

IRPM White Paper

Data ethics: plotting a roadmap
for the new frontier



Summer 2020



At least one in five British families has a smart speaker in their home. During the Covid-19 pandemic our kids have been busy socialising via Houseparty and few of us who are now working from home could manage without Zoom or Microsoft Teams. For property managers, the lockdown has shone a light on the way we use technology as never before and this exponential growth is driving ethical issues around privacy, data harvesting and function creep further up the agenda.

This white paper is the third part of the IRPM's 2020 Tech Insight series and is based on a discussion among a range of industry experts from across the property sector. It focuses on the challenges now faced by residential property managers and the wider sector as they seek to embrace the benefits of digital technology, harnessing data to add value to service delivery and the customer experience.

EDITOR'S NOTE:

The round-table discussion that formed this white paper was conducted remotely on 13 May 2020.

“One in five British families has a smart speaker”





Introduction

As innovation drives ever more sophisticated technology solutions, how the data is used is one of the biggest challenges now facing the property management sector. From building management systems to resident portals and from repair reporting to the internet of things, the residential block sector is embracing digital technology at pace and generating ever-increasing volumes of data around buildings and the people who live in them.

However, there is no overarching authority setting ethical standards around data use. Digital information is valuable and can be swiftly monetised and companies could be breaching residents' privacy by unthinkingly allowing the technology installed in the buildings they manage and the platforms they use, to harvest data that may then be sold on or exploited. So how can we better regulate and manage technology to ensure it is used in an ethical way, while still rolling out the benefits of digitisation to our customers?

Be alert to function creep

Building management systems are designed to collect information about building users in order to make their lives safe, comfortable and convenient. However, without robust data standards governing the way in which that information is used, it is impossible to exclude the possibility of function creep. This happens when data is used for a different purpose to that which was originally specified and could have potentially highly damaging consequences for property managers. The use of facial recognition software is particularly sensitive, as data may be used to track the movements of people without their prior consent or knowledge.

One participant used the example of building access systems that record people coming in and out of blocks. The data log records when each resident's cleaner, dog walker or dry cleaning delivery is accessing the building. It could be used to work out how much each resident is spending on those services and be sold on to a company that could offer the same services at a lower cost. Is that just good business or a breach of trust? Function creep is frequently unintended but it may have far-reaching – and unethical – consequences.

So the big question for property managers is at what point does the profession draw the line on the type of data being harvested and what questions should we be asking technology providers about the way in which our customers' information is accessed, stored and used? If the property industry is not already having these conversations with software providers, it should be – and as every aspect of our lives becomes increasingly digitised the need for clarity around ethical use of data becomes ever more important.

“It’s the wild west out there”

“In the worst-case scenario, data could be used to discriminate against potential tenants”

What are the triggers for misuse of data?

Third party providers are often at liberty to harvest data, leaving smart buildings, AI algorithms and the internet of Things (IoT) at risk of abuse and exploitation, with property managers frequently giving little thought to the potential consequences. Too often companies don't want to pay high prices for their software solutions and the quid pro quo is that the technology company retains ownership of the data.

With so many companies now investing in off-the-shelf solutions for digital applications as varied as concierge services, access and security systems, and resident portals, it is vital that building operators and managers are conscious of the ethical issues raised by the data they are collecting.



However, it was thought unlikely by participants that data ethics is on the agenda of many property management companies, beyond the requirement for a GDPR policy.

The round-table participants agreed that property managers need to know the triggers for misuse of data, in order to remain alert to potential abuse and to develop strategies for interrogation of their own practices. Some examples were identified as:

- Greed
- Fear of criticism or blame
- Crime
- Ignorance
- Reputation

“Data protection is about more than email addresses and contact details”



It was agreed that, going forward, these triggers could also provide a useful context against which to develop a set of much-needed standards and guidelines to ensure ethical use of data. The Government has published a data ethics framework around the collection and use of digital information. This framework was thought to be a good start but the issue for property managers is how best to apply them to their particular business model. The Real Estate Data Foundation has established six high level data ethics principles for use by the property industry but work in this area must continue. There was an appetite around the table for development of property-purposed ethics standards to enable the industry to use data in ways which promote trust and transparency and avoid unethical behaviours.

Data ethics – what's the problem?

A key message from the discussion that drives this white paper is that there is a difference between the data that:

- we are allowed to use – this is about rules and regulations such as GDPR;
- the data we can use – ie what technology allows us to do;
- the information that is possible to get; and
- the data we should use - which is where ethics comes in.

However, unlike what is legal and what is possible, what should be done is subjective. This makes ethical decision-making extremely hard to define – and to regulate – but property managers cannot leave these decisions to technology companies or law makers if they want to be trusted.

There are two things that can help with this: guiding principles and standards. Both of these are important. Setting out principles is easier and our participants agreed that this is the best place to start. However, in time the sector will need to come up with agreed standards. The definition of standards is itself contentious but effectively these are something that the industry, as a body of opinion, agrees to abide by. Facial recognition software is a good example of this. The key questions that should be asked when attempting to frame standards for its use could be along these lines: should we use this technology in lobby areas to track residents and, if so, what technical requirements does it need to adhere to, what happens to the data and how can it be used?

Plotting a roadmap

Development of professional ethical standards for the industry could be supported by a framework of external principles for specific types of applications such as AI, smart buildings applications etc. In the short term, self-regulation of property managers was held to be a good starting point, with the long-term goal being development of a property data ethics code, possibly with a committee structure and input from external sources.

High level principles (HLPs) best practice and industry consensus will all be needed to drive such an initiative forward. HLPs around data ethics already exist, but people often find these too vague; they are hard to put into practice without a codified set of rules to follow.

The similarity with the easing of lockdown was highlighted –the public are having to decide for themselves how to interpret government guidelines and the same is likely to be the case with interpretation of any framework that is developed around data ethics. Despite this potential stumbling block, a standards-based approach was thought preferable to legislation which may be gamed or ignored.



Consistency of approach

To take these ideas forward the earlier the industry can bring consistency to its approach the better. It was recognised that Lord Best’s 2019 RoPA Report has already established the need for property industry regulation, with professionalism at the top of the pyramid and individual codes for each of the property sectors feeding into that structure. Data ethics will be similar across all the property professions and could be developed as part of this framework, rather than attempting to configure a new stand-alone system for ethics alone. However, there was also a recognition that the report’s recommendations could take years to come to fruition and a more granular approach from the individual property bodies will be needed.

“HLPs, best practice and industry consensus will all be needed to drive this forward”

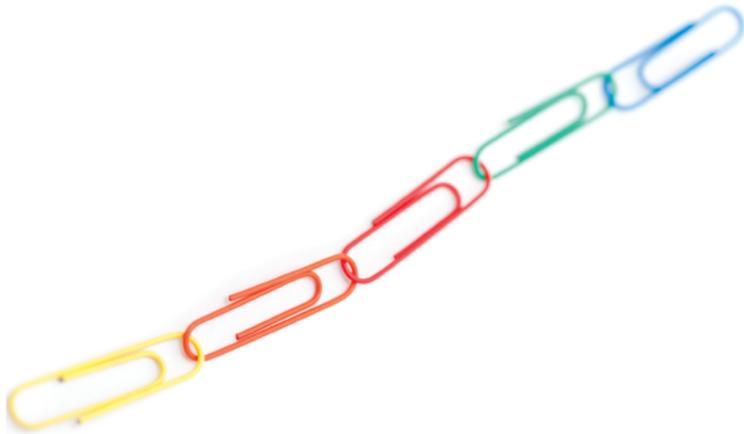
“We should be able to create a sensible matrix to help people make decisions based on best practice”

It was recognised that education will be vital to promoting ethical behaviours, with the IRPM having a key role to play, particularly in promoting strong corporate governance and social responsibility among property management firms. Someone at board level in every firm is responsible for the purchase of AI and its application and it is vital that there is full C-suite (senior executives) consideration given to the implications of digital solutions.

Building trust

Our panel of experts concluded that in order to maintain trust in the property management profession and to promote socially responsible corporate governance, the property management sector must start the conversation to progress development of collective data ethics standards.

The ultimate aim is to set clear principles for how data should be used. This will enable property managers to maximise the value of digital information while at the same time ensuring transparency and accountability around digital solutions – in particular those platforms delivered by third-party providers.



Next steps

Ethical standards are important. They are already out there and the challenge is to help property professionals understand the issues. Training and education are vital to understanding the triggers for misuse of data and there is already work underway to produce re-purposed rules and regulations for the property sector via RoPA. However, property remains a fragmented industry and there is a lack of ownership at government level, so companies need to start at the top with their own board members and drive a greater understanding of ethics down through the chain of command to property managers on the ground.

“If we’re moving very slowly towards a regulatory model, we can start to fill in the gaps from here with self-regulation”

“Companies need to start at the top with their own boards and drive a greater understanding of ethics”

To take this conversation forward, our experts believe there is a need for:

- A platform for tech and software providers, end users and the property industry to come together to discuss the issue of data ethics. Cross-industry collaboration is needed if a meaningful framework is to be developed.
- Industry engagement with the Real Estate Data Foundation which is connecting cross sector initiatives and has established six high level data ethics principles.
- Wider sharing of experiences and case studies to promote better understanding.
- Property management firms to ensure that a digital risk register is in place which considers the ethical use of data and how it engages with technology providers.
- Government to consider data ethics principles as a standard aspect of any future policy-building and delivery.

The role of the IRPM is to provide knowledge leadership and drive cultural change in the property management sector. This is the third in a series of four White Papers, inspired by IRPM's '4 Elements' which aim to start the conversation around the future direction of residential block management in a changing business environment. IRPM's '4 Elements' of property professionalism are:

- *Technical competence*
- *Safety*
- *Customer and consumer*
- *Ethics and behaviours*

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