

## **Governance and Accountability in collaborative working models: a case study of social housing procurement consortia in Wales**

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### **Introduction**

Over recent years, the delivery of public services in Wales has been undergoing a potentially radical change in light of the Beecham Review (Beecham, 2006) and the 'Making Connections' service delivery agenda (WAG, 2004a, 2006). At the core of the changes are the notions of the citizen model of service delivery, which is focused on the outcomes of services for citizens, and collaboration rather than competition between service providers, who are expected to work with each other and with service users to provide the best outcomes for citizens. The move from competition to collaboration is a UK-wide phenomenon, which moves public service provision from quasi-markets to partnership working (DCLG, 2006). This is a challenging agenda that raises issues in regard to the barriers to service improvement, particularly the capacity and culture of organisations and regulatory regimes, and the complexity of delivery mechanisms across different service areas (Beecham, 2006:9). Of particular concern is the complexity of the governance processes, with different regional and service splits across various sectors, which create potentially artificial boundaries to the provision of quality services. The challenge for service providers is to develop collaborative partnerships that overcome these barriers within a changing regulatory and governance framework (WAG, 2008, CLG, 2008).

At the same time as the general review of public service delivery in Wales the Welsh Assembly Government (WAG) published a consultation paper (WAG, 2004a) on a new system for the distribution and delivery of the Social Housing Grant (SHG) programme. The aims of the proposal were:

'to improve the efficiency and cost effectiveness through promoting 'Rethinking Construction' procurement principles while making better use of the potential to use the SHG investment SHG investment programme to support Assembly Government wider policies to help more people into work, create better jobs and skills, improve health and build stronger and safer communities.' (WAG, 2004b)

At the core of the proposals was the promotion of collaborative working amongst housing associations in order to achieve greater efficiency gains; an aim that reflects the wider debates and proposals around public service delivery in Wales. The housing association sector responded by creating six development consortia that vary in size and operation but work collaboratively in a growing number of areas but particularly in the procurement and delivery of development and maintenance programmes. While the consortia are not in the main separate, legally formed organisations, they do sit outside the existing governance structures of the individual member organisations, which makes the lines of accountability difficult to integrate.

Some research on the development consortia has been undertaken (Housemark, 2007) but it has concentrated on the procurement process and the measuring of possible efficiency gains. Little thought has been given to how the consortia fit within the existing governance and accountability structures of the individual member associations. This paper takes an

initial look at how the development consortia are governed and how the work that they do is overseen and made accountable to the constituent parts of individual organisations. The aim is to consider whether this model of collaborative working has something to contribute, both positively and negatively, to wider debates and practices around new the ways of public service delivery.

### **Policy Context**

In 2004, the Assembly Government of Wales set out its agenda for transforming public services in Wales with the publication of *Making the Connections: Delivering Better Services for Wales* (WAG, 2004). The reforming of public services was considered a key priority for the second Assembly term. The document discards the prevailing competitive and entrepreneurial model of service delivery in favour of one based on economies of scale and collaborative working across the whole of the public sector. The First Minister, Rhodri Morgan, argued that 'By using co-ordination rather than competition, users and producers of public services are enabled to be on the same side' (WAG, 2004:preface). Four principles for better services were set out: citizens at the centre; equality and social justice; working together as the Welsh Public Service; and value for money (WAG, 2004:3-4).

In taking the reform agenda forward, the WAG commissioned Sir Jeremy Beecham to undertake a review of local service delivery (Beecham 2006), which aimed to:

- ' to identify improvements in the arrangements for local service delivery, which are as radical and innovative as necessary; and
- to examine how existing arrangements for accountability can be used, developed and adapted to support this innovation' (Beecham, 2006:81).

The review considered how the citizen-model of service delivery championed by *Making Connections* could be implemented in Wales. It discovered strengths in the Welsh system but also identified barriers to implementation, which were categorised as: culture, capacity and complexity (Beecham, 2006:55). While the recommendations were many and complex, the review concluded that the transformation of service delivery depended on four critical success factors, namely citizen engagement; delivery; partnership and challenge (Beecham, 2006:57). None of the detailed recommendations of the Beecham Report refer to the role of housing associations in this modernisation agenda but the influence of the radical reform agenda can be seen in proposals for the delivery of the social housing development programme, although the principle of citizen engagement appears to be the one success factor that is less highly developed in the new delivery system.

Social housing or at least the provision of affordable housing has moved up the political priority list in Wales during the third Assembly term. The new 'partnership' Government, involving the Labour and Plaid Cymru parties, published its 'progressive agenda for the government of Wales', *One Wales*, in June 2007 (WAG, 2007). Affordable housing featured strongly in the Government's aspirations and commitments, they re-iterated a commitment to a decent home for all and acknowledged the challenge that the shortage of affordable homes set them.

*'Everyone has a right to an affordable home as owner, as part-owner or as tenant. A stock of good quality affordable homes is the foundation of thriving local communities.....The shortage of affordable housing , to rent or to buy is one of the greatest challenges, facing many communities in Wales.... Our ambition is to ensure that all households in all communities and irrespective of their means can afford a decent home' (WAG, 2007:16).*

In line with the public service reform agenda the Government committed to:

*'Working together we will create new tools to ensure that housing is affordable in the areas of most severe pressure. We will also ensure that the supply of affordable housing increases by at least 6,500 over the next four years' (WAG, 2007:16).*

As part of its commitment to meeting the affordable housing target the Assembly Government set up a task and finish group to carry out a review 'to explore the barriers and opportunities presented by the Assembly Government's priority to deliver significantly more affordable homes in Wales by 2011' (Essex et al , 2008:1). The Essex Report (named after the ex-Finance Minister who had chaired the group), published in June 2008, contained 43 far ranging recommendations, a number of which directly impacted on housing associations and the development and delivery of the SHG Programme. The role of the Housing Division in the programme was to become more strategic rather than concerned with the minutiae of individual projects and a new regulatory framework was to be developed, which again moved away from detailed assessment of the housing service to risk assessment in the area of governance, finance and development (see WAG (2009) for the initial consultation paper on reform proposals). It was also recommended that all LAs should take a stronger 'strategic enabling and community leadership role, identifying housing need and working with others across their areas to maximise opportunities to provide affordable housing' (Essex et al, 2008:6). The role of consortia in taking these recommendations forward was acknowledged by the Report but it was also recognised that the success of the six consortia in developing partnerships and evidencing efficiency gains was, so far, varied. WAG, LAs, HAs and consortia were considered to have major roles in improving SHG programme planning to meet housing need and in promoting collaborative working and joint procurement programmes between housing associations and other organisations.

The work towards implementing many, if not all, of the Essex recommendations is ongoing with consultation on the key principles of a new regulatory framework just completed (WAG, 2009) and talk of further changes to the SHG programme in the pipeline. It would seem, however, that though the consortia in effect manage large sums of public expenditure through development and maintenance programmes and are at the forefront of delivering efficiency gains in the procurement processing as well as delivering many schemes under the sustainable communities agenda, they are not going to be directly subjected to regulation or inspection.

### **Governance and Accountability in Housing Associations**

It is argued that housing associations are subject to or part of three distinct levels of governance: national; local and corporate. At a national level housing associations are part of the diversification of public service provision that occurred in the 1980s and 1990s under the Conservative government and has continued ever since. At this time new funding and regulatory bodies were set up or existing bodies were given greater powers, e.g. the Housing Corporation, that non-governmental service providers were accountable for the ways in which they provided services and spent public funds. They are also part of what has been termed 'local governance': a term that highlights the transition from public services directly by elected local government to a system of provision by non-municipal organisations (Davoudi and Healey, 1995, Malpass, 1994). This implies a set of relationships which involve working closely with local government both contractually and in less formal networks (Reid, 1995, 1997 and Rhodes, 1996). The third strand is that of corporate governance. That is, rather broadly 'the system by which companies are run (Cadbury Report, 1992:7); and more specifically the process of 'giving overall direction to the enterprise, ensuring the internal accountability of management to the board, and with meeting the requirements of external accountability and regulation' (Greer and Hoggett, 1997:1). At each of these levels there are accountability structures and processes that place regulatory, financial or service quality expectations on the organisation. This paper is concerned with the impact of large scale

collaborative working external to the individual organisation on the ability of that organisation to meet their requirements to be accountable.

Prior to looking at Welsh housing associations and the details of the consortia working, we start with a brief outline of 'the curious entities' that are commonly known as housing associations (Arden, 1983, cited in Malpass, 2000:3). 'Curious entities' because they are not private companies driven by profit nor democratically elected bodies, nor government appointed bodies but they were considered as local public spending bodies by the Nolan Committee (1996). Many commentators refer to housing associations as being part of the 'third' or 'not-for-profit' sector of the wider economy (Malpass, 2000). All housing associations must have a committee of management (more commonly known as a board) and for the majority that are also registered as Industrial and Provident Societies, there must be a minimum of seven board members and shareholders, each person holding a £1 share. More recent models stipulate the proportions of constituent parts. A requirement of registration (a necessity if an association is to receive public funding for development) is that boards are 'made up of people of necessary standing and experience to demonstrate that they can exercise control over the organisation (Malpass, 2000:5). The non-democratic way in which many board members are appointed has led in the past to the accusation that housing associations are 'self-perpetuating oligarchies' in that they are controlled by a small number of people who have control over the process of appointment (Malpass, 2000). This has led to criticisms of a lack of accountability and transparency, an issue that has grown in importance as the housing association sector has become the main provider of new social housing and been in receipt of large amounts of public money. More recently, the local housing company model, and the Community Housing Mutual Model (in Wales) and Gateway Model (in England) have opened membership of boards more widely, particularly to include tenant board members and representatives of the LA (or LAs) within which they work (see Wilcox 1997 for information on local housing companies). However, the individual association (board) still decides how the tenant board members are appointed, which may not always be by direct election but by selection of already active tenants.

Within the association the executive officers manage the day to day activities for which they are accountable to the board. The board set the principles and core values by which the organisation operate and develop strategy and policy to be implemented by the executive. The level of discretion and autonomy of action exercised by the executive within the framework set by the board will vary by association as the relationship between the executive and the board will involve greater or lesser degrees of delegated responsibility and internal scrutiny and monitoring. The board are also accountable to external funders, regulatory bodies and other stakeholders, including tenants, for the way in which the association operates. It is with such differences and similarities in we move on to case study of consortia working by Welsh housing associations.

### **Welsh Housing Associations**

All the organisations that are members of development consortia in Wales are Registered Social Landlords as defined by the Housing Act 1996. They are registered with and regulated by the Welsh Assembly Government who commonly refers to them as housing associations. The majority of associations are also Industrial and Provident Societies and, therefore subject to legislation that governs such societies (Griffiths, 2008). New stock transfer organisations have the option of becoming a Community Housing Mutual as recommended by WAG (NAfW, 2001). However, neither of the 3 stock transfer organisations that have become members of consortia have adopted the mutual model. All the associations are governed by Boards of Management that vary in size and composition. Recent research found that among the 24 HAs that provided information, boards ranged in size from 7 to 15 members with the average being 12; all members were unpaid volunteers. Generally, Boards are made up of three constituent parts: tenants, independents or 'professionals' and

representatives from partner organisations, e.g. local authorities, in varying proportions depending on the model or constitution adopted.

The housing association sector within Wales has, until recently been relatively homogeneous with around 30 small to medium sized organisations working across one or more local authority areas. At the end of March 2008 there were 31 developing organisations with four having a stock-holding of more than 5,000 dwellings (WAG, 2008). Three of the four largest are recently formed stock transfer organisations. The sector has not seen the high number of mergers experienced in England, nor has there been widespread development of group structures that result in smaller organisations coming under the umbrella of larger associations (Mullins and Craig, 2005).. However, more recently there has been some movement in this direction for both operational and organisational reasons. More pertinently, the size and nature of the sector has begun to change as the transfer of stock from local authorities has gathered pace.

Stock transfer has been slower to take hold in Wales than England (Malpass and Mullins, 2002) and Scotland (Clapham and Kintrea, 2000) with the first transfer taking place as recently as 2003. As the requirement to reach the Welsh Housing Quality Standard by 2012 has given impetus to the process a total of 10 (of 22) local authorities have transferred their whole stock or are about to transfer following a 'Yes' vote from tenants. In total approximately 45,000 dwellings have been transferred into the housing association sector with a further 15,000 approved for transfer in the near future (WDU, 2009:2-3). It is estimated that by the completion of all the currently agreed transfers the housing association sector in terms of number of dwellings will be bigger than the local authority sector (8.6% of total stock as compared to 7.9% respectively) (WDU 2009:2-3). It is too early to assess the full impact of the new transfer organisations on the HA sector but their size and dominance in one local authority area suggest that this is likely to be considerable. However, as the majority have not joined consortia the stock transfer organisations will not be a focus of this paper.

The governance of individual housing associations can differ markedly often reflecting the history, values and ethos of the organisation. The involvement of the board in policy development and at what level they become involved in making decisions on individual initiatives and projects depends on the relationship between the board and the executive and the amount of delegated responsibility. It could be argued that some boards merely 'rubber stamp' decisions taken and policies formulated by the executive while others are fully engaged in such activities. It is possible that differences in board reporting and involvement expectations may be one area that can cause conflict or concern about consortia working in terms of accountability.

### **Development Consortia**

In July 2004, a consultation paper was issued by WAG that set out proposals for a new approach to the distribution and delivery of Social Housing Grant (SHG), which sought to address perceived inefficiencies in the current system (WAG, 2004). It was felt that the lack of clear local authority housing strategies, small development programmes and uncertainty as to future allocations militated against longer-term planning and effective programme delivery by housing associations (WAG, 2004:1) The key elements of the proposals for improving programme distribution and the efficiency of programme delivery were to:

- i. Improve programme planning by replacing a formula distribution mechanism with a multi-year bidding process,*
- ii. promote collaborative working between housing associations to build capacity and achieve more efficient programme delivery,*
- iii. promote joint procurement programmes to achieve economies of scale and more effective local supply chain management.'* (WAG, 2005:1)

The response of the housing association sector in Wales to the challenge set by the new proposals was the creation of six development consortia. Even before the end of the consultation process a number of more proactive housing associations and possible consortia groupings approached WAG with their own ideas on their preferred models of collaborative working. As acknowledged by WAG (WAG, 2005:4), the different approaches suggested were used to inform the new system, which was set out in the publication *Developing Partnerships: A new approach to Social Housing Grant Programme Distribution and Delivery* (WAG, 2005). The early engagement in the consultation process by housing associations has been seen as a way in which influence could be exerted over the form and extent of the changes taking place. To have waited for guidance to emerge from WAG would have meant having little or no say in the direction of change and could have led to being solely subject to WAG's agenda and possibly that of individual civil servants. However, the strong message to emerge from the *Developing Partnerships* document was that HAs that were not part of a consortium would not receive SHG. The HA sector, therefore, considered that as there was no alternative to being involved in the collaborative working system then helping to shape the form it would take was seen as an imperative. Whether by choice or necessity the autumn of 2004 saw the landscape change within a matter of weeks as associations formed consortia (Hedges, 2006) and began developing the partnership, strategic and operational structures required for successful implementation of the system. A key part of the new way of working was the building of new relationships between LAs and the consortia and between LAs and WAG so that there could be significant improvements in the strategic planning of the social housing development programme to meet the housing need and strategic priorities identified in Local Housing Strategies.

Despite anecdotal evidence that WAG officers would have preferred a geographical focus to consortia membership, the six consortia that have emerged are very different in their size, location of operations and partnership activity. Table 1 shows the current composition of the consortia but does not reflect some changes that have occurred. Changes have generally involved smaller organisations either merging or becoming part of existing group structures and two recently formed stock transfer organisations have joined a locally based consortium. Currently, other stock-transfer organisations have not joined consortia as they do not need to access SHG until they have met their transfer commitments. A Chair of one stock transfer organisation suggested that while they were considering membership, it was not a current priority for the Board or for senior officers. However, it could be argued that their large refurbishment and redevelopment budgets as they work towards meeting the Welsh Housing Quality Standard by 2012 would help with procurement efficiency gains and local supply chain management.

As there was no guidance from WAG on membership, the consortia were formed on the basis of prior working relationships, common aims and values, geographical location, and somewhat more negatively, not wishing to work with particular partners. There is also some evidence that organisations that perceived themselves as 'leaders' gathered smaller associations around them with acquisition or merger maybe seen as a ultimate goal. As shown by Table 1, the result has been the emergence of consortia of very different sizes, in terms of number of members, current stockholding, potential local authority partnerships and geographical spread of activity. Both positives and negatives have arisen from this situation, which are discussed further later in the paper.

WAG did not prescribe a particular model of collaboration but looked to housing associations to 'design and implement new operating arrangements that are best suited to their circumstances' (WAG, 2005:4). Each consortia, however, did have to demonstrate a commitment to working collaboratively to achieve improvements to procurement efficiencies. They were also expected to demonstrate that they had the capacity to deliver a SHG programme of at least £10m per year and meet a set of 13 minimum requirements prior to receiving Development Partner status (WAG, 2005:4-5). The minimum requirements

concentrated on the consortia demonstrating that they had the staff, systems and structures to deliver both development and asset management programmes while making efficiency savings in procurement and developing local small and medium-sized local contractors through training and employment initiatives. Such requirements have meant that all consortia have had to aim to work with local suppliers and communities so that the benefits of their expenditure on both development and asset management remain within their local communities as much as possible, thereby supporting other WAG priorities such as sustainable communities and sustainable development.

**Table 1: Welsh Development Consortia**

<b>Name</b>	<b>Members</b>	<b>Total Stock<sup>1</sup></b>	<b>SHG Allocation 2009-10</b>	<b>Area of Operation</b>
DevCo	Methyr Valley Homes Cynon Taf HA Hendre Group Merthyr Tydfil HA	7,417	£9,249,000	Work across 5 LAs in South Wales, predominately in the South Wales Valleys
Genus	Melin Homes Newport Housing Trust Monmouthshire HA Seren Group	10,254	£13,351,000	Work across 5 LAs in South East Wales
Gorwel	CT Bro Myrddin CT Cantref Family HA Gwrp Gwalia	8,455	£5,149,000	Work across 8 LAs in South, South West and Mid Wales
Integrate	Cadwyn HA Cardiff Community HA Coastal Housing Group Newydd HA Pembrokeshire HA Taff HA United Welsh HA Valleys 2 Coast HA	21,551	£31,239,000	Work across 12 LAs across South and South West Wales
Syniad	Linc Cymru Pannaf Group Wales & West HA	14,515	£11,906,000	Work across the majority of the 22 LAs across Wales
Undod	CT Clwyd CT Dewis Cyntaf CTaEryri CT Gogledd Mid Wales HA	5,759	£9,906,000	Work across 7 LAs in North and Mid Wales with a small number of specialist dwellings in South Wales

<sup>1</sup> wholly rented self-contained dwellings as at 31/3/08

Sources: Registered Social Landlords – Stock Estimates for Wales 2008 (WAG, 2008) and Housing Statistics 2008 (WDU, 2009:3)

As, in a legal sense, there is no right or wrong model (Gaskell and Heath, 2006), each of the consortia operates from within differing legal frameworks. At least one consortium is formally constituted as a company limited by guarantee but the majority work within a variety of development and co-operation agreements. There have been calls for standardisation of the legal basis of consortia (Gaskell and Heath, 2006) but the lack of guidance from WAG has led to a confusing and complex mix that reflects the diverse nature of the partnerships and makes comparison between each entity difficult. Each consortia also has different ways of working within the partnership, some work very closely with each other while others are more

loosely connected coming together only when necessary. This may be governed by size, geographical spread and commitment to collaborative working or even availability of resources within individual organisations. For example, GENUs work predominately in the old county of Gwent, had pre-existing good relationships with the LAs with whom they work, operate in relatively distinct areas or offer housing to different tenant groups. On the other hand Integrate cover a much wider and more varied geographical spread from Cardiff in the east to Pembrokeshire in the west; some individual members provide for the same tenant groups in the same location and member organisations work within LA areas where other consortia have a presence. The conflicts over grant allocation and the prior competitive nature of prior relationships between associations may make collaborative working more challenging.

All consortia have structures in place that provide strategic management and direction of the consortia and operational management of maintenance and development programme delivery. For example GENUs have a Joint Strategic Group and Joint Operations Group. Members of the former are the chief executives of the member organisations and chief officers from partner LAs; the Group's role is to ensure close partnership working on a regional basis. The latter group consists of senior development staff from member organisations who are charged with ensuring that SHG programmes are established and delivered. Both DevCo and Undod have similar structures although they do not involve LA partners in their strategic group (called Boards in both cases) and the Undod Board is chaired by an independent person. GENUs have benefited from the already strong strategic relationship between their partner LAs as they have all worked together previously as members of the South East Wales Housing Forum.

A strong factor in the working practices of each consortia is the character, influence and commitment of the chief executives of the constituent associations. Among some of the smaller consortia one CEO may dominate, especially if one organisation is larger than the rest, while this is less likely among the larger consortia; where member associations are of similar size or where there are numerous 'strong' personalities among the CEOs of member associations there is greater risk of tensions and conflicts arising. The Undod model of having an independent Chair of the consortia strategic body may help to alleviate some of these problems. For some associations, consortia are seen as the only way to access grant funding while for others collaborative working is a model that delivers benefits for itself and its tenants beyond just development and maintenance.

That there may be problems with the differing sizes of the consortia has been highlighted above. This has been a particular issue for smaller consortia when dealing with the resources required to set up the structures and processes necessary. One approach to alleviating such costs has been joint working by neighbouring consortia. DEVCO and GENUs have pooled resources to jointly develop a Development Framework agreement and have worked together in other areas to access grant funding. DEVCO estimate that they have saved £50,000 by taking this approach, although annual consortia costs are still running at £100,000 year on year (Jones, 2009:21).

Where consortia have been less successful in developing relationships is with tenants. While there have been great strides taken by some housing associations in involving tenants in many areas of HA activity, the move to consortia working in the areas of development and maintenance, among others, has taken those processes away from tenants. Once again, DEVCO have done some good initial working in involving tenants of all member organisations in contractor selection and the delivery and monitoring of WHQS (2009). However, there is little evidence that such working practices are being adopted across all the consortia.

As the size, organisation, relationships and working practices of the six development consortia differ so much it is difficult to draw conclusions about the impact on accountability structures within individual member associations but the following section makes an initial attempt to identify some of the conflicts that have arisen in the first few years of their operation.

### **Governance and Accountability**

As chronicled above, the six consortia were set up in a very short space of time, in effect the autumn/winter of 2004/5, and involved a large amount of work for the senior management teams of individual associations. While boards were generally kept abreast of the work through regular reports to board meetings, there is little evidence that there was any collective responsibility of individual or groups of board members in the discussions around or make-up of the consortia. In some case agreement was sought for expenditure on set up costs but this would be very much dependent on the powers of discretion on expenditure given to executive officers by the board. While the need for expediency is evident the lack of board involvement in the initial partnership decisions may have led to conflicts post set-up as differences in ethos and ways of working become more apparent. This has become particularly important as movement between consortia appears to be uncommon but may reflect some of the criticisms of the way in which consortia are operating (Essex, 2009).

Since that initial, frantic set up period boards have generally been given regular information on the activities of the consortia, though much of this has been for information rather than for decision-making. Senior managers argue that this is because the decision-making powers on initiatives and individual projects firmly reside with the individual boards and that the consortium is about the procurement and management of those agreed programmes. However, it does seem that the decisions available to individual boards, especially in the area of procurement, are being constrained by the existence of these arms-length organisations. For example, for a major development project the selection of main contractors still resides with the board but because of procurement frameworks negotiated by the consortium the pool from which they can choose is restricted to contractors that they have had no involvement in selecting. While this may address issues of economies of scale and produce efficiency savings, it may not allow the board to use the development to meet other policy objectives such as developing the skills and training of tenants in a particular community or using smaller local contractors.

The relationships between the member organisations are developing and growing stronger between the member organisations at an officer level but this cannot be said for the relationships between the boards of the individual organisations, although there are some structures in place to get boards together. For example, one consortium has a Chairs and Vice Chairs group that come together to discuss the strategic direction of the consortium, however, they meet infrequently (less than annually) and always in the presence of the chief executive officers. One Chair felt that the meetings were dominated by the strong character of one organisation that set the agenda and ultimately the strategic direction of the consortia. It was difficult for the Chairs of smaller organisations, those with less experience or of a quieter nature to make any dissenting views heard. This may not be the case in all consortia but does have implications for the influence of the individual boards over the strategic direction and operating ethos of the consortium in which they are involved.

A number of the people interviewed expressed the view that while the consortia had strengthened relationships between the organisations in the same consortium and with the LAs involved, it had restricted and closed down other relationships within the housing association sector as a whole. It was felt that it was much more difficult to work with associations outside your consortium than it had been in the past. This can be an issue if services that are outside the scope of the consortium but are offered by another consortium member are being purchased, e.g. floating support for tenants. While working outside the

consortium had not been widely tested there was a general consensus that it would make relationships within rather strained. This once again places constraints on the decisions that individual boards can make. There has also been a sidelining of individual organisations and their boards in the relationships between individual local authorities and the WAG. Whereas in the past discussions on how an association could help the LA achieve its strategic housing objectives would be between the LA senior officers, the association's management team and occasionally board members, this relationship has moved to the representatives of the consortium.

The relationship of both individual boards and the consortia with the WAG in its role as regulator is also in need of scrutiny. Following the recent review of the regulation of housing associations in Wales there are proposals to move to a regulatory framework based on risk assessment in the areas of finance, development and governance (WAG, 2005). Currently the proposals quite rightly place the regulatory relationship as being between WAG and individual associations with accountability for the operation of the organisation and the prudent spending of public funds ultimately residing with the board. However, much of the activity in the area of finance and development now resides with the consortia but they have no official recognition or role with the regulatory framework.

### **Conclusion**

Governance and accountability in housing associations have long been areas of debate and contention. Much of the work of regulators, representative bodies and individual organisations over the past few decades has been aimed at making its governance structures more transparent, accessible and accountable to various stakeholders. Those striving to achieve such openness are currently facing another challenge from consortia working as Wales moves towards citizen-centred public service provision with the aim of providing high quality services through co-operation and collaboration rather than competition while achieving economies of scale and procurement efficiencies. The new public service provision model can be seen reflected in the reforms to the SHG programme development and delivery structures that were first proposed in 2004 and led to the creation of six 'arms-length' development consortia. While these organisations have emerged more or less successful as separate entities there has been little consideration given to how they fit into the existing governance and accountability structures of their parent associations.

While individual boards are responsible and accountable for the activities of the consortia, they are poorly informed about the activities. Responsibility for expenditure of public grant funding remains with the board but the decisions they can make in some areas are highly constrained by prior decisions made by the semi-autonomous consortium. Beyond the decision-making available to them on individual projects and programmes, boards have varying amounts of influence over the strategic direction of the consortium to which they belong. They also have very little choice over their membership of the consortium and few sanctions other than exit if they disagree with the direction or activities of the consortium. A membership of a consortium is the only way to access grant funding for development, exit is not a decision to be taken lightly.

If economies of scales and procurement efficiency savings remain a high priority for WAG then it is difficult to see an alternative to consortia working, especially as there is some evidence of wider benefits (Jones, 2009). However, before consortia are used as the delivery mechanism for a wider range of housing services there is a need to have a debate and give consideration to some of the problems this form of working creates for the governance of housing associations and the accountability of their boards.

### **Methodology**

The paper is based on a small piece of personal research funded by the School of City and Regional Planning. Interviews were undertaken with board members, officers of housing association representative bodies and officers and board members of a number of consortia. Time and resources have limited the scope and depth of the research but it is hoped that it can begin to contribute to governance and accountability debates in delivering the 'Making Connections' agenda.

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