

Housing associations' use of minority ethnic building contractors and services

Only a small share of economic benefits arising from housing association urban investment is finding its way to minority ethnic communities in the form of building work commissioned from black-run firms, reveals a study by Malcolm Harrison and Jacqui Davies of the University of Leeds. The study - which is part of a wider research programme on housing and the construction industry - investigated the relationship between housing associations and minority ethnic contractors. It found that:

-  Few housing associations have well-established procedures to monitor and review their use of minority ethnic firms.
-  Very few minority ethnic companies are awarded large contracts on housing association development schemes.
-  Only relatively small numbers of minority ethnic firms receive regular contracts for maintenance and repair work from housing associations.
-  Some minority ethnic firms have difficulty meeting the requirements for entry to housing association approved lists of contractors, and handling the tendering process.
-  Although a proactive approach by individual associations has benefited some black-run firms, a more passive stance is common: availability of training and support for contractors seems rare.
-  Pioneering work to develop registers of firms in Birmingham and London has been valuable, but such registers constitute a first step rather than a complete solution.
-  The financial regimes and investment trends influencing larger contract expenditure appear to be disadvantaging some black-run firms.

Introduction

Building work commissioned by housing associations can be a significant source of employment, and may influence processes of urban regeneration. Yet little is known about the impact of such investment for firms based in minority ethnic communities.

Claims have been made that few black-run companies or minority ethnic tradespeople have shared in the benefits from contracts for new building, repair or maintenance work. One response has been for housing associations in some cities to establish registers of firms that can be drawn on when invitations to bid for work are issued.

As part of a wider research programme in the construction field, this research gathered information on the use of minority ethnic contractors, their relationships with associations, and the impact of recent innovations.

The approach of housing associations

Few associations were found to have well-established procedures to monitor and review their use of contractors. Out of twenty housing associations studied, only three appeared to have reasonably systematic and fully operational systems for monitoring the flow of work to individual black-run firms, for keeping the use of contractors under review, and for reporting regularly to committee. In a fourth case, an association was capable of doing these things but had no minority ethnic contractors on its approved lists.

All the housing associations investigated had a high-profile position on equal opportunities, yet most had not prioritised the black contractors issue. Commitment sometimes depended on an individual active officer, in which case a personnel change might undermine progress. Given the quality of monitoring, it is sometimes difficult to measure the share of contracts by value going to black-run firms. Data on subcontractors and on-site staffing are rarely collected at all.

When recruiting contractors, some associations had adopted a passive rather than an active stance; few had made an extensive search, linked with offering advice and support on a regular basis. Some housing associations had been prepared to vary or waive formal requirements for entry to approved lists of contractors, and there were occasional examples of negotiated rather than tendered contracts, and of nomination of subcontractors. By contrast, however, some housing association officers suggested that it would not be possible to depart from normal tendering practices or to interfere in the choice of subcontractors without incurring unacceptable financial risks.

On the whole, associations had not developed

proactive approaches to the employment of black-run firms. Seven associations cited their involvement in local labour initiatives, but these sometimes require funding from outside mainstream housing investment, and will not automatically lead to a greater use of black-run firms on regular contract work.

Nonetheless, it was possible to find innovative arrangements with white-run contractors which included not only training, but also assistance in the development of black-run subcontracting firms. In one case, for example, a large, white-run main contractor had agreed to help set up a firm of painters and decorators that would work on the main contractor's scheme being developed for a black-run association. (Such examples, however, were rare.)

Use of minority ethnic contractors

There was wide variation in links with black-run and minority ethnic contractors. Some associations had several on their approved lists of firms and made use of them, while other associations had hardly any. Large contracts for development work had rarely been awarded to black-run firms, although there were a few exceptions (mainly in London and Birmingham).

There were twelve associations for which the research obtained precise numbers of black-run firms on approved development lists; half of these had only one black-run firm on their list or none at all. Two other associations for which there was reasonable information, apart from the twelve, also appeared to have no black-run contractors in development. This may be compared with the total numbers (where known) of firms on approved lists, which ranged from 12 to 200, the majority of associations listing between 15 and 65.

For repair and maintenance contracts, the known numbers of black-run firms on approved lists varied between none and seven, with the exception of one association which had 27. Most associations had made use of less than five black-run firms in maintenance and repair work during the last twelve months. The main exception was the association with 27 approved black-run maintenance and repair contractors, which had spent 90 per cent of its budget via these firms. (This was a black-run, London-based association.) Approved lists in most cases included between 12 and 50 firms for repairs/maintenance work.

Across the country, the setting of targets for channelling proportions of contracted work to black-run firms was rare. The overall impression from housing associations – with a few notable exceptions – was that only a small share of construction

investment and related expenditure was finding its way to minority ethnic firms. (This was despite the fact that all the associations studied did housing work in areas with substantial minority ethnic populations.)

In one of the cities where case studies were developed, a free-standing Care and Repair scheme was researched, as well as key local housing associations. This scheme allocated a larger share of its work to minority ethnic firms than did the associations. This may reflect partly the type of work available in care and repair at a time when rehabilitation expenditure by associations is not at a high level. (It is also worth noting that the scheme has a large number of minority ethnic clients, many of whom might welcome a builder with appropriate language skills apart from English.)

The contractors and their experiences

Case-study work and other information suggest that many black-run firms are small, often operating at a level of one person or a small group of tradespeople, and are often specialised. Nonetheless, in some places there are larger firms, occasionally capable of taking on or participating in major schemes. Possibilities of developing consortia are being pursued in some parts of the country as a means of overcoming the limitations of capacity and competitiveness of small firms.

Minority ethnic contractors can experience a range of difficulties, including a mismatch between their preferences and the types of work on offer, difficulties in dealing with housing association requirements for entry to approved lists, and problems with the tendering process (including pricing). Availability of relevant training and advice seemed the exception rather than the rule, and communications with associations in general were often poorly developed.

Some successful firms do manage to secure work from more than one association, but being on an approved list is no guarantee of a steady flow of contracts. Even a promise of regular employment may be of limited value. In one instance the research located a guaranteed contract created by an association for a black contractor; this turned out to be a cleaning contract worth only £24 a month.

Innovations and prospects

In Birmingham and London, efforts have been made to set up registers or directories of firms and tradespeople, so that prospective clients can draw on these when commissioning work. The two key initiatives of this kind supported by housing associations are the Birmingham Inner City Builders Support Unit and The London Equal Opportunities Federation. A third such register is likely to be established shortly in Lancashire. In addition, the Black Contractors Association – based in London – has maintained its own members' register and has also offered training and support to firms. (The issue of improved training opportunities seems to be a significant one for minority ethnic building firms.) However, the impression of the impact of registers is mixed. They can help in the flow of information and provide a starting point for recruitment, but cannot guarantee entry to approved lists held by associations.

Apart from helping to develop registers, housing associations can consider a number of options if they wish to increase the share of work going to black-run firms. Actions can include the use of discretionary powers in commissioning small-scale repairs or maintenance work, encouraging the creation of a local consortium, giving technical guidance, and offering the possibility of a negotiated contract. There may be some limits, however, in the sphere of large contracts, due to the importance of design and build arrangements, and narrow concepts of value for money.

So long as the allocation of contracts leaves community regeneration and local economic benefits out of account, then black-led firms are unlikely to make large inroads into development work. At the same time, any investment trends which favour newbuild and more peripheral development at the expense of rehabilitation may work against some black-run firms. For these reasons the researchers conclude that it is difficult to rebut claims that present financial regimes and priorities are disadvantaging minority ethnic businesses.

About the study

The research was undertaken by Malcolm Harrison and Jacqui Davies of the 'Race' and Public Policy (RAPP) Research Unit at the University of Leeds. Case-study work was carried out with twenty housing associations and a Care and Repair scheme, across six cities, and with fifteen building and building services contractors in a range of geographical locations in England. Additional material was gathered in relation to five initiatives concerned with trades registers, and from informants at a number of other businesses and housing organisations.

Further information

More details are available in the form of a report, **Constructing Equality: Housing associations and minority ethnic contractors**. This is published by The Policy Press (price £9.95).

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