriate expertise and professionalism, suitable training can overcome this; moreover, it may reassure clients that their adviser is motivated to act in their interests, and be more likely, as a lay person, to see matters from their perspective.

We also focused on the *public policy advocacy* level, as the broader sense in which RSLs “read” and “shape” policy in the field (Mullins and Riseborough, 2000), and in this aspect a more mixed picture emerges as to the achievements of RSLs and others. Strategically, our respondents felt that the sector's intermediary bodies could have done more to keep social housing high on the generic public policy agenda. However, it was acknowledged that this was difficult because the obvious competitors for agenda space – education, health and social security – were of more interest to the general public, the media and politicians because voters had a much more obvious stake in these fields. However, more tangibly, the sector *had* been successful in securing funding for, and implementing discrete central government programmes such as the *Rough Sleepers Initiative*, an achievement which it was suggested resulted from strong, ethical leadership.

Finally, some experts felt that the intra-sectoral competition associated with the new funding regime was symptomatic of a damaging tendency towards short-termism, which in turn was out of step with the sector's “socially worthy ethos”. The implication was that any resultant gains in the quantity of social housing were not worth the accompanying sacrifice of quality (see above). Rather than succumbing to a “free for all”, RSLs should have advocated collectively to secure a more favourable, less commercially oriented regime in the first place, or at least acted in a less cut-throat, downward spiral of bidding once it was in place. However, one large RSL interviewee candidly referred to “RSL schizophrenia, there were lots of complaints about the introduction of private finance, and then behind the scenes they competed furiously which actually drove the grant rates down further. There are some paradoxes between the so-called voluntary sector ethos and their [actual] behaviour!”

### **2.3 The innovation function**

Innovation can be thought of as the purposive introduction of changes in “production”, involving a sharp discontinuity with existing practices. In the context of voluntary sector bodies, “productive” activity should be interpreted broadly to include not just service delivery, but the other functions discussed here (see Kendall and Knapp, 2000). Our research suggested six key areas of innovation.

The two innovations which seemed to be particularly associated with RSLs, and which cut across their functions, were *organisational responses to the new RSL financial regime* (by definition confined to RSLs); and *extensive and creative patterns of diversification*. Concerning the former, in the aftermath of the 1988 Act, it was explained to us how “the Government didn’t come along and say ‘this is how to do it’, it was left to us to innovate, and there are a whole range of things that have evolved”. However, this was not undertaken by RSLs in isolation. In particular, the Housing Corporation and the NHF played an important role in developing new schemes and procedures to provide a route whereby RSLs could secure the requisite private finance. One important example of collaboration between these two agencies was the founding and functioning of the Housing Finance Corporation (THFC), which has raised some £1 billion of the £12 billion private funds secured since the Act. Housing scholars Chris Mullins and Moyra Riseborough have described in detail how RSLs *have diversified within and outside of their core housing services*. Indeed, they argue that it has been so extensive as to threaten the integrity and coherence of the RSL sector as a discrete, distinguishable field (Mullins and Riseborough, 1997). Some of their examples within housing could be labelled *market differentiation*, including the provision of housing to new groups of users, such as people with learning difficulties or low income first time buyers; others involve *organisational innovation* in the sense of developing new sets of external relationships. A key example here is the growth of inter-sectoral consortia or partnerships involving RSLs with statutory health (NHS) and social care agencies, particularly in the provision of accommodation and care for vulnerable people discharged into the community from long stay hospitals. RSLs’ widespread diversification into social and community care services would be an example of *radical product innovation* in the sense of extending themselves beyond their traditional housing brief as would be their involvement in a range of new training schemes, foyer schemes, and crime prevention initiatives.

It appears to be exceptionally hard to pin down the origins of both the generic and more sector-specific innovations that we have described. However, it should be noted that since 1996 the Housing Corporation has explicitly sought to encourage “novel approaches and replicable good practice” (Evans, 1998a) with a ring fenced budget for that purpose. Conversely, some of our experts felt that the wider regulatory activities of the Corporation and charity law jointly served to

*limit* RSLs' ability to innovate. Most recently, the Corporation has expressed concerns about the risks inherent in diversification beyond “non-core” activities, issuing plans to “regulate diversity” for the first time (*Housing Today*, 1999).

## **2.4 Expressive and leadership development function**

Of all the functions reviewed, at least as formulated for the purposes of international comparison, these had least resonance with themes in the literature or for the expert stakeholders. The development of ethnic minority led and managed RSLs – some 60 were in operation in 1995 – was perhaps the closest that we came to an example of RSLs as agencies purposefully constituted as expressions of distinctive culture or as vehicles of expression. These make a valuable contribution in identifying and meeting the needs of some people from these communities, and in so doing have influenced housing practice across the sector as a whole, encouraging more awareness of issues of cultural diversity and racial discrimination (Harrison et al., 1996). The influence of these RSLs has broadened through working with mainstream associations and local authorities by having a leverage effect. Part of the impetus for their growth has been the Housing Corporation itself, which, since 1986, has sought to implement developmental strategies. According to Leeds University Race and Public Policy Research Unit, these have been “remarkably successful and have had very few counterparts in other ‘Western’ countries” (see Harrison, 1998). These developments have been particularly important because ethnic minority turnout in local elections has been much lower than for the white community – to the extent that local authorities direct service priorities have reflected expressed voter preferences; historically, at least, they may have tended not to meet ethnic minority social needs (Cheetham, 1988).

*Leadership development* was included as a function in our study to reflect the way in which many countries in the broader international study claimed that the third sector often acted as an incubator for civic skills which later equipped individuals to act more effectively in the public sector, or as leaders in the world of business. In the case of UK RSLs however, if anything, we found the opposite to be the case: we were able to identify a number of examples of RSL chief executives, for example, who had migrated *from* the public (local authority) sector, but no movement in the other direction. This reflects the particular legacy of changing sectoral responsibility for social housing in the UK, and the recent and ongoing residualisation of public social housing to which we have pointed. Reverse cross-sectoral influence also emerged in the sense that the effect *of* the private sector *on* RSLs, rather than the other way round, was thought to be increasingly pervasive. The changing nature of the RSL financial environment has increased the perceived importance of business acumen, leading to the recruitment of more volunteer board members positioned to advise on funding and accounting matters. Some suggested that this involvement of corporate expertise in

governance was something of a mixed blessing, to the extent that it was threatening RSLs social credibility and orientation, by narrowing the sense in which they are perceived to be different from business (see also section 3.3 below).

## 2.5 Community building function

The government has seen RSLs as crucial actors in the process of combating “social exclusion”, arguing that shortfalls in housing needs are likely to be connected with other social needs. Community *building* implies activity with durable and long term consequences – that is, to make communities “sustainable” (Smith and Paterson, 1999). It can therefore be helpful to think of this function as reflecting those activities which involve RSL investment – either in physical, human or social capital. All of these resonate with the Housing Corporation’s *Housing Plus* agenda, “emphasis[ing] ways in which housing investment can reduce social exclusion, improve environmental sustainability and meet tenants’ growing social needs” (Evans, 1998b, p. v). These aspirations build on what are seen as productive existing approaches already pioneered by RSLs at the local level, particularly in urban neighbourhoods, and in some cases constituting their *raison d’etre*. RSL’s apparently superior achievements in *physical investment* in housing compared to their local authority counterparts were discussed in section 2.1. Moreover, the diversification out of housing noted in section 2.3 has often involved RSLs in building physical infrastructure, typically involving work pursued jointly with partners from other sectors as part of co-ordinated urban regeneration efforts. Many RSLs have used their resources to improve the environments of rundown neighbourhoods by contributing financially to, for example, community centres, childcare and doctors’ surgeries.

*Human capital* has been built via RSL’s promotion of training opportunities, ranging from developing workers’ skills while employed on housing constructing programmes to training for care assistants. Others support local businesses through the provision of sites and information as an indirect way of improving the local labour market. In addition, RSLs have developed employment practices in a distinctive way through the use of local labour clauses, limiting job opportunities to local people – a practice which local government is unable to pursue under existing law.

Finally, RSLs have contributed to the building of *social capital* in inter-related ways. We can say this has occurred “vertically” when relatively high levels of trust between providers and users are to be found. One interviewee claimed RSLs scored relatively highly in this regard because of their distance from party politics: “Because we are not subject to party political control at the local level, we are able to work in a much more trusting way with local people”. Another thought trust was more easily nurtured in RSLs because they were not tainted by the “stigma” which characterised

**Box 2: Factors associated with the successful promotion of “social cohesion” by RSLs**

- ❑ Designing estate layouts and densities to promote community safety, especially involving the “incorporation of defensible space” (p. 56)
- ❑ Ensuring a balanced social mix on estates which matches that of surrounding areas
- ❑ Minimising disruption to social networks by sensitive allocation procedures, the provision of lifetime homes and a range of accommodation ... in locations well served by public transport
- ❑ Maximising local income retention through energy efficiency, welfare advice, exploring scope for cheap finance and bulk discount schemes

*Source:* Adapted from Evans, 1998b, p. 7



available places only for people strictly of a particular age, gender or ethnicity could be frustrating for local government housing officials in these situations: a concrete example we were given involved an Irish housing association which would inform the housing department of vacancies, but if the latter was unable to find someone of the correct ethnicity, the place would not be made available, however severe the housing need on other criteria.

### **3.2 Paternalism**

The most outspoken comment came from our for-profit sector interviewee who dismissively remarked that “RSLs do nothing to find out what tenants want, they tell the tenants what’s good for them!” Considerable evidence from the literature points to this problem historically, and it is most likely still to be found in some of the older charitable trusts in which patronising and insensitive attitudes towards tenants undoubtedly persist. At the same time, however, a number of interviewees were quick to add that the problem could also be found, historically and currently, in local authority housing. Moreover, it was claimed that *across* sectors, the problem had increasingly been recognised and was being addressed: the growth of tenant participation models, such as those mentioned above in the context of community building, often proactively supported by RSLs, were seen as a part of a wider movement away from paternalistic attitudes. It was emphasised that government funded training courses and grants were available to enable tenants groups to have their voices heard. In addition, Tenant Participation Advisory Service (TPAS) was operating nationally to support this development. Moreover, a lobbying organisation for RSL tenants (HARTOE) was being formed to keep tenants’ rights and welfare on the national agenda, alongside interests as promoted by the NHF.

### **3.3 Excessive amateurism or professionalism**

One of our RSL focus group participants summed up this widely recognised dilemma for RSLs in remarking that “it is [a question of] getting the balance right between acting in a business like way, and having business objectives”. Amateurism is often associated with the inappropriate use of volunteers. Because, unlike some other parts of the voluntary sector, most volunteer involvement in RSLs is in governance rather than direct services, and examples of amateurism here were most readily identified: poorly structured consultation with tenants; failure to follow basic protocols in convening and conducting board meetings; and poor attendance.

Three of our interviewees also pointed to another aspect of “amateurism” – limits to the capabilities of *paid* staff. It was argued here that smaller organisations in particular were not well positioned to tempt the best quality staff, and subsequently their “performance” suffered in comparison to larger organisations.

In discussing how “excessive professionalism” might be manifested, the issue of securing managerial and financial expertise for boards to allow them to handle the new financial environment was sometimes seen as challenging one. Particularly if this expertise could only be mobilised by involving people from outside of the local community with little or no experience or knowledge of local problems and conditions, organisations stood to lose sensitivity to the situation of the local people they were meant to be supporting.

### **3.4 Chronic resource problems**

Large reductions in Housing Corporation supply-side support for RSLs introduced from the mid-1990s onwards – after an almost unbroken period of massive growth from the early 1980s – have inevitably lead to concerns by RSLs and their stakeholders in the media and the housing trade press. Furthermore, central government moves to limit support to tenants on the demand-side through tighter control of the mushrooming Housing Benefit bill has also put pressure on RSLs. There was unsurprisingly, therefore, a widespread desire for more extensive, predictable and secure funding in the context of a perception of pervasive unmet housing and wider community needs (Smith and Paterson, 1999).

However, in our interviews and focus group, we did not find the intensity of anxiety that we had anticipated, particularly because those involved took a longer term view, and were willing to place this sector’s experience in comparative context. In particular, many RSLs have managed to build up quite significant levels of reserves – despite the competitive and environmental pressures discussed above – which provided them with some security and a cushion for the future. In addition, relative to resource-starved, local authority provided housing, RSLs had been tremendously fortunate in recent years, while the for-profit sector has by law been denied access to developmental funding from central government under the Housing Corporation programme. The RSL sector is also at a comparative advantage here in being able to pull together a wider range of public funds because some financial opportunities are not available to for-profit operators. Examples include the community development grant programmes of many local authorities, and National Lottery funds dispersed by central government.

Finally, there was an awareness that overall pressures to contain public spending in the context of government economic policy was a reality affecting all human services, and some thought the downward pressure on RSLs was not disproportionate in comparison to that experienced in other fields.

### **3.5 Problematic accountability**

At first sight, the issue of accountability for RSLs, like other voluntary sector agencies, seems especially problematic: unlike government services, there is not an automatic link to an electorate with the power to vote those running the services out of office, while in contrast to the corporate for-profit sector, there is no trading of shares to enforce performance in the interest of “owners”, and vulnerable users may be limited in the extent to which they can express their preferences through the exercise or threat of exit (moving elsewhere).

In the absence of these mechanisms, RSL accountability is currently dealt with via three main routes. First, there are the relatively limited requirements for registered charitable providers to submit Reports and Accounts to the Charity Commission and similar requirements for RSLs registered as industrial and provident societies with the Registry of Friendly Societies.

Second, and much more demanding, are the requirements for public accountability applied to publicly funded RSLs by the Housing Corporation through the intense regulatory and financial regime to which we referred in the introduction. In addition to the annual submission of Reports and Accounts and information on activity in terms of units developed and maintained, financial measures and indicators of tenant composition along a number of dimensions – to enable measurement against the Housing Corporation’s policy objectives – are also submitted. RSLs are further required to report the scale and scope of their innovatory and good practice activities, again, to enable the Housing Corporation to gauge the extent to which national policy goals in these domains are being achieved. In each case, the Housing Corporation has formulated national minimum standards which RSLs are required to meet.

Ongoing work within the Housing Corporation is seeking to introduce more sophisticated measures of performance. First, partly in response to a perception that the existing barrage of indicators reflects performance in quantitative rather than qualitative terms, a new Housing Quality index is currently being developed.

Second, the new government’s introduction of “Best Value” as a goal for all publicly funded welfare services is being interpreted in the housing context to mean RSLs should increasingly be pressed not just to meet national minimum activity standards, but to proactively compare costs with outputs, and seek to improve their own performance over time, even if already well above any bottom line minimum (which is evidently the case for large numbers of existing RSL activities).

However, other commentators continue to harbour anxieties about the accountability of RSLs, reflecting a view that however accountable to and closely monitored they are by the Housing Corporation and the NHF, there could and should be high profile, transparent and enforceable mechanisms to secure “bottom up” accountability to the local communities in which they operate. The 1995/96 Nolan Enquiries into *Standards in Public Life*, by treating RSLs as “Local Public Spending Bodies” within the scope of its enquiry alongside public owned services, may have been a turning point in suggesting that the activities of RSLs should legitimately be more open to critical local scrutiny. At the broadest level, this suggested that because they are part of “public life”, governance should be characterised by selflessness, integrity, accountability, openness, honesty and leadership.

A number of issues are likely to be contested in this context (Riseborough, 1995). First, the correct balance to strike in RSLs’ internal management and governance between democratic and oligarchic appointment and control; second, the extent to which tenants can legitimately have opportunities to influence policy design and be involved in providing services; and third, the way in which RSLs can and should relate to the broader local community. Despite their substantial local economic and

social presence, local citizens often seem to be remarkably unaware of the scale of public resources commanded by RSLs, and the extent to which they are responsible for local housing and, increasingly, non-housing activities in their area (Evans, 1998b, pp. 47-48).

## **4 Conclusion**

This review of literature and consultation with experts through interviews and focus groups provides a meaningful basis on which to bring into focus the “functions” performed by the third sector in social housing in the UK, and to examine the extent to which “weaknesses” are also to be found there. A relatively rich body of evidence has accumulated in recent years, on which we were able to draw, and the experts we consulted provided further, invaluable perspectives. In so doing, we have tried to locate the evidence in its changing policy context, and reflect the sense that this is an area in which reform has been underway at almost breakneck speed. RSLs are rapidly displacing municipal housing as the primary route for meeting the housing needs of the vulnerable and socially excluded.

Wherever possible, an aspiration has been to gauge the RSL sector in *relative* terms by comparing its contributions to those of the public and private sector, and to establish why any differences might have arisen. This proved to be most feasible in a concrete and systematic way in the case of the “service delivery” function. With other functions, this was much more difficult. This is either because the sectors seem to be uniquely undertaking activities of a fundamentally different character as with advocacy. Or, as with innovation and community building, because the RSL and public sectors (including local government and the Housing Corporation) tend to be working together symbiotically. In these cases, it is extremely difficult to find individual examples where the fulfilment of functions or exhibition of “weaknesses” can unambiguously be said to have originated in, or have been “caused by”, particular sectors, let alone support broad generalisations as to sectoral capabilities and achievements.

Perhaps most interesting of all is the case of community building. Here, it does seem that RSLs tend to be perceived as relatively trustworthy in the context of historically inherited distrust towards the for-profit sector, and often negative expectations about the public sector. Evans’ case study work on Housing Plus suggests their contribution has been “crucial” (1998b, p. ix), with some factors associated particularly with RSLs argued to be conducive to “social cohesion.” These include their capacity to lever in a wider range of diverse public funds (cf section 3.5 *supra*), increasing the likelihood of securing a “critical mass” of infrastructural resources; and their willingness and ability to use local labour clauses.

But it is harder to make a case that the other factors that appear to be conducive to social cohesion (box 2, section 2.5 *supra*) are intrinsically associated with RSLs. Rather, they seem to reflect situational/geographical considerations and to depend upon a sensitivity to local community relationships and aspirations. The latter seems to emerge from commitment and expertise in building up well functioning networks *between* sectors and individuals, rather than being associated uniquely with, or dominated by, any one form of ownership. In this sense, the contribution of RSLs may be crucial – but so is that of the other agencies involved, as well as, of course, the reflexive contribution of the tenants and the wider local community.

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