

**SENTINEL HOUSING ASSOCIATION**

**TENANT SERVICES AUTHORITY**

**GOVERNANCE**

**DISCUSSION PAPER RESPONSE**

**7 SEPTEMBER 2009**

Sentinel Housing Association Limited owns and manages over 7,000 homes in North Hampshire. Sentinel was originally formed through the transfer of the Council housing from Hart District Council and half of Basingstoke and Deane Borough Council and has since become a major housing association for community and regeneration and new homes in the area.

We would like to thank the Tenant Services Authority (TSA) for the opportunity to respond to the Governance Discussion paper.

Overall, we feel that the TSA should ensure through its governance standard and regulatory approach that:

- a Board's primary responsibility to lead, set, manage and monitor an association's performance for the benefit of its customers is not diluted
- regulation is:
  - light touch
  - clear
  - flexible
  - proportional
  - consistently applied
  - not process driven
- emphasis is placed on probity, transparency and clear accountability to customers
- reliance is placed on self-assessment, with Boards taking primary responsibility for compliance with requirements.

Bearing these principles in mind, we would comment on your questions as follows:

**Question 1 – What elements of the existing approach to the regulation of governance should the TSA carry forward?**

- 1.1 The light touch regulatory approach, with reliance on a Board's self-assessment against requirements should be maintained.
- 1.2 The TSA's regulatory approach should be proportional and not process driven. Overly prescribed standards from the TSA could, albeit inadvertently, shift the emphasis from Boards having ultimate responsibility, focusing on outcomes for residents, to Boards' governance responsibilities being diluted. Too much central prescription becomes burdensome, inflexible and too process focused, with the inference is that key lines of responsibility for performance are geared towards the TSA and not to residents.

**Question 2 – Is a national standard rather than a local standard for governance the most appropriate approach?**

- 2.1 A overall national standard framework for governance is necessary for clarity and to ensure regulatory issues are consistently applied.

**Question 3 – Are there particular areas within governance that lend themselves to further amplification by way of a code? If so what areas might such a code reflect?**

- 3.1 Simplification is required in the areas of benefits and payments (currently Schedule 1 issues), amendments to constitutional documents and consents for social housing disposals. Providers should be given more local autonomy in these areas within clear guidelines.

- 3.2 We feel the TSA should also make it clear whether there is to be a difference between standards, codes and guidance. Which are mandatory requirements and which are non-mandatory good practice principles? To ensure flexibility, registered providers should be given the opportunity to determine the best way forward for its particular organisation to deal with and lead on certain issues, such as probity or remuneration of Board Members.
- 3.3 The TSA's regulatory approach should be proportional and a Board's leadership role on issues should not be unnecessarily diluted. We would therefore urge the TSA to issue only a limited number of appropriate codes and guidance and identify them clearly.

**Question 4 – Is this approach suitable for a diverse domain? (Option 1)**

- 4.1 We consider the option to be too prescriptive, could create inconsistencies in approach by different providers and prompts a heavy handed rather than light touch regulatory approach. The option could lead a Board to become too concerned with process driven actions to report to the TSA, rather than concentrating on leadership and appropriate self governance for the benefit of customers. The message of good governance becomes lost in the detail.

**Question 5 – Are there other key elements of governance that this option is missing? (Option 1)**

- 5.1 The reference to “ensur[ing] that tenants’ needs are considered in the delivery of services and improvement plans” in Option 2 is clearer and more emphatic than the reference to “must be accountable to their tenants and have regard to all major stakeholders’ views” in Option 1. We would suggest that, as not all residents are tenants, the TSA may instead wish to consider referring to customers or residents or a similar all encompassing phrase.

**Question 6 – Is a standard framed in this manner meaningful and enforceable? (Option 2)**

- 6.1 Although this option is less prescriptive and would allow greater flexibility and avoid the imposition of unreasonable burdens on providers, it is too wide, uncertain, lacks clarity and does not emphasise the focus on outcomes for residents.

**Question 7 – Is this approach suitable for a diverse sector including for-profit providers? (Option 3)**

- 7.1 We consider this to be a good starting point and appropriate approach for a governance standard. A small number of core principles, with an emphasis on focusing on the organisation's purpose and outcomes for residents would provide a helpful framework.
- 7.2 We note that the discussion paper refers to more supporting principles for each core principle and guidance on how the principles can be applied in practice but, as there is no further information on these, we are unable to comment further. We would hope that the TSA would however be sparing in the volume and content of the supporting documentation. To supplement the core principles with too restrictive, burdensome and inflexible additional information would detract from the purpose of this option.
- 7.3 As this option is drawn from the Nolan Principles, we see no reason why this approach would not also be suitable for for-profit organisations.

**Question 9 – What do you consider would be an appropriate combination of assessment methodologies for compliance with the governance standard to begin with?**

- 9.1 To begin with, we consider self-assessment by a provider's Board and feedback and assessments from residents and stakeholders to be an appropriate combination of assessment methodologies. However, we would need some guidance on what the TSA expects in relation to the "feedback/assessment from residents and stakeholders" – is this to be in a prescribed way or would providers be free to decide what method this feedback took?
- 9.2 It is not clear from the discussion paper what the "independent validation/audit of particular function/s" refers to. Does this relate to short notice inspection reports or STATUS surveys? Or is the TSA suggesting that providers should have functions from time to time externally validated by other parties? If so, this would be an additional regulatory burden and expense to associations, detract from a light touch regulatory approach and we would strongly oppose this.
- 9.3 The reference to "accreditation" is also unexplained and we would need additional information to comment further. If this is referring to a new accreditation system, we note that there has been a failure for accreditation schemes to successfully emerge in our sector in the past and this again could be a costly, time consuming and an ineffective way of benchmarking providers, especially when the TSA is already looking at grading systems.

**Question 10 – Which areas within governance lend themselves to particular methodologies?**

- 10.1 Within governance, self assessment by provider's Boards is the most appropriate methodology.

**Question 11 – What are your views on the potential options and grading system for assessing registered providers' compliance with the governance standard?**

- 11.1 An overall assessment of a provider's performance would be more meaningful for both providers and residents. However, in order to continuously improve and learn from others, a judgement behind the overall assessment against each of the national standards would be useful.
- 11.2 A grading system might be useful but we thought the sector was trying to leave league tables behind. A grading system becomes too simplistic and generalised, resulting in invalid comparisons of performance of complex businesses.