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Structuring governance: A case study of the new organizational provision of public service delivery

Abstract

Drawing on research findings concerning the new management structures and paradigms in the range of services formerly provided within the public sector, this paper reports on research conducted into the governing structures of a newly registered social landlord, formed to take over a local authority's housing stock. Using a variety of ethnographic methods, the research looked at the ways in which the members of the governing body translated understandings of neutrality into their everyday practices and how expertise was constructed by the members themselves as well as their perceptions of each other's expertise. We conclude by relating the findings of our research to other literature on citizen participation and argue that these elements of neutrality and expertise lie in tension with, and constrain, effective participation.

Key words: active citizens, expertise, governing, neutrality, social housing

Across the range of services formerly provided within the public sector, control has passed from democratically elected committees to governing bodies of self-selected 'active citizens'. Alongside initiatives to increase public participation in health, housing and education, more fundamental changes are taking place in programmes that transfer the management and sometimes ownership of hospitals, homes and schools to new organizations. The work of professionals in these new organizations is overseen by management boards, who are expected to monitor and provide strategic direction using a mix of professional knowledge, expertise and service user understandings. This article considers the case of social housing, in which significant change in ownership and

control has occurred in the last two decades. We report on a study of the governing body of a newly formed registered social landlord (RSL), which was set up to take ownership and management of a local authority's housing stock after a large-scale voluntary transfer (LSVT). Here, the concept of 'citizen' became blurred because these changes also prefaced changes in *culture*: primacy was given to operating as a *business*, and service users re-labelled *customers*, in an environment where large-scale private borrowing is the norm.

The governing body of these new organizations is derived from three constituencies: a third each from tenants, local authority councillors and 'independents'. We focus on two findings that, we argue, expose contradictions in government policy towards more participative forms of governance. Indeed, this social housing case study calls into question whether these new forms of governance are about participation at all. First, we look at the requirement that board members should not represent any 'outside' interest, whether that be other tenants, the council or other business. This we call 'the neutral allegiance model'. This reflects the adoption of a model of private sector corporate governance that is more an attempt to make RSLs look like private businesses than a model appropriate for increasing public participation. Second, we consider the different ways in which 'expertise' was deployed within the governing body. Drawing on governance research in the corporate sector, we question the extent to which boards can be *strategic* decision-makers (McNulty and Pettigrew, 1999). Cornforth (2001: 4) has identified two broad theories of the role and power of boards: agency theory, which understands boards of external directors acting to ensure managers work in shareholders' interests; and managerial hegemony theory, which suggests that it is managers who really have the power through the expertise, time and resources they bring to the organization. Our analysis of expertise on the RSL board fits within this latter vein. We conclude that these two factors have a *narrowing impact* on the possible modes of *governing* by RSL boards, significantly reducing the possibility of increasing tenant or community participation.

We begin by discussing the environment in which the boards of these new RSLs have developed, looking first at the role tenant participation has played in housing policy, and then at the importance of housing stock transfer. We go on to outline the characteristics of the new RSL and its governing body, and our research methods. We then turn to the neutral allegiance model and understandings of expertise. Our data enable us to question whether a model of governance that

prioritizes financial and business norms, that mutes the external voices of service users/consumers and councillors as community representatives, can be an appropriate model for delivering a social housing service. We conclude that, in common with research into participation in other fields of public service, our findings identify and problematize notions of 'representation' and 'lay' participation.

Housing policy: Tenant participation and the transfer of council housing

We have already suggested that the new forms of governance in social housing may, in practice, have little to do with participation. However, the idea of involving tenants in the management of housing is not new (see Cairncross et al., 1997), and the possibility of direct democracy is often used as a selling point to tenants to encourage a vote in favour of stock transfer. It is therefore relevant to our analysis briefly to consider the recent history of tenant participation in social housing.

A small co-operative housing sector has been in existence for all of the last century. Housing associations, which have seen themselves as developing *communities*, have often sought the active involvement of their tenants (see McDermont, 2004). From the 1970s there have been more direct policy initiatives to promote tenant participation in both local authority housing and housing associations (Richardson, 1977). These have been largely 'provider-sponsored schemes' (Simmons and Birchall, 2007: 575) supported by the Tenant Participation Advisory Service (TPAS) and the Priority Estates Project (PEP).

From the 1980s onwards tenant participation became a central element in social housing rhetoric, as the Thatcher government sought to undermine local authority power (see Riseborough, 1998). Tenant management organizations, in which budgets and certain management functions on council estates were devolved to tenant management co-ops or estate management boards, are often seen in contrast to tenant participation (Simmons and Birchall, 2007: 576), but were nevertheless a product of central government policy rather than resulting from a groundswell of tenant action. Tenant participation was also given a voice through the work of academics such as Coleman (1986) and Power (1991). Tenant participation has since become a new area of expertise, with tenant participation managers and tenant participation strategies in housing organizations. By the 1990s, a well-defined and state-funded network of

organizations which were 'experts' in participation had been established: TPAS, PEP and the National Tenants Resource Centre. All offer advice, support and training packages. The concept of tenant participation has also become authorized through legislation. The 'best value' regime, set out in the Local Government Act 1999, required users to be consulted about service delivery, and local authorities to enter into 'Tenant Participation Compacts'. Present government rhetoric, reinforced by the social housing providers, asserts that it is only through tenant involvement that rundown estates and deprived areas can be rescued (see PAT 5, 1999 and PAT 7, 1999; generally see Goodlad, 2001).

The policy of transferring local authority housing to RSLs, however, arose from a different problematization. The first LSVT took place in 1988, set in train by local government housing managers who sought freedom from increasing control exercised over local authorities by central government (see Ginsburg, 1989; Malpass, 1990; Mullins et al., 1993). LSVT was subsequently embraced by a privatizing Conservative government and given further impetus by New Labour. The latter's 'decent homes strategy', which aims to bring social housing stock up to a specified standard by 2010, effectively pushed councils towards LSVT in order to obtain the massive levels of investment required (ODPM, 2003b).

The rationale for promoting stock transfer has always been financial (Malpass, 2000: ch. 10). The Treasury considers that RSLs are private, risk-bearing bodies, meaning that *private* loans taken out by RSLs are not counted as public spending (Garnett and Perry, 2005: 81). Stock transfer levers private funding into social housing, mixing with public grants, which can then be used to improve current housing stock as well as develop new stock.

As regards tenant involvement in the process of transfer, current tenants must vote in favour of it before it is sanctioned by government. Tenants generally have a third of the places on the new RSL's governing body. Indeed, governing arrangements for the new body are central to the transition. The new RSL is regarded as a self-governing organization within the regulatory confines of the state regulator, the Housing Corporation (now replaced by the Tenants Services Authority). The RSL board is ultimately responsible and accountable for the actions of the organization. In theory, the board is outside the control of both central and local government. However, from the outset, the LSVT RSL carries a multi-million pound loan debt and the business plan becomes the new organization's key document. The terms of the loan become a constraining governing norm

(Cowan and McDermont, 2006), and the regulator's code makes it the board's top priority to operate as a 'viable business, with adequate recourse to financial resources to meet their current and future business and financial commitments' (Housing Corporation, 2005: para 1).

The composition and role of housing association boards became an increasing concern for the sector from the 1990s. In 1994 the National Federation of Housing Associations (the representative body of housing associations, now called the National Housing Federation) realized that action was needed to counter an unfavourable external representation of RSLs. It established an 'independent inquiry' to 'overhaul the governance of the [RSL] sector' (NFHA, 1995/6) which resulted in the first Code of Governance (NFHA, 1995). This Inquiry stopped short of recommending mandatory board places for tenants, and expressed concern that this mechanism 'should not be a substitute for wider accountability and responsive mechanisms' (NFHA, 1995: 59). According to the Federation the role of an RSL board is 'to determine strategy, direct and control an organisation's affairs' (NHF, 2004: 8).

The research subject: Wandland Housing Association board

The nature of our investigation and our research questions required rich ethnographic data, leading us to focus on one RSL over a period of four months.¹ The research subject, Wandland Housing Association, was in the process of taking over the entire housing stock of Wandland Council at the time our research began. Wandland is a district council with a mixture of urban (medium-sized town) and rural housing.² A previous attempt by the council to transfer its housing stock in the early 1990s failed due to political disagreements and a tenant vote against it. In the early 2000s, the council again began to investigate stock transfer when no political party had overall control. A stock options appraisal which set out transfer to an association as the most appropriate option was approved by a full council meeting. Preparations then began for another tenant ballot and a 'shadow board' for the new RSL was formed. Over the period of our research, the shadow board became a full board, the association had the pre-registration visit from the Housing Corporation, and the voluntary transfer was executed.

Shadow board members were appointed through a variety of mechanisms, depending on their 'constituency'. Councillors were nominated by

political parties in proportion to the number of seats each party held on the council. All tenants were initially invited to apply to become board members through an advertisement in the tenant newspaper. A subsequent meeting between the interested tenants and housing officers left five tenants to fill the five vacancies. Following the death of one tenant board member, a vacancy was advertised amongst tenants. Interested persons were interviewed by housing officers and members of the board, resulting in an election (in which all tenants could vote) between two candidates. For the 'independent' board members, council officers conducted a skills audit and advertised in local newspapers and websites. A panel of two tenants and two councillors interviewed twelve or thirteen candidates, selecting four. The fifth place was left vacant as the board sought to recruit an accountant.

We interviewed key actors in government, the regulator and other housing organizations on the role of the RSL board. We analysed media associated with the transfer of Wandland Council's housing stock, including council documents, a video promoting the transfer to tenants and local newspaper stories. We then carried out semi-structured interviews with board members to explore reasons for joining the board, the method of appointment, and how they managed the complexity of their roles as board members. We asked what skills and expertise they felt that they and other board members brought to the board. We explored the same issues in interviews with officers of the council and Wandland Housing Association. We attended board meetings and board training sessions, observing the interactions between the board members. Finally we interviewed a sample of senior housing officers of Wandland District Council and the recently appointed Chief Executive, Finance Director and Development Manager of the newly formed association. These interviews tested preliminary findings and developed an appreciation of two further issues: the process of appointing the original board; and how understandings about the conflicts involved in board membership were being resolved.

The role of the board and board members

The neutral allegiance model

Having appointed tenants and councillors to the LSVT board precisely because they form part of those constituencies, these people are then

required to shed those identities and act neutrally. They became ‘representatives without the means to represent’ (Clapham and Kintrea, 2000: 547).³ The NHF and Housing Corporation have made the neutral allegiance model clear in their literature:

All board members share responsibility for its decisions. Each should act only in the interests of the organisation and not on behalf of any constituency or interest group. (National Housing Federation, 2004: 8)

Individual governing body members act in a personal capacity and not as nominees/representatives of any other body, unless the constitution so provides. (Housing Corporation, 2005: para 2.1c)

Despite this official line, the Audit Commission has acknowledged that a tension exists for tenants and council members:

Many tenants of [LSVT RSLs] feel they are on the board to ‘represent’ a constituency of tenants. Often this misapprehension is a direct result of mis-selling the role at the time of the ballot. . . . This is not compatible with the accepted principle that dictates that as a board member they have to work for the interests of the organisation – that is, that the directors’ responsibility takes supremacy. . . . resident board members are not there in a representational capacity. (Audit Commission, 2004: 45)

The Audit Commission also noted that this ‘confusion is reinforced . . . by most residents coming onto the board via an elective route’ (p. 45). Their primary recommendation was for the government and Housing Corporation to address this misperception (p. 8).

Confusion is compounded by government guidance on Arm’s Length Management Organizations (ALMOs, an alternative to LSVT for ‘high performing’ authorities only, under which the local authority transfers the management of its stock to this organization: ODPM, 2003b: 16). Their governing bodies are made up from the same three constituencies as LSVT RSLs. Guidance explicitly specifies that ‘Tenant board members should be elected by their fellow tenants *to ensure that they are genuinely representative*’ (ODPM, 2004: 12, emphasis added). Civil servants themselves raised this contrast during our interview:

. . . the odd thing is . . . ALMO Board members are actually all elected, tenant board members are elected . . . I must admit I think it’s quite

difficult to reconcile that, because the board membership issue, of what a board member is, applies equally to an ALMO board member as it does to a housing association board member.

The neutral allegiance model appears to be a peculiarly pure form of corporate governance, one which corporate governance scholarship has long since questioned (Law Commission, 1999). This model is derived from company law which says that a company director owes their duty to the company and not to the shareholder, because the company is a legal person (Lowry and Dignam, 2006: ch. 14). Directors are the agents of the company, their role being said to be profit-maximization (which is also assumed to be the interest of the shareholders). Thus, directors must not act in their own interests, and they must not let their 'duty and interest conflict' with the company's interest (Parkinson, 1989: 76–7).

The purity of that approach is seldom pursued in corporate governance. Rather, the statutory statement of directors' duties found in the Companies Act 2006 is underpinned by the concept of 'enlightened shareholder value'. That requires directors to exercise their duties with broader interests in mind. Perhaps RSLs' adoption of governance models in a mode more rigorous than the private sector itself operates is intended to emphasize the private sector nature of the organization being created (Freeman and Peck, 2007). It might also be said that, in looking for tools to control boards of governance, it was natural to look to the well-established duties of company directors. As Miller and Rose (1990: 6) suggest, it is the very invention of linguistic tools in this context that implies such a representation, 'the elaboration of a language for depicting the domain in question'. As we shall now show, in the silencing of alternative perspectives and versions of truth, the neutral allegiance model offers a very political, repressive understanding of the new terrain of the social which the private, corporate world inhabits.

Impact in Wandland In our case study, tenant and councillor board members generally accepted the neutral allegiance model, perhaps because this had been a central message of the training sessions. They created a distance between the personal/political and their board membership:

I've actually got my position on the board because I'm a Liberal Democrat Councillor. But when we're actually there for a board meeting that doesn't come into it really. It's just everybody is a person. (Councillor 1)

Yes I'm there as a tenant and I'm putting that side of it, but I don't represent the tenants. It's the board has got to work . . . And if the board's going to work you're not a tenant, you're not putting tenants' views, this is me speaking. (Tenant 1)

Others were able to substantiate their claim to neutrality, as opposed to representation, by reference to their ignorance of the views of their party, or other tenants. Only Councillor 4 explicitly distanced himself from the model, on the basis that his position on the board was due to his party allegiance, something which some of the tenant board members both recognized and disparaged. However interviewees, explicitly or implicitly, consciously or subconsciously, hinted at contradictions and conflicts in their role. The metaphor most regularly used by tenant and councillor interviewees to describe the multiplicity of identities was about the different 'hats' which people had to wear. Becoming a board member required wearing a different hat from usual, everyday experience.

Conflicts or tensions, when they emerged, were regarded by our interviewees as *situational* and *person specific* rather than general, and thus intellectually marginal (for example, as a particular member's peccadillo, or a difficult question now resolved). These conflicts or tensions also had disaggregating effects, felt only by councillors, or by tenants, and therefore were viewed as being a problem for the individual, not the board, to resolve.

Councillors did not necessarily experience the tensions as a group; rather, individual councillors took up specific causes. Councillor 4, for example, re-negotiated the confidentiality clause governing the board because he felt that it hamstrung his ability to discuss issues between what was to become the largest housing provider in the district and the council. Everybody else had signed it (Councillor 3 remarking that he worked on the basis of 'iron trust' and although one could spend considerable time drafting such a clause, 'it'll be forgotten within half an hour of being written'). Here is the final draft of the clause, showing the additions (the words underlined) and deletions following debate at the board:

To treat as confidential all information specified as confidential in agendas of the board of Wandland Housing Association Limited or its committees and any personal information relating to ~~the business, policy, organisation, management, future plans, clients staff,~~ tenants and staffing

or other clients or information specified as confidential in proceedings of Wandland Housing Association the board or its committees to which I have access. Furthermore, I undertake not to part with possession of or to reproduce any of Wandland Housing's correspondence, documentation or internal memoranda for the benefit of the third parties without the express permission of the board. (Board meeting minute)

Similarly, we observed disaggregating effects concerning the negotiations over the price the RSL would pay for the housing stock. These were commercial negotiations in which the council had an interest in securing the highest possible offer and the RSL the lowest price. Councillors 1, 2 and 3 considered they had a conflict of interest and made such a declaration during council meetings. Other councillor board members, however, did not do so. Councillor 3 noted this contradiction between neutral allegiance and his dual role in this specific instance:

I'm a Lib Dem councillor, but however having got there, my role is now as a board member. . . . that creates conflicts . . . it amazes me how you know some of the others don't declare it, but if we are making decisions which impact upon . . . the valuation decision . . . then 'Excuse me' . . . I have to withdraw from that. And I have to withdraw in both chambers. (Councillor 3)

Two points made these episodes interesting. First, they were just that, episodes, which punctuated the norm of neutral allegiance, after which all (with the possible exception of Councillor 4) were able to revert to that norm. Second, they demonstrated that punctuations in the neutral allegiance model were usually personal. They were felt particularly acutely by some but not at all by others, depending (perhaps) on external norms.

More importantly, these episodes demonstrated the particular difficulties councillors faced in being board members. Councillors quite understandably saw themselves as *representing* constituents. They had a concern for the district as a whole leading them to become board members of the LSVT, but in doing so they found that their councillor concerns must be left behind. Some of our interviewees suggested that the solution was fewer councillors on RSL boards; that ignores the embeddedness of the LSVT RSL within the district, where it is likely to be the largest landlord and a significant employer. In any case, whilst

the model of equal constituencies is promoted, those contradictions need to be recognized and addressed.

Just as councillors could be expected to have a political agenda, tenant board members were also likely to have an agenda. Tensions became particularly apparent when officers initiated a discussion as to the appropriateness of tenants being officers in tenant participation committees. Officers felt that a conflict of interest could result from tenant board members having such a role. For Tenants 1 and 2, this raised a point of principle: they wanted to continue their involvement with their committees and would have resigned from the board if this was constrained. Tenant 1 noted that engaging in tenant participation enabled them to be representative of all tenants ('If I was isolated in this flat and I never spoke to anybody how can I say that I'm representative of all the tenants?').

A compromise was reached: tenant board members could be involved within the district-wide tenant participation structure but not as officers, although they could take a role in their local residents' association. Tenant 2 sought to resolve conflicts of interest by discussing with members of her local association what should happen if there was a vote in a board meeting against tenants' interests:

I said [to members of the tenant association] look there is this dialogue going on about being members of a tenants and residents association and being a Board member, and I said it might mean that on occasion, I would have to vote against something that you might actually not like very much or, you know, for something that you might not like very much, because it's the best, it's in the best interests of the company, and how would you feel about that? And they said 'well that's fine'. They didn't see any problem with that at all.

Even so, Tenant 2 and others made clear that they sought to act as a channel for the views of the local committees and residents through to the board: 'I take their views forward to the Board. They're not necessarily my views because I chair their organisation. And as chair you take forward your organisation's views don't you?'

Tenant 3, on the other hand, was concerned to promote the local rural interest as opposed to what he viewed as the predominance of the general urban voice in tenant participation. The conflict was recognized as ongoing and apparent, one that might be resolved pragmatically, but was constantly in the background:

. . . tenant participation historically has centred around Carrick and Bochester . . . I am determined that those areas will not see the level of preferential treatment they've had in the past because of that. . . . So yes I'm there to ensure there's fair play but I'm also there sometimes to give a counter-argument. (Tenant 3)

Tenant 3 sought to resolve potential conflicts pragmatically by arguing that the board was responsible for strategy; local operational issues should not be the subject of its explicit enquiry or decision.

Perhaps the most significant tension for tenant board members arose over the election of a new tenant. The original five tenant board members had been selected not elected. When one died there were two candidates for the vacancy. Both wrote a 150 word statement about why tenants should vote for them. Those statements became quite controversial amongst the board as they potentially put Tenant 6, who was voted on to the board, in conflict with the neutral allegiance model. Board members commented that the statements suggested that the candidates would work for tenants, or be the tenants' representative on the board. This was regarded as understandable: unless one offered some sort of representation of tenants' collective interest, a candidate would be unlikely to be successful: "Vote for me because . . . I'm going to ignore you" won't get you on the board' Tenant 3 noted, but it created conflict.

It was recognized that the election process was something of a watershed: Tenant 6 had a direct mandate whereas all other board members, at best, had an indirect mandate. Indeed, some recognized that the position of most board members lacked legitimacy. Councillor 3 observed that, whereas he 'hadn't got a clue who elected me', Tenant 6 'lives with tenants and is known as a tenant and is bombarded'. He recognized that Tenant 6 had been placed in an invidious position:

Are [elected tenants] shop stewards for the tenants? Are they representing the tenants with whom they live? Are they representing the whole of the tenant board? . . . Excuse me, you know, what mechanisms do we have for ensuring they know and understand the views of all tenants? How do they project the multiplicity of views of all tenants? They're not representing themselves. I think they're in a very very difficult position.

Tenant 6, however, was clear that he was not a representative; indeed, he explicitly stated his acceptance of the neutral allegiance model and that his role as board member was strategic as opposed to the "nuts and

bolts”: but as a board member I can’t go to the board and say “Mrs so and so down the road has got a drippy tap, can you get it fixed?”’. There was a piquant moment at the end of his first board meeting, which neatly captured the problems:

well I was saying to this young lady on the night of the board meeting that theoretically, you know and – I mean I’m not putting anybody down cos I don’t – I’m the first tenant board member to actually be elected by the tenants in Wandland. And I just said as a joke that gives me more credentials than the rest of them.

A final point of tension, which caused disaggregation between the tenant board members, concerned rent arrears: at what point, if at all, should the RSL take possession proceedings? This produced three poles – the knowledge of tenants as tenants as to why rent arrears arise in the first place; the nature of the tenant as board member; and the strategic role of the board. It was in seeking to balance these three positions that differences emerged amongst tenant board members about the extent to which tenant board members should advocate for other tenants. The issue divided tenant board members and, at heart, concerned the extent to which they were willing to ally themselves with occupiers generally or accept a ‘business’ approach; it concerned the representative nature of tenant board members at the sharp end.

Though some tenant members always defended tenants when an item was perceived to harm tenant interests, others were fairly intolerant of non-ideal tenants. The discussion about rent arrears illustrated this dissonance. This board meeting was the first that Tenant 6 had attended. He was concerned about the approach adopted by other board members:

I was a little bit annoyed on Wednesday night . . . some of them seemed to think they were directors of the company and they were the ones who were putting their own money into it. And they were getting a little bit . . . um, you know let’s not care about the tenants . . . on the social side of it, as being that it’s a social housing association . . . we’re going to be hard as nails and if they don’t do this and don’t do that you know let’s get the heavies in and throw them out 10 minutes later, like you know.

As with the councillor conflicts, these examples raised difficulties for tenant board members in accepting the neutral allegiance model. They sought to pragmatically resolve tensions, seeing them as one-off

problems not fundamental threats to a doctrine. No-one suggested that there should be a reduction of tenant numbers on boards, and indeed some RSLs suggest that the number of tenant board members could be increased (usually by reducing council nominees).

In concluding this section, we note Pettigrew and McNulty's (1995: 845) observation that

the power and influence of part-time board members is shaped by the simultaneous and interactive effects of a set of structural and contextual factors, position and skill in mobilizing a constellation of power sources, and skill and will in converting potential power into actual influence.

The 'neutral allegiance model' is, we would argue, a structural constraint that will limit the role of board members, silencing some of their potential contributions as 'active citizens'. We now turn to skills, or expertise, and the role it can play in boardroom power relations.

Constructions of expertise

In the previous section we showed how the 'neutral allegiance model' focused the decision-making capacity of board members on the needs of the business, leading to a restriction on the roles that board members could play. Of course, organizational and ownership changes in public services have been intended to achieve such culture shifts: organizations are expected to operate as *businesses* in an environment where large-scale private borrowing is the norm.

In this section we show that, whilst tenant board members in particular asserted their own forms of expertise at some levels of decision-making, in the business-focused environment created by stock transfer it was financial expertise and knowledge of business practice that attained premium value. The business plan becomes *the* key document, and the culture shifts towards managerialism and acting in a 'business-like way' (Clarke et al., 2000: 9). In this context the interplay of expertises is complex. The knowledge and experience of tenant board members as occupiers of social housing and of councillors as representatives of local communities operated alongside the professional expertise of the lawyers, solicitors, accountants, and surveyors on the board. Nevertheless, our case study suggests that, when issues of 'high' finance came under discussion, all board members became 'lay' members alongside the professional expertise of executive staff members and consultants.

In many settings, the mundane as well as the dramatic, experts have the potential to make life-changing decisions. Questions such as ‘who is an expert?’, and ‘how is expertise authorized?’ are fundamental, but are treated as non-problematic:

The concepts are presented as predetermined, temporally and spatially stable, quite obvious, and even natural. Typically, ‘experts’ from specific fields, occupations or with special skills – perceived or represented as relevant – are identified and their ‘expertise’ whether skills, opinions, authority and so on – invoked, evaluated or criticized. (Edmond and Mercer, 2004: 1)

Expertise is usually portrayed as being objective knowledge, often of a technical nature. Within the context of our housing association board, with the loan contract to focus the mind, financial expertise was perceived as crucial. Board members, when asked about training needs, generally pointed to their lack of financial knowledge, putting financial training at the top of the agenda. In this form of expertise, dealing as it does with numbers and equations, knowledge gains even more an appearance of exactitude. The accountancy expertise that the board sought has its own very particular construction of ‘truth’.

The basic problem in auditing [and for auditors] is that numbers don’t speak for themselves. Numbers may reflect management self-interest rather than reality, or they may be simply wrong. (Pentland, 1993: 609)

Unaudited numbers are unclean, disorderly and dangerous (Douglas, 1996). Auditors’ professional training involves learning the rituals necessary to transform and purify ‘the inherently “unclean” client data’ (Pentland, 1993: 609). The process of educating accountants places as much importance on the socialization of accountants as on technical know-how, in a culture where reflective and discursive skills are relegated, considered by some tutors as mere ‘waffle’ (Power, 1991: 342–3).

The idea that financial expertise is technical and objective knowledge not requiring communication with other interests arises not only when an accountant is appointed to the board (something Wandland Housing Association singularly failed to do within the period of our research). It could also arise from board training. If training consists of imparting an accountants’ technical know-how, board members alongside their financial experts will tend to see financial decision-making in

a one-dimensional, technocratic sphere. Financial training may in fact induce passivity in lay-members, as they become trained not to argue with numbers. Indeed, Collier's (2005) action research on a housing association board suggests that, in the absence of their own financial expertise, board members created narratives that placed high levels of trust in those with financial expertise, or narratives that justified decisions in terms of needing to meet performance expectations.

In this research we understood expertise in a broad sense, as arising not only from skills, knowledge, educational and professional background, but also from *experience* (Nowotny, 2003: 154). Including experience extends understandings of expertise: tenants' experience of living in social housing and of living within particular communities becomes expertise.

Tenants constructing expertise McDermont (2007: 87, drawing on Larner and Butler, 2005) has suggested that a new field of expertise, *governance expertise*, might be developing.

It is into this new field of expertise that tenant governors may be able to insert themselves, coming as they do with a certain 'authorisation', a claim to 'speak authoritatively' on the subject of tenants.

However, there is a danger that taking on expert roles can be a 'dividing practice' (Foucault, 1983): dividing tenants from other professionals because their expertise is regarded as less valid; or dividing tenant board members from other tenants because as governors they must hold the interests of the association, not the tenants, as paramount.

Nevertheless, in our case study we saw a complex construction of tenant board members' expertise developing, with tenant board members making strong claims to expertise in a number of ways. Several had many years' involvement in the tenant participation structures set up by Wandland Council. Tenants' committees had been involved in consultations leading up to the stock transfer, giving tenants experience and understanding of the transfer not possessed by other board members. One tenant was a member of a county-wide tenants and residents' forum, and two tenant board members had completed a diploma in tenant participation, funded by the council. So they were able to validate their expertise on the basis of taught knowledge as well as experience.

The second mechanism used by tenants to construct expertise was to draw upon their life experience. Two claimed expertise in disability

issues through their roles as family carers. For one of these members, this led to a general interest in policies of housing management: he became chair of the Policies and Procedures Working Party, devoting considerable time to examining and amending the policies prepared by consultants and officers.

The third level of expertise was perhaps the most visible, that gained from being 'inspectors of expertise'. One tenant board member had become a Tenant Inspection Adviser to the Audit Commission and sought to impress on the board not just that knowledge and experience but also what would be required for registration by the Housing Corporation. Another tenant board member, an inspector for Investors in People, brought an understanding of 'best practice' in public service delivery.

This self-projection of expertise by tenant board members led the other board members to treat them with a general level of respect, recognized for their technical know-how as much as the lawyers and surveyors. However, over time this version of expertise might become less recognized, as suggested by an interviewee from the Tenant Participation Advisory Service:

Tenants are now perceiving that they are seen as second class directors by other governors. Other governors think that an awareness of the tenant perspective is only one part of being a good governor, that they need more expertise in other areas. Some independents feel that the expertise tenants bring might not be enough.

Constructing financial and business expertise We have already referred to the centrality of the business plan and the notion of a 'viable business' in the Housing Corporation guidance. Guidance to local authorities similarly reflects this managerialist approach to governance:

13.17 The composition of the governing body should be such that it has the full range of business skills and financial acumen to be capable of managing a large organisation, which is likely to have significant debt at the outset. This will be important not only for the new RSL but also for funders. (ODPM, 2003a: 87)

The environment and culture of the RSL sector is one in which the competitive ethos has been internalized (Mullins, 2002) and where business and financial planning are primary concerns for board members. It was

this sort of expertise that the officers were looking for when they appointed independents to the board.

Our interviews with the independents indicated that they too perceived a hierarchy of expertise, regarding their board membership as arising from their business expertise. They suggested that only they could bring the necessary skills and knowledge:

I suppose, I would say the independents are mainly looking at whether this is an efficient business, whether it's effective in the way it's doing its financing, its budgeting and its business planning. So I think that probably comes in more from the independents than others. (Independent 3)

The independents I think because they'd been recruited for their skills and for their job roles . . . well to a certain extent I mean it cements the thing together a little bit. Otherwise . . . I don't think there would be enough professional input into it. (Independent 2)

As previously discussed, the board operates within a regulatory framework heavily loaded towards financial concerns. Board members frequently raised concerns about their lack of financial expertise (apparently a common problem in LSVT RSLs). Some board members openly expressed not just an (alleged) ignorance of financial issues, but a fear of addressing finance issues within the context of the association because the sums involved seem huge:

It really scared the pants off me when I seen it. The first ever financial statement they gave me, with all those damned '0's. I'd had nothing to do with finance at all . . . [except] my own obviously. (Tenant 1)

Observation of the finance training session, however, demonstrated an understanding of financial issues despite these various denials of expertise. Indeed, Tenant 1 went on to say that, after taking off the '0's, the finances became understandable because the numbers resembled household financial affairs. On the other hand, whilst the tenant board members openly expressed their inexpertise, the independent members were not so open about their lack of knowledge. Independent 1 had discussions with the trainer prior to the session about financial accruals, so enabling him/her to exhibit a certain expertise within that session. Independent 2 also demonstrated some understanding of

financial language. Tactics which individuals employ to convey their own knowledge and understanding feed into the way they are seen by others as having, or lacking, expertise. Educational and social backgrounds provide middle-class, professional board members with tactics for covering up inexpertise; for others, expressions of ignorance may form part of their learned responses.

In the developing power structures on the board, these ways in which board members generate themselves as subjects may be significant. An illustration of this came when the board discussed the process for choosing a private lender. The officers had asked the board to decide which members should attend the interviews with lenders. There was a need to demonstrate to potential financiers that the board did indeed possess financial expertise. We interviewed a private lender and the Council of Mortgage Lenders who said that they looked at board members' CVs when considering the financial risk the association might expose them to, a point also made by the board's consultant funding adviser. In the board meeting a consensus emerged that one of the independent members was the most appropriate to face the financiers, despite the fact that no board member possessed any formal financial expertise:

[Observer: Discussion moves on to who is going to interview and meet the funders. Tenant 1 and Tenant 2 both say they'll do it and Independent 2 is obviously uncomfortable with this.]

Independent 2: It's really important that we get the right combination on the interview panel . . . there's no point them turning up and not having the right panel . . . we are being interviewed as much as them . . . I'm not saying I'm the right person but . . .

Tenant 2: Independent 2 – can you do it then?

Independent 2: It's really important we get the right people.

Tenant 2: Independent 2, Independent 3? Can you do that day?

Independent 2: I'm happy to throw my lot in.

Tenant 3: [quietly but sincerely] thanks very much, that's really appreciated.

Tenant 2: I can do it if you want . . . I think I should as I'm vice chair.

[Observer: Independent 2 stresses the need for pre-interview meetings of board members and funding advisors 'we need more time, we want to impress the funders, not do the opposite'.]

However, even for the independent member chosen by the board there was a moment of embarrassment when lack of a particular type of knowledge was 'exposed':

Independent 2: I haven't quite understood the process . . . does the board have any more input in the short-listing? I'd like [Legal Advisor] to have input re: which solicitors work with which banks etc. and I would prefer to go with one of the banks we've heard of – not Dexia – never heard of them.

Funding Advisor: Dexia are one of the biggest banks in the world . . . they are the main player in the [RSL] sector.

Independent 2: Well that shows what I know.

Chief Executive: I've borrowed £43 million from them in the past so they're probably okay.

The complex, yet technical construction of what constituted expertise in the board context was exposed. As Jasanoff has put it, expertise 'is not so much *found* as *made* in the process of . . . technical decisionmaking' (2003: 159, emphasis in original). Despite not being an accountant, Independent 2 had shown some understanding of the financial world and been accorded trust and deference. That trust and deference, however, was reliant on a (self-)construction of expertise. The ignorance of Dexia downgraded that expertise, which was effectively silenced by the ability of the consultant and Chief Executive to delineate the field. Given that associations carry a large loan debt, this ever-narrowing of 'appropriate' expertise could eventually lead to the impossibility of board members having any input into the critical decisions about the terms of borrowing, decisions that impact on to every other decision the board is likely to make.

Concluding observations: How far can governors govern?

Our research findings, that board members can only operate within the narrow confines of a model of 'neutral allegiance', and a narrow,

technical definition of appropriate expertise, raise the question, can governors in practice govern? The theoretical role of the board may be 'to determine strategy, direct and control an organisation's affairs' (NHF, 2004: 8), but our research findings, and the literature relating to corporate governance in the private business sector question the extent to which boards can act as *strategic* decision-makers (McNulty and Pettigrew, 1999).

In our study the input of the board on policy-making was largely confined to making minor amendments to policies and procedures proposed by the officers and consultants. Officers seemed to want experts on the board simply to *reassure* and point out weaknesses:

we employ a finance team and a finance director and I would like to see on the board somebody with the skills and knowledge of operating something on the same sort of scale who can ask the right questions or see the weaknesses within that. (Chief Executive)

Even a more limited understanding of the board's role as scrutinizing the Chief Executive and other officers is located entirely within the framework of the professional norms held by the RSL's paid staff, and the concepts of bringing 'business and financial acumen'. The training programme, for example, was designed by the officers to impart the necessary skills and understandings to run a large business. On the RSL board, New Public Management values were reiterated time and again, from the regulator, the officers, and even the tenant board member who had inspected other landlords and 'knew' what the regulator wanted. Managerialized politics had taken hold. The concept of the 'well managed organisation' was taken for granted (Clarke and Newman, 1997: 143) and political decisions become de-politicized in the skilled and expert board.

These tensions are not confined to new governance mechanisms in social housing. Participation discourses in public services seem to revolve around two apparent polarities of 'representation' and 'expertise'. In a number of case studies in public participation examined by Barnes et al. (2007) both participating citizens and officials were concerned about the representativeness of participants. However, within programmes to improve the public participation in health services, for example, the idea of appropriate participants is narrowing to the 'expert user' (p. 81). Indeed, in an examination of policy documents relating to 'Patient and Public Involvement in Health', Martin (2008) identified a blurring of notions of expertise and representativeness

in which 'the involved member of the public [is seen] as filling a mediating role . . . lay individuals whose disposition and social location provide particularly acute insights to government' (p. 49). But is 'mediating' what we want from participative government? Barnes et al. (2003: 396) expressed concern that the construction of possible participants is marginalizing 'counter publics', those with critiques that might seriously challenge managerialism.

In the RSL model it is the 'neutral allegiance model' that makes challenge to the neo-liberal, market-based model of governance even more difficult. In our case study all board members bar one accepted the neutral allegiance model. Even the elected tenant board member accepted it. Underpinning this mundane, micro regulatory instrument is the same message (which was certainly accepted by our interviewees): this organization is a business with a corporate identity. The requirement for technical financial expertise only reinforced this.

The 'participating publics' that this model constructs as being able and appropriate to participate in social housing have produced a set of subject positions for participants as well as 'particular speaking and practicing norms' (see Barnes et al., 2007: 198), which are in tension with ideas of a broadly participatory model of governance. These tensions have been brought sharply into focus by the Future Shape of the Sector Commission (2006), sponsored by a large London RSL, which claimed that government insistence on tenant board members would prevent associations from operating as efficiently as private sector companies of a similar size.

LSVT RSLs may be seen by some as leading the way in tenant involvement in the social housing sector; our research suggests otherwise. Tenant board members (and others) may be constrained from either adequately participating or being accountable. The norms produced by the governance model militate against, not for, the possibility of political renewal.

Notes

1. The research was funded through the Centre for Markets and Public Organisation, University of Bristol, by a grant from the Economic and Social Research Council.
2. All names of places and people have been changed to maintain the anonymity of research participants.

3. There are parallels here with the movement to worker-directors in the 1970s nationalized industries, who 'entered a virtual vacuum; their role was unclear and they were cut off from the union links which might have given it some definition' (Prosser, 1986: 137).

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