

# Blog

## The Housing Quality Network Cymru

11 October 2018

### HQN Cymru members' update – 11 October 2018

#### Plugging the accountability gap

*If we're serious about putting tenants genuinely at the heart of what we do the mutual model can deliver says Mike Owen of Merthyr Valleys Homes*

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Housing is a complex business and there are now over 20 housing associations in Wales with a turnover greater than £20m per year. Many of them do amazing work on regeneration and provide great quality new housing in Wales. There is a pretty thorough regulation system in place, there is little fraud and fairly decent standards of probity; but the question that remains unanswered is, "How can these growing and important parts of the third sector be more democratic and accountable to the communities they serve?"

Local government might have imperfections but at its heart local people can call politicians to account through the ballot box. Whilst housing associations might claim to have tenants at the heart of their business how can a housing association tenant really call their landlord to account? They can complain about the services provided, they can write to the regulator, but when it comes to the wider strategies of a landlord; tenants may well be consulted with, but they are still inherently disenfranchised.

An example of this lack of accountability and the need for a fresh approach to structure is the thorny issue of the payment of board members. So far two housing associations in Wales are paying their board members; by the end of this financial year I predict it will be closer to ten and within three years about 90% will be paying something to their board members. There is no problem with paying board members and if you want the very best people to manage organisations investing billions into the Welsh economy you might well need to pay them. But here is the dilemma; providing an association meets the basic regulation standards the only assessment of a board is a self-assessment by themselves. And if the organisation decides to pay board members it is those same board members who recommend the payment to what is usually a narrow shareholding group at a lightly attended AGM.

There are two solutions to increasing accountability. The first is a wider shareholding democracy through encouraging all tenants to become shareholders and to use their power at the AGM. In this instance board members would need to be clearer that they were acting in the interests of shareholders. This would be a powerful tool if the majority of tenants were shareholders.

The other option is a mutual housing model which is an extension of this shareholding democracy and one where shareholding members elect their own members panel of tenants and (in some cases) employee shareholders with very specific responsibilities and real power. In a mutual this members' panel will, as a minimum:

- Appoint and can dismiss the board and the chief executive
- Set the vision and strategy for the organisation
- Assess the performance of the board
- Agree serious strategic decisions such as mergers.

And in the example above they could agree the board member remuneration. The mutual model provides real accountability back to tenants' and would it not be a healthy place for boards members to feel that they have a mandate from the tenants for their actions and that any remuneration has been agreed by the very people who will fund it.

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## About the author

**Mike Owen** is Chief Executive of Merthyr Valleys Homes, Wales' first tenant / staff mutual. You can find out more about how it works [here](#).

