

# The Boundaries of Reporting Sustainable Development in Social Housing



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## literature

The Registered Social Landlord (an independent housing association in the UK) examined here was widely recognized as providing an example of good governance. The organization was using extensive internal reporting, both corporate and quasi-governmental in language, to try to accurately capture different aspects of performance. This article reveals that reporting sustainable development has boundaries to be overcome, particularly in measuring performance of environmental and community activities.

### Accountability for sustainable development:- complex but fundamental issue:

- paradoxical illusion of commonality of interests (Burchell et al, 1985; Calton et al 2003)
- difficult to define boundaries of responsibility for individual organisations (Bennet et al 2004)
- sustainability is a systems concept (Gray and Milne, 2004)

## Case Study

### Social housing: changes on provision and social values and norms

- market like mechanisms, partnerships, mixture of public / private financing (Marsh, 2004)
- performance oriented culture (Walker, 2000)
- active involvement of tenants (Flint, 2004)
- RSLs regarded by local people more legitimate and trustworthy than council and other institutions (Clapham and Kintrea, 2000)

The RSL manages 4,500 houses and is noted for its above average governance and management.

Board:

5 Tenants

5 Independent Members (incl. Chair)

5 Local Councillors

4 Executive Officers

### Collier (2005) : more research into the meaning of governance and possibilities of accountability in RSLs.

We interviewed 14 of the 19 members. Monthly Board meetings between AGMs in 2006 and 2007 were observed. Papers were made available. Supporting documentation from the Housing Corporation, Audit Commission and other public sector bodies obtained. Theory provides another point of triangulation.

## findings

The importance of sustainable development is increasingly considered both by the regulators and individual housing associations. However, given the legal and regulatory restrictions on RSLs, and the limits of performance measures to depict performance in this area, can reporting lines of accountability be created to facilitate an integrated concept of sustainable development?

A variety of issues has been revealed in this article. We have explained what is happening and/or is possible now and what may be possible in the future. Our case study RSL is exploring new methods of performance measurement (the balanced scorecard approach) in the hope that community and environmental action can be captured (although KPIs need to be formulated). Accountability of the directors for these matters is also at a boundary—overall good governance practices, in line with the Cadbury Code, could be brought forward to offset limitations in achieving the more nebulous requirements of community and environment. There are moral as well as good governance—or good business—arguments for building environmental and community measures on the micro requirements of tenants. Provision of decent homes and good governance practices is part of sustainable development, but discovering and implementing other measures must be both a bottom-up and top-down exercise for RSLs and other public sector bodies.

Our study differs from others in this area because we look at internal rather than external reporting and consider the social sustainability of communities in addition to infrastructure and physical environment. The notion of sustainable development is examined in the context of systems of governance put in place primarily to inform the board of its progress towards becoming an enduring presence in social housing. In experiencing limits to the practice of reporting performance, the RSL is faced with the options of either finding alternative methods of reporting, or accepting that the necessary key performance indicators are not definable in one number or pictogram.

This would leave the choice of either continuing to act without satisfactorily reporting performance or ceasing to do what cannot be measured.

## Figure 1: Registered Social Landlords (RSLs).

An RSL is a body registered with the Housing Corporation. It can be a registered charity which is a housing association; a society registered under the Industrial and Provident Societies Act 1965; or a non-profit company registered under the Companies Act 1985, established for the purpose of the provision, construction, improvement or management of social housing.

### RSL Funding

A Social Housing Grant (SHG) is provided by the Housing Corporation under the Housing Act 1996 in respect of expenditure incurred by RSLs in connection with their housing activities.

SHG can be combined with other sources of funding, including:

- Long-term loan from a bank/building society/or a mortgage.
- Recycled Capital Grant Fund.
- Disposal Proceeds Fund.
- Other public subsidy, for example a gap-funding grant from a local authority.
- Discount on land from the public sector.
- Discount on land from the private sector (arising from local authority planners imposing a Planning Obligation, enforced through a S106 Agreement).
- An RSL's own funds.
- Charitable donations