

# Exploring Non-Executive Compensation for the Social Housing sector

## Introduction



**Michelle Dawson**, former Director of Housing and Communities at Abri, Board Member at HACT, and Trustee of Gosport and Fareham Multi Academy Trust

This session was led by Michelle Dawson, former Director of Housing and Communities at Abri, Board Member at HACT and a Trustee of Gosport and Fareham Multi Academy Trust. As an experienced board member, Michelle shared her insights on the importance of collaboration between Executive and Non-Executive Directors, and how to ensure this collaboration positively impacts on how social landlords work with their customers and communities. How NEDs can provide constructive scrutiny and challenge in their roles is a topic of particular importance in light of the expected focus on consumer standards in 2024.

## Customer Experience

Having an objective understanding of your customers' experience as they interact with your organisation is imperative. RPs should be able to plot their customers' journey through the organisation from their first interaction with your contact centre, right through to the conclusion of their query, complaint or tenancy. Many RPs will have datapoints on their customers' experience, but this data is

only useful when we triangulate it with the customer's voice. It is important that RPs present a "joined up" approach to engagement with customers, where data and the customers' voices are heard together to understand your customers and what is driving their experience. NEDs have an important role to play in ensuring that this is done effectively by pushing their organisations to evidence how that data is being used to lead to better interactions with their customers.

## Knowing Your Communities

The importance of understanding your customers and communities cannot be underestimated. No community is the same and understanding the context of the environments in which customers are living, and having a real understanding of their needs, is therefore critical. Again, RPs are likely to have datapoints on the communities in which they operate and these can provide helpful insights. However, how we link those datapoints to the customers' lived experiences within their environments is where the real value lies. This is particularly important where we are seeing changes in the operating landscape with increased judgements of maladministration from the Ombudsman.

RPs are increasingly seeing customers engage with their NEDs directly and, whilst this can be challenging at times, it allows the customers' voice to come through at Board level. NEDs can play an important role in getting out into their communities, talking to their residents, and taking their understanding of these conversations back into Board discussions. Where NEDs are not having direct interactions with customers, they can still push to ensure that the customers' voices come through to the Board. NEDs can also make important contributions by sharing knowledge of local organisations who are also operating within the same communities and could lead to greater collaboration. Referring to her own experience at Abri, Michelle recalled their ethos of "looking up and looking out", encouraging NEDs to help their RPs step back from any insular thinking and linking their decision-making back to their communities, remembering there is a customer at the end of each transaction.

## Scrutiny vs Engagement

It is important for RPs to remember that "scrutiny from" and "engagement with" their customers are two separate, but equally important, processes. Scrutiny exists as part of a healthy relationship between RPs and their customers, pushing progression within organisations when it is needed. However, without having a positive engagement and involvement strategy, RPs run the risk of retaining a tension in their relationships with customers. Engagement strategies are imperative to ensure that the voice of the

customer is heard within the organisation and can be a more productive method of responding to customers' feedback. NEDs can play an important role in pushing those engagement activities and ensuring that action is taken as a result of feedback received.

## Responsiveness vs Proactivity

It is easy for RPs' attention to slip away from "proactivity" to focus instead on "responsiveness" – responding solely to complaints and adverse findings. However, it is recognised that being in a "proactive" space will allow RPs to predict, and therefore circumvent, many of the challenges they face when tackling customer and community engagement. NEDs can ensure that RPs demonstrate to their Boards that they have a grip on what is going on within their organisation and are taking proactive steps to address those challenges. An example of how NEDs can contribute to this effort is by establishing and maintaining "learning loops" where responsiveness naturally feeds into sustained proactivity.

## Preparing for Regulatory Change

NEDs also have an important role to play challenging the organisation's preparedness for regulatory change. Assessing the risk of regulatory change and ensuring that all teams within the organisation know what these changes mean for them is imperative and oversight of this process should be driven by the Board. There has been some uncertainty and unease within the sector with so much change being introduced. Some RPs have had particular anxiety about how the inspection framework will impact on ratings, with Kate Dodsworth, Chief of Regulatory Engagement at the Regulator of Social Housing, publicly stating that many RPs within the sector will be getting a C2 rating in Customer Standards.

RPs need to respond to their gradings with honesty and humility, recognising that many organisations will not receive the rating they want and will be embarking on a journey of improvement. NEDs can play their part in this journey by assessing the rating and the feedback their RP has received and supporting the journey of improvement.

## Treating Customers with Fairness and Respect

It is anticipated that the changes in the regulatory framework will lead to the RSH focusing on an RP's ability to know what is

going on “behind the front door” for their residents, not just relying on their datapoints and statistics. It is expected that there will be a renewed focus on how RPs have considered the customer and be able to evidence how their organisation has treated their customers with fairness and respect. NEDs have the ability to ensure that a culture of good customer service is embedded throughout the organisation. One way to drill down into the RP’s culture is by considering data and customer responses during the complaints handling process. Customer complaints are usually made because the customer has, at some point, felt that they have not been treated fairly by the organisation. By reviewing data on customer satisfaction on complaint resolution, RPs should be able to identify whether customers feel respected and, if not, conduct root-cause analysis to identify improvement points.

Referring to a practical example from her time at Abri, Michelle recalled the Board ensuring that their organisation’s ED&I committee was chaired by one of their NEDs, allowing feedback on the organisation’s customer service culture to be directly delivered into the Board. They also used their scrutiny group to look back at the complaints process to analyse the tone of letters being sent to customers. As an example of building a positive culture of customer engagement, Michelle was pleased to see one customer, who had registered a significant complaint, be so well engaged throughout the complaints handling process that they went on to join the organisation’s scrutiny committee.

## Good Practice Examples

Grand Union Housing Group (GUHG) have recently conducted psychographic segmentation work to better understand their customers and have publicly discussed their findings. By introducing a needs-based approach to segmentation, GUHG have developed 6 different “personas”, setting out how day-to-day delivery of services can be successfully implemented according to the individual circumstances of their customers. This work has indicated that, in having a deeper understanding of their customers, RPs can more effectively shape their services. GUHG’s work also fed into the research report developed by Campbell Tickell on customer engagement for housing providers, a resource which RPs might find useful.

NEDs should be prepared for a challenging landscape in the coming months. However, it remains true that the partnership between the Executive and the Board will drive the delivery of good customer service and healthy challenge from NEDs is an important factor in this partnership.

## Join us for the next session:

### A discussion with Will Perry, Director of Strategy at the Regulator of Social Housing

In this session Will will explore themes from the RSH's 2023 Sector Risk Profile and regulatory engagement.

What are the key questions NEDs need to be asking in a more uncertain environment, with changing regulation?

A great opportunity to share your thoughts and ask those all important questions!

**Speakers:** Will Perry, *Director of Strategy at the Regulator of Social Housing*

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