SHN HOUSING GOVERNANCE SURVEY 2022

Summary of findings

March 2022

CONTENTS

INTRODUCTION

Welcome to SHN's report on Housing Governance. SHN is Scotland's biggest provider of benchmarking services to the sector, and the only one which is dedicated entirely to the Scottish social housing sector.

Social housing generates important economic and social impacts for its residents, communities and for Scotland. Increasing the supply of affordable housing helps to tackle inequalities by reducing child poverty and homelessness and by providing inclusive, sustainable housing options. Social housing providers support the delivery of affordable and good quality homes which can improve health and wellbeing, contribute to successful placemaking and strengthen community resilience.

Social housing providers are important community anchors which are well placed to support anti-poverty strategies and lead economic and social cohesion at a community level. Strong governance is pivotal in housing association and co-operatives, providing the strategic direction and leadership necessary to create a successful organisations.

We created this survey as a starting point to understand the views of those involved in governance in the social housing sector and to use those to inform our approach to the governance support and services we provide.

The survey focused primarily on views of governance arrangements in social housing providers from those on or who support governing bodies (clerks, chairs, other governors). The key topics were:

- Board composition
- Recruitment and retention
- Views on the strength and effectiveness of governance
- Investment in governance
- Main governance challenges for housing providers and the housing sector

The response rate has been good with over 134 completed forms which represents approximately 6.9 percent of the entire estimated governor population in the Scottish social housing sector. The data collated will be used to shape the work that SHN and associated bodies do to support and improve governance.

The SHN Housing Governance Survey 2022 was conducted between January and February 2022.

KEY FINDINGS

Board background and composition

- Governing bodies tended to skew older in terms of demographics, with only 1.5% of respondents reporting being under the age of 29. This has implications in terms of their ability to represent the best interests of their tenants and residents.

- A mixture of skills, experience and perspectives is important on successful boards. However, these findings indicate a prevalence of staff members from one association serving on the governing body of another. Whilst this brings skills and familiarity with key issues there is a risk that the sector is governing itself.

Recruitment and retention

- Attracting and retaining new governing body members is challenging, with almost half of respondents reporting that they had difficulties in recruiting and more than one third of respondents indicating that there were one or two vacancies. Conversely a high proportion of respondents indicated that they had served on governing bodies for more than 8 years. This coupled with the ageing demographics of governing body members has implications in terms of succession planning.

Strength of governance

- Respondents indicated that their housing provider was either very strong in all areas of governance or strong in most areas of governance with a few weaknesses. They also reported consistent effective challenge and support for senior management in their current governance arrangements, although a small proportion of respondents indicated that senior management was rarely or never challenged effectively.

Investment in governance

- Respondents reported that they were regularly provided with training tailored to the needs of the governing body or were provided with targeted training that did this. This indicates that housing providers are investing in developing the skills, knowledge and experience that their governing body members need.

- Almost one third of respondents were unaware that their housing provider had a governance development budget. This is critical to ensure that governing body members are aware of opportunities for their continuing professional development.

Key challenges

- Issues associated with governing body recruitment and retention were reported by respondents who were asked to identify the three main challenges affecting their housing provider. Covid-19 and its implications also featured in the top three issues.

- On the three main governance challenges facing the housing sector nationally, climate change and concerns around meeting the challenges of EESSH2 were prominent for respondents while challenges related to governing body recruitment and retention were also identified in the top three.

BACKGROUND

The majority of respondents (99%) indicated that they were governance representatives of Housing Associations while 1% represented Housing Co-operatives.

Respondents were asked to state in which location(s) their housing provider operated within. Some 29.9% of respondents represented housing providers with housing stock in Glasgow and 15.7% represented housing providers from South Scotland. In general, a greater number of housing providers in those areas correlated to a greater number of respondents from that area relative to other areas with fewer housing providers.

Figure 1. Response rate by local region (%)
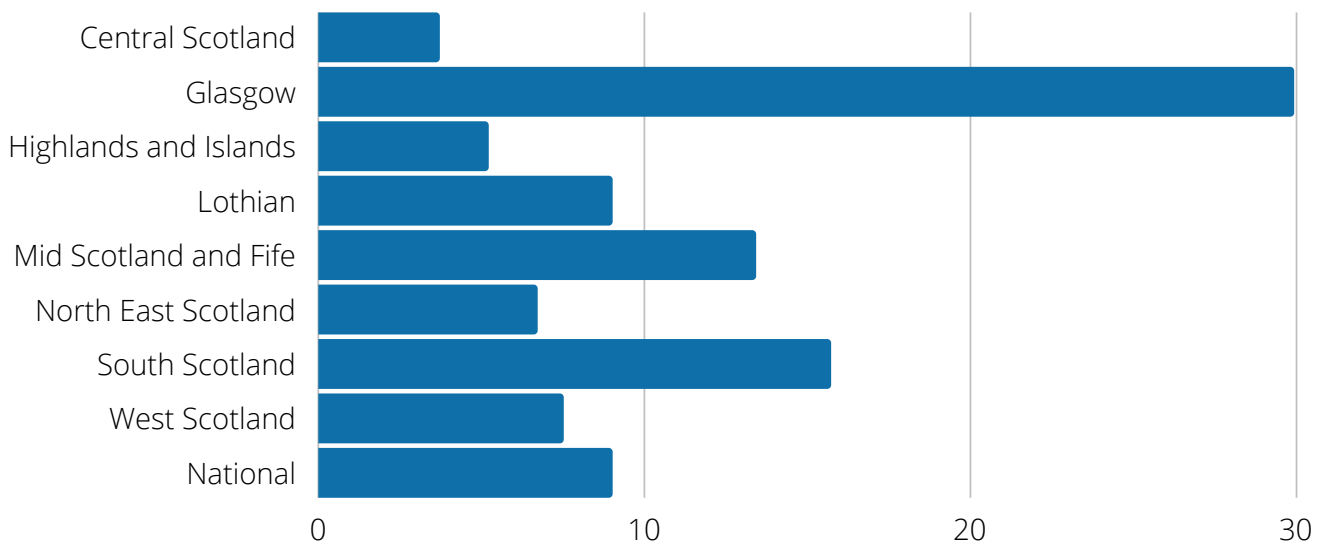
32.1% of respondents represented housing providers with housing stock of 500-999 homes. Almost half of housing providers (42.5%) represented housing providers with stock of 1,500 and above.

Figure 2. Respondent size of housing provider (%)
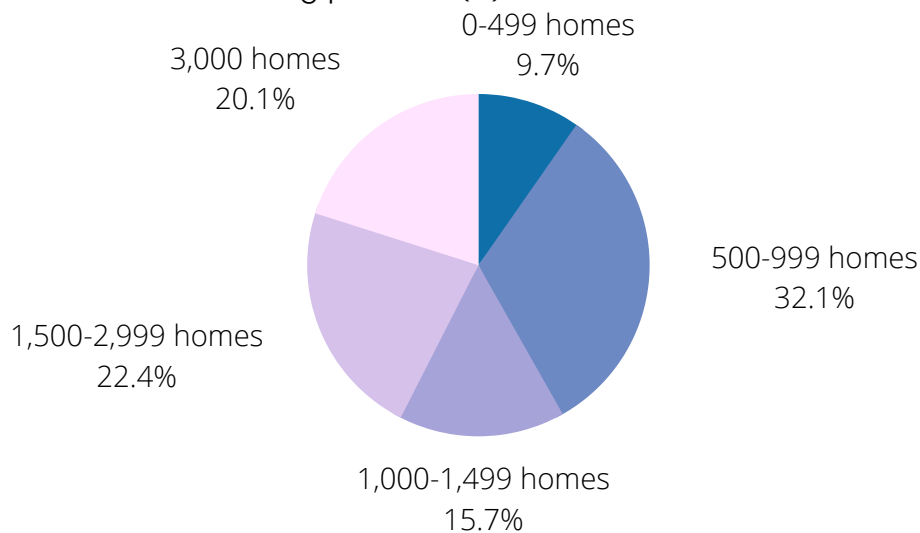
BOARD COMPOSITION

Diversity among board members is of increasing importance in the housing sector. Housing organisations deliver services in diverse communities, and a governing body should reflect this diversity. Research demonstrates that non-diverse governing bodies have a tendency to make decisions that favour individuals and groups similar to themselves.

Of 134 respondents, almost two fifths (38.1%) were in the 60-69 age range. The number of respondents who were aged under 60 (38.8%) was lower than those over the age of 60 (59.7%). 1.5% of respondents were below the age of 29. More than half 56.7% of respondents were male, in comparison to 41.8% who were female.

Figure 3. Age range of governors (%)
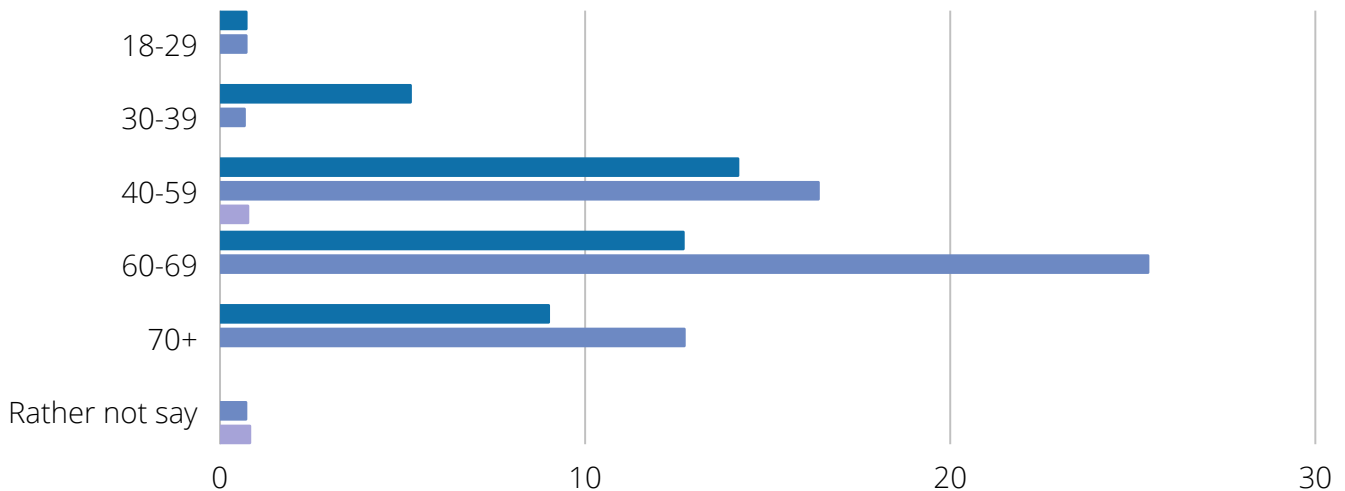
Respondents were asked for their ethnicity in order to gain a clearer understanding of the diversity of housing governors. Whilst the majority of respondents (96.2%) were white, the proportion of board members from black minority ethnic backgrounds is 3.8%, while Census data reveals that the proportion of the Scottish population that do not identify as white British is 8.2%.

Figure 4. Ethnicity of governors (%)
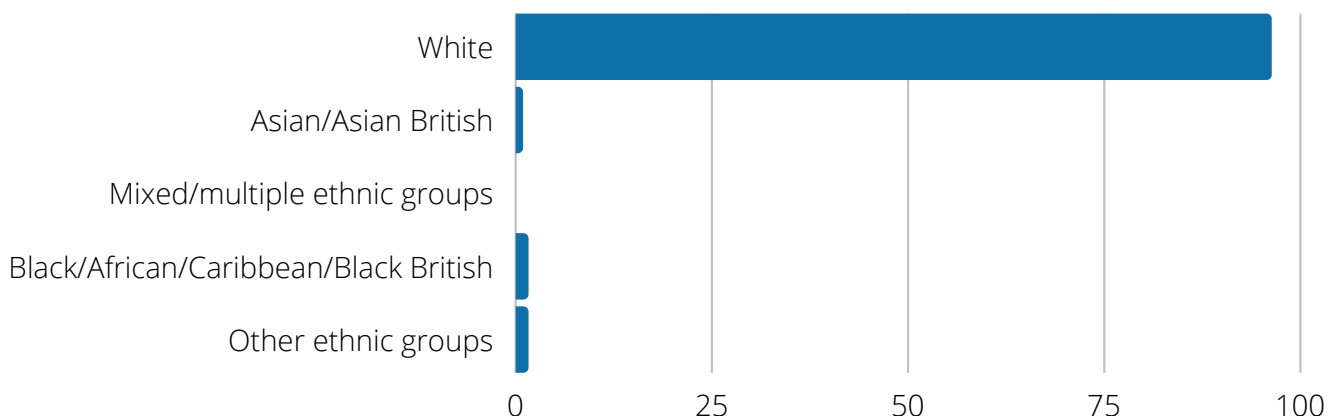
More than half of respondents (53.0%) were managers, directors and senior officials and 30.6% were professionals (including housing professionals). The proportion of board members that were skilled trade, caring, leisure or other service or elementary were all under 5%.

Figure 5. Current or previous occupation of governors (%)
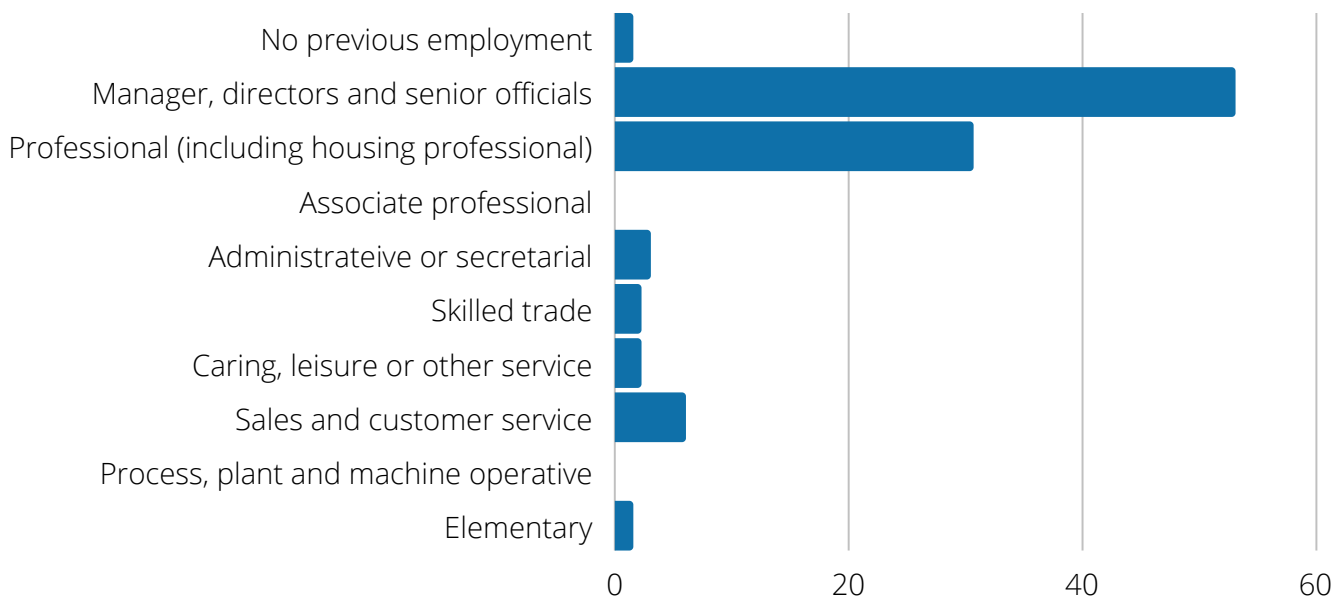
When asked for their reasons for joining the governing body the most common response was 'use skills/experience' (53.0%), closely followed by 'serve community' (44.8%) and 'interest in housing' (44.0%). Interestingly, almost one third of respondents indicated that they 'worked in housing'.

Figure 6. Reason for joining governing body (%)
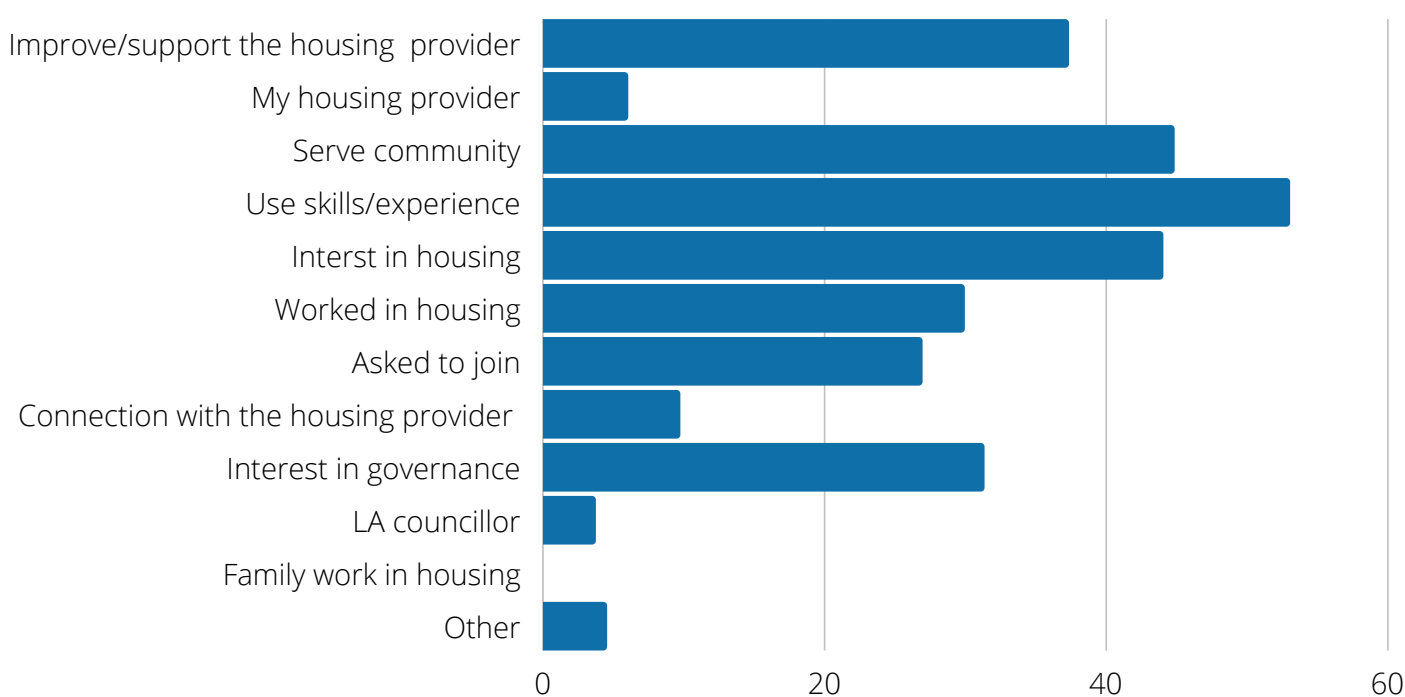
39.7% of respondents reported that they served between 1–4 years, 22.1% reported serving over 8 years and 18.3% indicated that they served on governing bodies for less than 12 months.

Figure 7. Length of governance service (%)
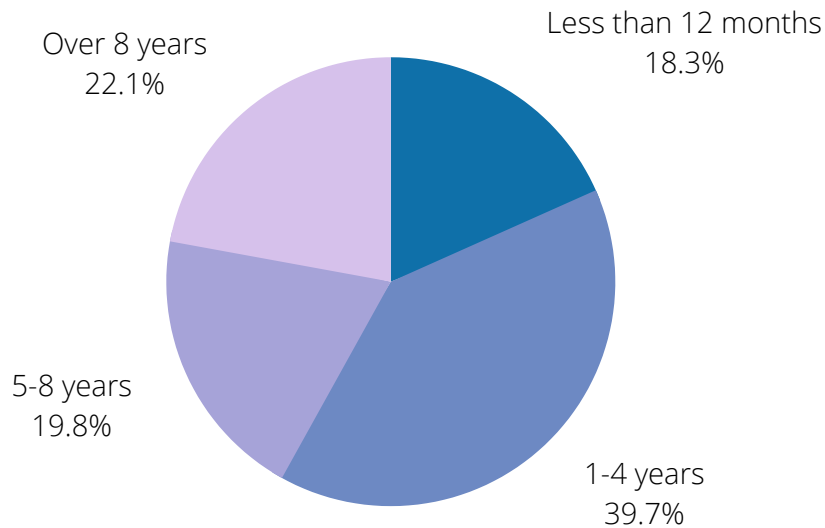
A mixture of skills, experience and perspectives' is important on successful boards. However, this study reveals a lack of diversity in professional background and experience. The more complex and challenging financial environment in which social housing is obliged to operate has placed greater demands on the leadership of housing organisations. Unsurprisingly, a large proportion of board members were managers, directors and senior officials at 53.0% and 30.6% were professionals.

RECRUITMENT

The survey asked respondents about the ease of recruiting governing body members. Respondents were presented with a series of statements. Almost half (49.6%) agreed that they had difficulties in recruiting governors compared to a little over one third (36.8%) who disagreed with the statement.

Figure 8. Difficulties in recruitment (%)
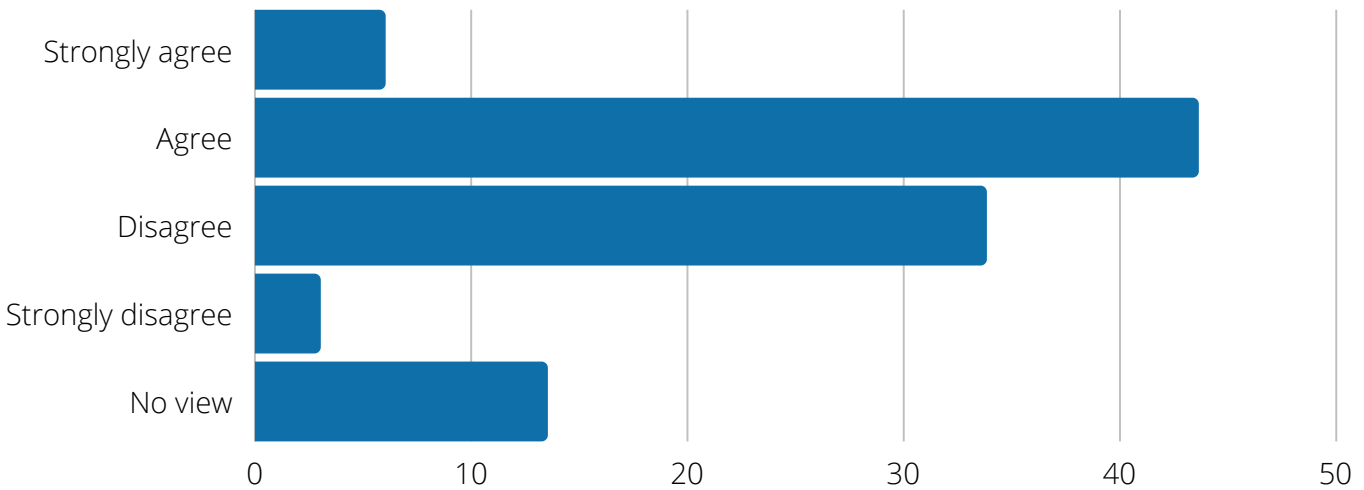
While a governing bodies size is less important than its range of skills, it needs to be large enough for the right level of oversight and challenge, but not so big that it becomes unwieldy. 52.9% of respondents indicated that their governing body had around 13-15 members on their governing board when full. 18.2% indicated that their governing body has less than 10 members.

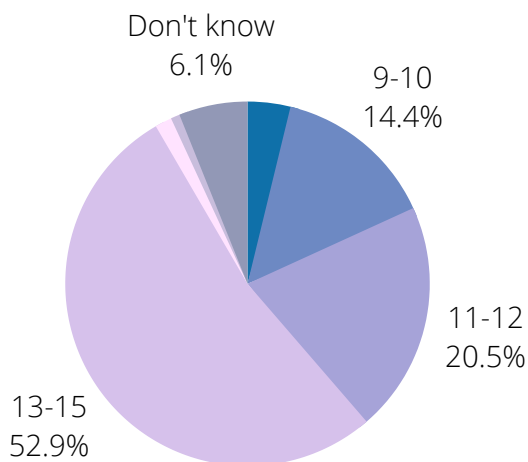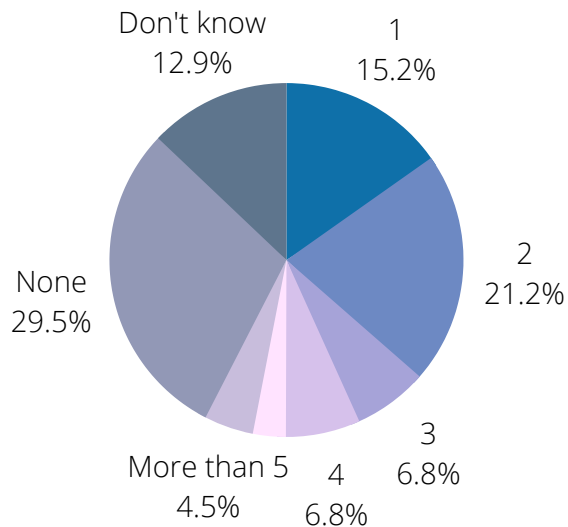Figure 9. Size of governing body (%)

Figure 10. Vacancies on governing body (%)

When asked about vacancies, more than one third (36.4%) of respondents indicated that there were one or two vacancies on the governing body. It is clear that attracting and retaining new members continues to be an ongoing challenge. This coupled with the ageing demographics of governing body members has implications in terms of succession planning.

VIEWS OF GOVERNANCE

The survey was an opportunity to understand governing body views and perceptions relating to governance and its key function and roles. Respondents were presented with a series of statements to gain an understanding of the strength of housing governance.

Most respondents had positive views of governance in their housing provider. 69.4% indicated that their governing body was very strong in all areas of governance and 50.0% reported that the governing body was strong in most areas of governance with very few weaknesses. Whilst no respondents indicated that their governing body needed significant development in most areas of governance, 3.7% reported that they were not sure how strong or weak their governance was.

Figure 11. Strength of governance (%)
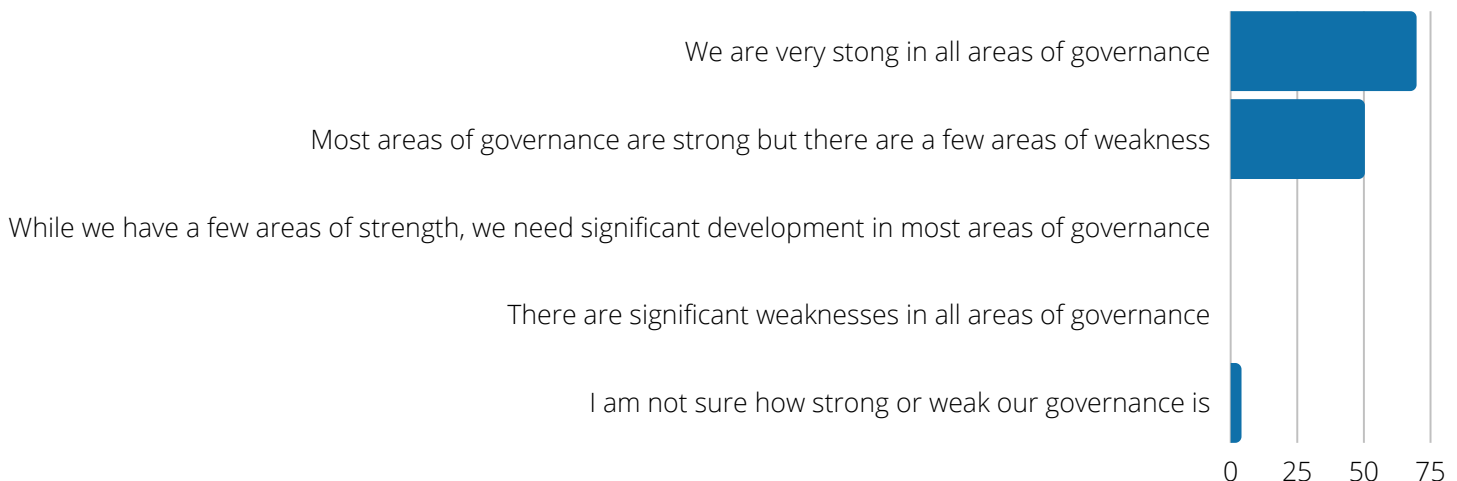
The majority of respondents indicated that the senior management in their housing provider is effectively challenged and supported. 57.6% indicated that this was consistently done in their current governance arrangements and 30.3% indicated that effective challenge and support occurred often. Some 6.1% of respondents indicate that the senior management was rarely or never effectively challenged through current arrangements.

Figure 12. Effective challenge and support (%)
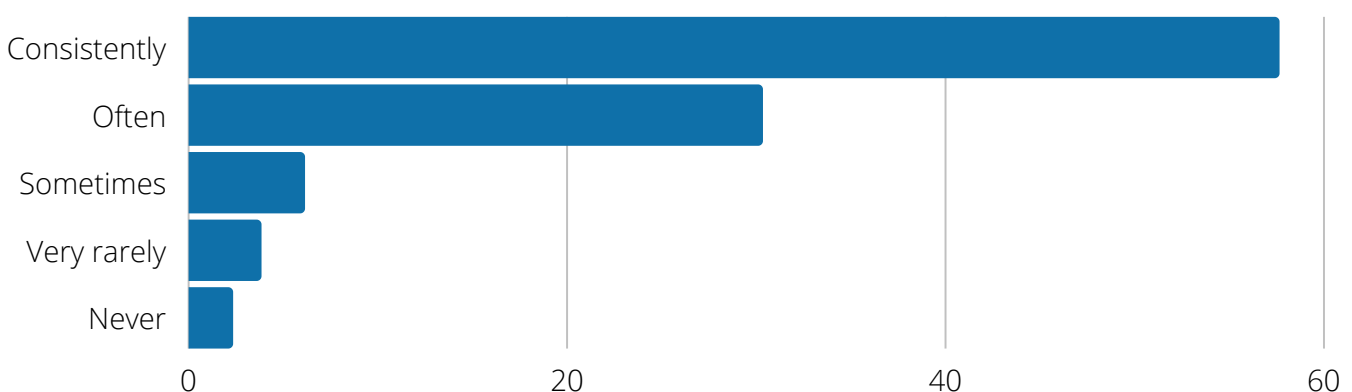
INVESTMENT

It is important to consider what skills, knowledge and experience a governing body needs to lead and direct the organisation towards its vision and business aims. The required skills of the governing body must be aligned to an organisation's business plans and strategy to be effective. Therefore good governance practice is to review the board member skills matrix regularly and to fully align the skills audit, recruitment, appraisal, learning and development and succession plan processes.

93.2% of those surveyed reported receiving training and development tailored to the needs of the governing body or targeted training that did this. Some 4.5% reported occasional training which did not usually take board members' skills needs into account. A further 1.5% reported little or no training and development for governors.

Figure 13. Training, mentorship and development (%)
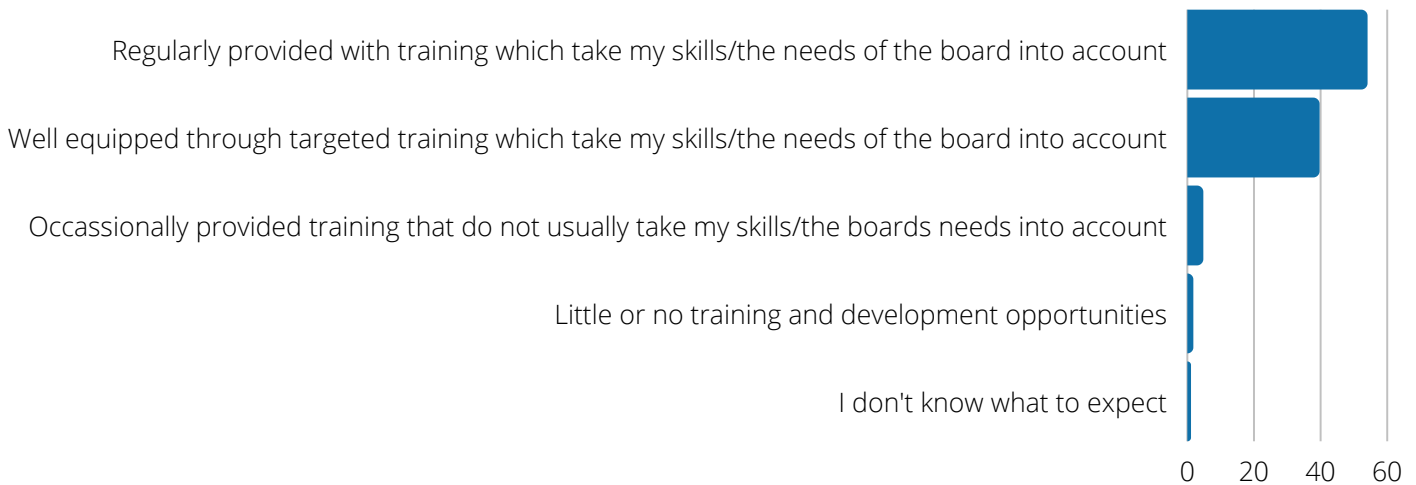
85.6% of respondents indicated that their housing provider often or consistently keeps them aware of sector developments. 13.6% felt that they were sometimes kept aware of sector developments and only 0.8% felt that they were not effectively being kept aware of developments in the sector.

Figure 14. Information to governors on sector developments (%)
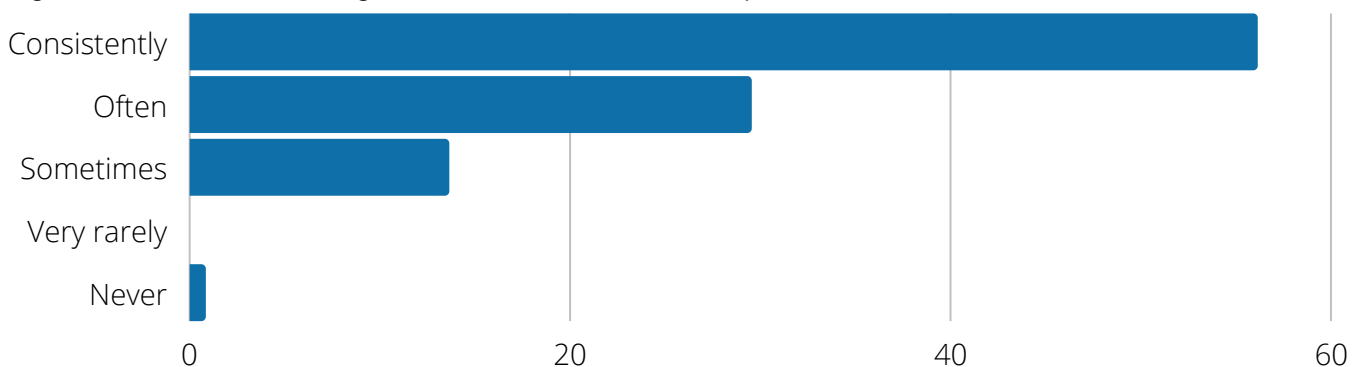
61.4% of respondents indicated that their housing provider had a governance development budget. On the other hand, more than one third of respondents (31.1%) indicated that they were not aware if their housing provider had a governance development budget.

Figure 15. Governance development budget (%)
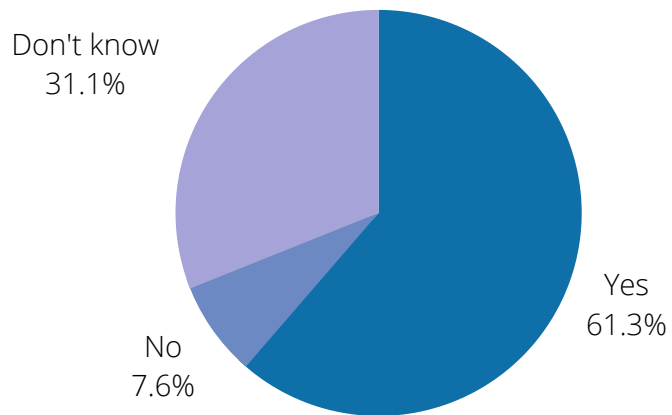
KEY CHALLENGES

TOP THREE GOVERNANCE CHALLENGES IN RESPONDENTS' HOUSING PROVIDER

In response to an open ended-question on the three main governance challenges that their housing provider faced, issues around governing body recruitment and retention were in the top three for 46.8% of respondents. Covid-19 and its implications, featured in the top three issues for 41.6% of respondents. This was closely followed by 36.4% who identified challenges around compliance with all regulatory standards and financial management and 24.3% who reported challenges arising from ensuring governing body members are sufficiently knowledgeable in all areas to make informed decisions.

An interesting point to note is that the lack of bgoverning body diversity was represented as a top three challenge for only 5.2% of respondents.

Figure 16. Top Three Governance Challenges

TOP THREE GOVERNANCE CHALLENGES IN THE HOUSING SECTOR AS A WHOLE

In response to the open-ended question on the three main governance challenges facing the housing sector as whole, Climate Change and concerns around meeting the challenges of EESSH2 had prominence with 60.9% of respondents highlighting these in their top three. Issues around governing body recruitment and retention were in the top three for 43.5% of respondents. Compliance with all regulatory standards and financial management featured in the top three issues for 43.5% of respondents. This was closely followed by 39.1% who identified challenges around retaining affordability for tenants.

Figure 17. Top Three Governance Challenges for the sector (%)
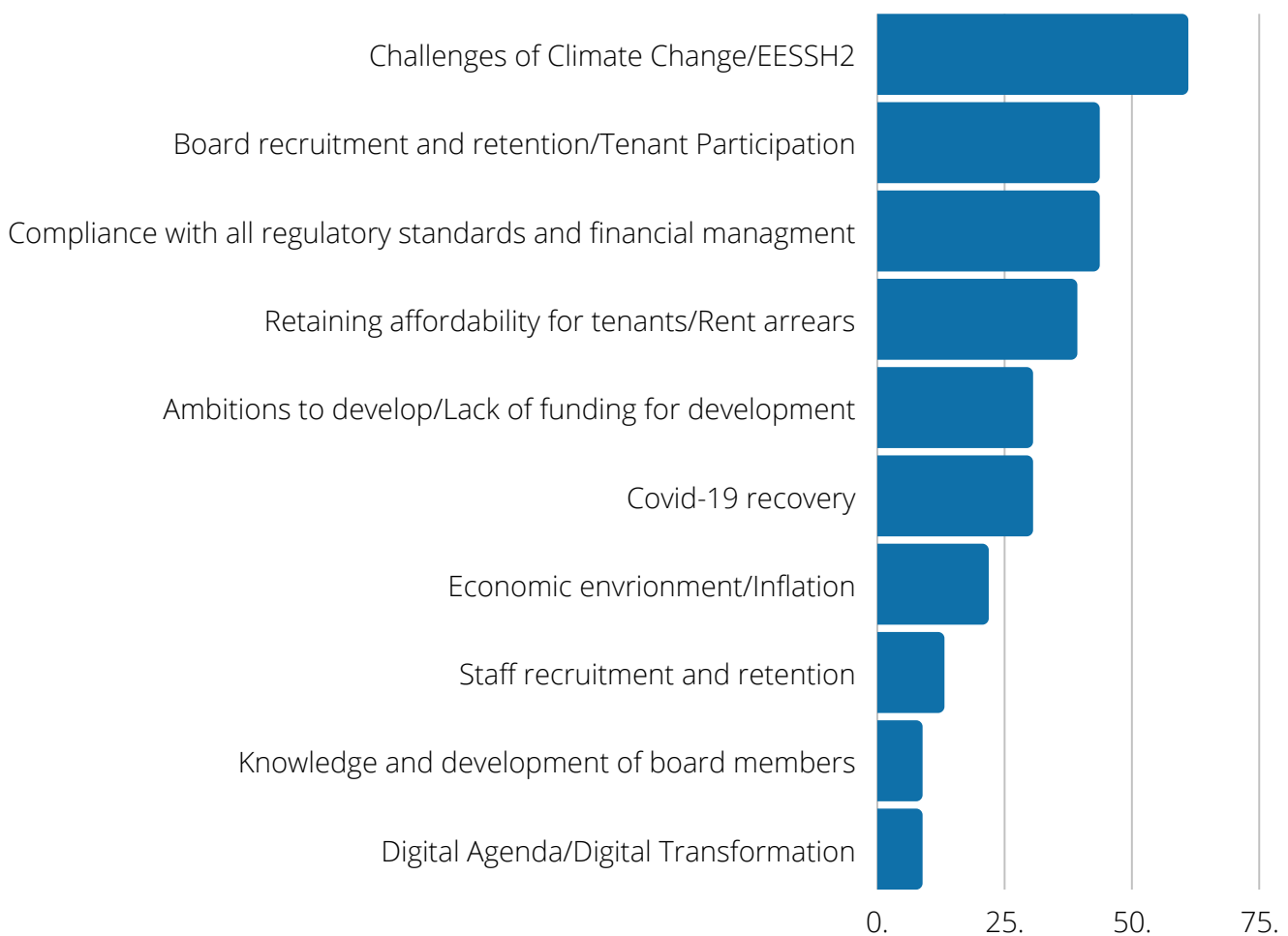
It is clear that for the sector, as well as the internal pressures of determining where to direct their business and how best deliver services to tenants, there are external threats to safeguard against. This perhaps represents the ultimate challenge for governing body members – to find the right balance between delivering enhanced and improved services for customers while ensuring survival in the face of external change.