



improving performance and efficiency in social housing

Driving up performance – Effective local information

Phase One

A framework for local performance information

March 2008

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A framework for local performance information

A proposal for a single system of standardised local performance information capable of being collated by OFTENANT at a national level

**HouseMark
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Introduction

Why is local performance information important?

The advent of a new regulator for housing¹ - The Office for Tenants and Social Landlords (OFTENANT) - charged with maintaining a strong focus on ensuring more effective accountability for service provision to tenants and local communities, suggests the need to develop effective performance information at a local level. However, this requirement needs to be balanced with the Government's commitment to not increasing the burden of regulation on the social housing sector.

These competing priorities have been recognised in both the Cave report² and the Housing Corporation and others responses to the consultation on the new regulatory regime.

Cave noted that:

Many key data are gathered on the performance of the social housing domain. Indeed there are indications that the volumes of data are excessive and underutilised. But it is also significant that opportunities to obtain comparative information across the domain are lost.

The Housing Corporation stated a key priority should be “*providing clear relevant consistent performance data at a local level*” and should involve:

- publishing information in a form that allows tenants to see how their provider is performing compared to others in their locality
- collecting less but publishing more – with the knowledge that public access to high quality performance information will drive improvement and place more power in the hands of both boards and tenants

The Corporation's position is consistent with the statement in respect of OFTENANT in the Green Paper *Delivering Housing and Regeneration*³ that:

to undertake its activities, the regulator will have a power to require information from landlords and this should also be provided to local authorities and tenants, so that they can form a view on the quality

¹ Initially OFTENANT will regulate housing associations and private sector providers. It is the CLG's intention that local authority housing departments and ALMOs will come within the OFTENANT regulatory ambit by 2011.

² Martin Cave: *Every Tenant Matters: A review of social housing regulation*: (DCLG 2007)

³ Quality and Choice: A Decent Home for All: The Housing Green Paper (DCLG 2006)

*of service they receive. The regulator will publish high level performance data by different providers in a way that enables **local** comparisons.*

Cave went on to say that if consumers are to be well informed then there is a need to *'have a single system at national level for the collection of performance information.'*

It is, however, a major challenge to create a system which produces simple, transparent, performance information which informs and empowers tenants and local communities without adding excessive burdens to the social housing sector.

Objectives of this research

This research therefore seeks to:

- consider the regulation policy environment - with particular reference to the OFTENANT regulation of the landlord role of social housing organisations
- understand the role that local performance information can play in empowering tenants
- evaluate the potential data that might be collected at a local level
- assess the feasibility of collecting this data at a local level

The research focuses on housing associations which are above the RASA size threshold, as it assumes that OFTENANT will maintain the current minimised regulatory requirements on small RASA associations.

The research also focuses on tenants as a whole and does not distinguish between tenants and leaseholders. Whilst it is understood that leaseholders have specific information needs, these are dealt with via the legislative requirements placed upon landlords in terms of consultation and information provision.

This Framework Paper concludes the first phase of this two stage project. The second phase is to test the conclusions of the paper in practice. The methodology for the project is set out at Appendix 3.

Part One: The regulatory policy environment and the role that local performance information can play

HouseMark considers that the three policy threads most relevant to this project are as follows.

Regulation Policy 1: Making a little data go a very long way

We have noted that the Housing Corporation's position is that of collecting less but publishing more⁴ – with the understanding that public access to high quality performance information will drive improvement and place more power in the hands of both boards and tenants.

The fact that the duties of OFTENANT are focussed very clearly on the landlord role should, in theory, make this a manageable task.⁵

However, the new regulatory dataset must serve a number of purposes:

- supporting regulatory risk assessment
- empowering residents and local communities to hold landlords to account
- supporting an environment where tenants have more choice over services from their landlord
- supporting landlord self assessment of performance

In addition, though the position is not yet clear, the data may also be required to inform:

- periodic inspection (or other forms of assessment)
- local authority housing strategy formulation
- evaluation by the Audit Commission under the Comprehensive Area Assessment of strong and prosperous communities and of community wellbeing

Given this scenario, there is a danger that local performance information will be expected to fulfil a number of regulatory purposes without a clear sense of how this might be achieved.

Regulation Policy 2: Moving towards domain regulation

OFTENANT will only regulate housing associations and private sector providers when it begins operating in April 2009. However, the government has signalled its intention that OFTENANT should move towards domain regulation – covering local authority retained stock and ALMO housing - by April 2011. CLG has set up a study group to look at the issue. Although the

⁴ This is consistent with the COUNT maxim – ie collect once and use numerous times

⁵ The intended focus of OFTENANT responsibilities can be deduced from the Housing and Regeneration Bill – relevant considerations are set out in full at Appendix 1

framework for domain regulation has yet to be determined, it is reasonable to assume that it will focus on landlord services.

This two-stage timetable creates the risk that a data collection system will be developed by OFTENANT that is not appropriate for local authorities and ALMOs when they eventually come under its scrutiny. This risk can be mitigated, however, by being mindful of the local authority data collection perspective when developing the framework and consulting with local authority and ALMO trade bodies at the appropriate time.

This research assumes that for domain regulation to be effective, there must be a clear 'read across' between the performance of housing associations, private sector providers, local authority housing departments and ALMOs.

This in turn implies that: there is consistency between the performance data reported by all managers of social housing.

This view is consistent with the Cave Review suggestion that there is a need to *'have a single system at national level for the collection of performance information.'*⁶

Regulation Policy 3: Empowering tenants and local communities through comparative data provision

Government policy seeks to empower tenants and local communities – local authorities and other key stakeholders - through comparative data provision.⁷

This implies that housing associations should be required to produce data at a local level which can be compared with information provided at a local authority level by ALMOs and council housing departments.

Cave considered that this data should be made publicly available on a national website maintained by OFTENANT.

Any requirement upon housing associations to collect data at a local level could be seen as adding to the regulatory burden.

However, our research indicates that associations and the NHF would be prepared to accept this provided that:

- there is consistency between the data that OFTENANT collects to monitor the performance of landlords as whole organisations and that collected at a local level
- the current number of PIs collected does not increase

⁶ Recent CLG determinations in respect of the Local Government Performance Framework have not been consistent with the requirements of domain regulation – eg the reduction in landlord-related PIs in the single set of National Indicators and the expectation that authorities conduct STATUS surveys on a two-year basis rather than the three-year cycle expected of housing associations.

⁷ For discussion on how data might empower tenants and communities see Appendix 2.

- difficulties in respect of local reporting of tenant satisfaction and cost are dealt with sensibly
- the issue of local data reporting where an association does not have a significant presence in an area is dealt with sensibly
- any revised data collection framework makes effective use of data available from other existing sources

Fundamental to these considerations is the need for a 'domain wide' national dataset of information specified by OFTENANT which is capable of being 'broken down' for performance reporting at a local level. The nature of this dataset is explored in Part Four of this paper.

Part Two: Who needs to know what and why?

In determining what data should be reported at a local level, it is important to consider what this data might be used for.

There are essentially five key stakeholders for local information:

- OFTENANT – the regulator
- tenants – the consumers
- local authorities – as place shapers and local strategists
- social landlords – the providers
- Audit Commission - as inspectors under contract to OFTENANT and in its CAA scrutiny of local authorities

Appendix 2 considers what these stakeholders want to know in some detail.

This analysis suggests that OFTENANT should be aiming for a set of local performance information that:

- provides OFTENANT with the information it needs to achieve its aims
- gives tenants the opportunity to hold their landlord to account and potentially helps move towards a situation where they have real choices in terms of services received
- allows local authorities to make judgements about local service providers
- focuses social landlords on collecting effective localised information to develop their business strategy
- informs Audit Commission inspection and CAA assessments

In an echo of the policy considerations set out in Part One, stakeholder information needs imply that there should be:

- consistency in data reporting at a local level between housing associations, private sector providers, local authority housing departments and ALMOs
- a standardised set of required local performance indicators which covers
 - core landlord performance
 - resident satisfaction
 - cost of landlord service delivery
- a mechanism which allows comparisons to be made between all social landlords operating in an area.

Part Three of this report sets out a proposed framework aimed at meeting these expectations.

Part Three: The Proposed Framework

The stakeholder analysis has shown that there are important reasons for tenants and local authorities being able to monitor the performance of social landlords. Local performance reporting by housing associations is therefore a legitimate addition to current data collection requirements – provided that a number of issues are satisfactorily resolved.

Some of these issues relate to the framework and are dealt with in this part of the paper. Others relate specifically to performance indicators and are dealt with in Part Four below.

A fundamental premise of this research is that a balance needs to be struck between the information needs of regulators, tenants and local communities and the technical difficulty for housing associations in providing this information.

Some of the landlords who we spoke to said that breaking down local information could be a problem for them. However, others were very clear that they do this already to inform their customer performance and asset management strategies.

This is important - if landlords are to be effective in terms of asset management and customer services they should be considering localised information. Given that many social landlords are doing this already shows that it can be done. Developing measures to make local comparisons can therefore be seen as a means of encouraging those who are not yet collecting local data to be moving towards better practice.

This does not however mean increasing the number of performance indicators which housing associations have to collect and report on. The aim should be to work with the grain of what is collected already.

Framework Recommendation 1: A requirement for local data collection should be limited to a small number of standardised PIs

There are essentially three levels of data that OFTENANT may be interested in:

- Level 1 – data it requires as mandatory
- Level 2 – data which it might encourage social landlords to collect on a voluntary basis
- Level 3 – data it might require to determine whether to take regulatory action

These levels of data are discussed below, but it is suggested that only Level 1 falls within the ambit of this research.

Level one – mandatory data collection requirements

As we have noted, the new regulatory agenda implies the collection of a standardised set of local performance data.

We have suggested that, to minimise additional information collection requirements for landlords, there must be consistency between specified local information and that collected by OFTENANT to monitor the performance of landlords as whole organisations.

We have also alluded to the need to ensure that regulatory PIs reflect what tenants and local communities need to know. This issue is explored in detail at Appendix 2.

This **mandatory** standardised dataset – available at national and (where possible) local level would provide a clear and easy basis for evaluation which allows comparisons between and within social landlords. The dataset would be limited to a small number of key ‘high level’ PIs which can provide a basic tool for tenants and local authorities to gain an overview of a social landlord’s performance and act as “can openers” for OFTENANT.

As a key aspect of performance comparison is assessing trends, it is therefore vital that comparisons can be made over time. This means that when OFTENANT decides what data is required, it should refrain from making changes to the regime for some time.

The aim is therefore to provide the PIs which allow comparisons with:

- similar PIs for other landlords – be they other associations, ALMOs, council housing departments – working in the same locality
- previous years PIs – to enable assessment of the direction of travel

It would also be helpful if tenants of a housing association can compare the level of service they receive with that provided by the association to tenants in other local areas.

Details of what these PIs might actually be are set out in Part Four of this report.

Level two – voluntary data collection and comparison

It is anticipated that OFTENANT is likely to undertake less regulatory scrutiny of landlords which can demonstrate that they are soundly managed and that the existence of effective performance management systems will provide a level of reassurance to this effect.

It is suggested that any effective performance management system will, amongst other considerations, involve the collection of comparative data at a whole organisation *and local level* which extends beyond the mandatory dataset specified by OFTENANT.

It is well established that, on a voluntary basis, most social landlords collect and analyse this additional data for:

- internal performance management purposes
- internal asset management and other business strategy decisions
- meeting any *additional* information needs of local tenants, local authorities etc

It is also recognised that landlords collect this additional Level 2 data in a number of ways:

- voluntary benchmarking
- voluntary accreditation schemes
- voluntary resident surveys
- voluntary data supply to local authority partners

The key aspect here is the voluntary nature of these arrangements.

However, this information will be of great interest to tenants, local communities and other stakeholders where the Level 1 mandatory dataset indicates that performance issues may be present. Level 2 data will enable interested parties to 'drill down' further to determine the causes of these performance problems.

As such, it is suggested that OFTENANT directly encourages landlords to undertake additional voluntary data collection and where there is evidence that this data is embedded into an effective performance management framework it will be a key factor in lightening "regulatory touch".

This would be in the spirit of Cave's suggestion that landlords who have set up "robust performance management arrangements" would not have to provide detailed information to the regulator unless specifically required to do so.

This OFTENANT encouragement should take the form of an expectation, perhaps expressed in guidance to landlords, that more detailed comparative or contextual data will be available at a whole organisation and local level and should be accessible to tenants and other stakeholders. However, OFTENANT should not specify the nature or format of additional data to be collected. This level of localised information needs to be collected in a way that reflects the aims and context of the particular social landlord so it can be used to inform its business decisions.

Level three - data OFTENANT might require to determine whether to take regulatory action

Where there is evidence of poor landlord performance, additional data may be required by OFTENANT in the context of deciding whether to invoke regulatory action.

This data may need to be provided at a local level – for instance where tenants of a national or regional association are unhappy with the service being provided in their locality and OFTENANT seeks to establish whether their concerns are justified.

OFTENANT may find Level 1 or Level 2 data useful and will require more information in these limited cases.

Whilst it is not suggested that OFTENANT makes the collection of 'in depth' data a regulatory requirement, it would be helpful if it were to indicate the type of information it will seek when considering regulatory intervention.

It is strongly suggested that Level 3 data collection and reporting should not be part of the OFTENANT local performance framework and is therefore outside the ambit of this research.

Framework Recommendation 2: Local performance information should be collected, in the main, at local authority level

It is self evident that 'local' does not mean 'national' or 'regional'. So for landlords operating at a national or regional level, some disaggregating of data will be required.

The options appear to be to collect:

- data at a local authority level
- data at a community or scheme level
- data at a sub-regional level

Our research indicated that:

- local authority area reporting would provide the best fit for comparison between housing association, local authority and ALMO landlord services
- it may be difficult to collect tenant satisfaction and cost data at a local authority level
- there was some concern that tenants might be seeking comparisons at a neighbourhood level
- some landlords were focussing their performance analysis at a sub-regional level eg Housing Market Area

Our recommendation that local data collection takes place at a local authority level is based on the following considerations:

- OFTENANT is likely to need to compare core landlord performance for **all** social landlords at a local level from 2011 – as local authority housing departments and ALMOs provide data at local authority level this constitutes a 'good fit'

- most housing associations already provide some data at local authority level to local authority partners and would welcome some standardisation of expected data⁸
- tenants and others seeking comparisons at a neighbourhood level should source this information from Level 2 data collection (see above). It is anticipated that this data will be provided 'as required' and is not therefore appropriate to include in a mandatory standardised dataset
- sub-regional data collection is valid but reflects interest in performance on 'non-core' landlord services

We acknowledge that difficulties may arise in respect of collecting data on tenant satisfaction and cost at a local authority level and explore these in Part Four of this paper.

Framework Recommendation 3: Local data collection and reporting should be expected for all social landlords except for RASA associations

We considered whether - as providing local information will require additional work for landlords in disaggregating data – they should be required to do this in every local authority area in which they work.

We considered whether the provision of local data should only be a requirement where a landlord has a certain size of stock holding in an area. We noted that Cave seemed to hold this view, stating that this requirement should only apply where a landlord had a 'significant presence' in an area.

However, the Steering Group for this project was very clear that there should not be a general 'de minimis' threshold based on scale of 'local presence' below which the requirement to provide local data should not apply.

The primary reason was that to introduce a 'local presence' test would disenfranchise tenants whose landlord had less than a certain level of property in an area. It was considered that these tenants were particularly at risk of receiving a poor service as local management arrangements were unlikely to be present. Indeed, the provision of information in this context might encourage associations with small holdings in an area to consider whether they can maintain a cost-effective management service or should consider the transfer of this stock or its management to a more local provider.

There are however some potential exceptions to this recommendation.

- where associations are only providing specific services such as care and support in a local authority area
- it was also accepted, reluctantly, that RASA associations probably didn't have the capacity to provide local data

⁸ Current work between London Councils and the NHF supports this argument

On the latter point it was acknowledged that this may well lead to some incongruities at the margins, where larger associations are having to report at this level, whilst other RASA associations who possibly have more stock in a particular area do not.

However, given the different reporting and regulatory arrangements for the RASA associations, it was felt that there was no alternative to them being excluded from this reporting process.

Framework Recommendation 4: Current arrangements which seek to maintain data quality should be reviewed

It was generally accepted by the Steering Group that the current requirement for external validation of housing association performance data systems was expressed in a 'fit-for-purpose' manner.

However, it was also noted that the current guidance reflects regulatory data requirements that pre-date the anticipated OFTENANT regulatory framework. For example, there is no consideration of how to ensure that local performance data is accurately collected and reported.

Our recommendation is therefore that, as good management practice, current guidance should be reviewed when the OFTENANT requirements are determined.

Framework Recommendation 5: Local performance reporting for OFTENANT purposes should not cover non core activities

The Steering Group was mindful of the debate between CLG and the NHF as to the need for regulation of 'non core' landlord activity. It was agreed that it was not the purpose of this research to take sides on this issue.

However, the Steering Group agreed that producing standard PIs to enable performance comparison will be extremely challenging in respect of 'non-core' landlord activity given:

- the diversity of local communities
- the diversity of different responses required
- differing priorities in Local Area Agreements
- differing capacity of landlords to make a contribution in specific local areas

As a consequence, it is recommended that 'non-core' activities are excluded from local performance data collection.

Part Four: What local data could/should be collected?

This section focuses on what the –national and local – ‘high level’ PIs for Level One might look like.

The research attempted to reconcile three factors which impact on both local data collection and the data required by the regulator to monitor the performance of landlords at ‘whole organisation level’:

- selecting PIs which reflect what tenants want to know
- selecting PIs that are useful to the regulator in terms of the risk analysis of associations
- selecting PIs which are useful to, and do not add to the data collection burden, for landlords

We were impressed by the NHF argument that maximum use should be made of data already collected – via RSR, CORE, STATUS etc – and that no new PIs should be added to the national dataset without deleting an equivalent number on the ‘one in – one out’ Elton review maxim⁹.

Given that tenants are the key stakeholders of local information it is clearly vital that the data is aimed at their requirements. We therefore considered the results of the HouseMark project *Developing and Monitoring Local Performance Measures with residents*¹⁰ which has undertaken detailed work with tenants to establish what their priorities are.

From this we identified the areas that the research indicates are of interest to tenants and mapped these against OFTENANT’s regulatory responsibilities to determine which performance areas are most important for local data provision.

The Steering Group for the project then considered which PIs might be appropriate in each of these areas, focussing particularly on the PIs currently collected by the Housing Corporation, and explored the following questions:

- do these PIs meet the tests mentioned above?
- if not, are others required?
- can these PIs be collected at a local level?

The recommendations below reflect these deliberations.

Trying to achieve a definitive workable list is the aim of the second phase of the project and this section is therefore very much the starting point for that work.

⁹ The one in one out principle will be considered in Phase Two of this project

¹⁰ See appendix three

Framework Recommendation 6: Most of the current HCPIs are fit for purpose and suitable for local reporting

This was the general conclusion of the Steering Group. However, some gaps were identified.

Repairs and major works

The Housing Corporation PI (HC PI) for responsive repairs is:

- percentage of tenants very satisfied or satisfied with the way their landlord deals with repairs and maintenance

The Steering Group agreed this performance indicator was broadly fit for purpose but that there were problems in collecting satisfaction data at a local level. For discussion of this concern, see below.

There was a discussion around whether that this ought to be supplemented by a 'hard' performance indicator. Those seriously considered were:

- percentage of response repairs where an appointment was made and kept
- percentage repairs completed within one visit (done right first time, no follow on)

Both of these have difficulties and if we are looking for a very focussed list it might be best to focus just on the satisfaction PI. This issue will have to be determined in phase two of the project.

The HC PIs for major works are:

- percentage of social housing rental stock failing to meet the Decent Home Standard
- average SAP rating (energy efficiency) of self contained general needs dwellings

The Steering Group agreed that they were fit for purpose and relevant as local PIs.

ASB

The steering group agreed that the absence of a relevant indicator within the HCPI dataset was a major omission given the importance of ASB to tenants.

The steering group considered that there should also be a local PI on ASB.

HouseMark has produced a performance improvement toolkit for landlords and has over 150 landlords undertaking ASB benchmarking. The PIs were selected after extensive consultation with over 100 landlords. The toolkit

suggests that the most relevant possible PIs for this are in terms of cases resolved and satisfaction:

Cases resolved

- number of closed resolved cases (refers to cases successfully resolved by landlords)
- number of closed unresolved cases (refers to cases where ASB may be ongoing but the landlord has closed the case - for example because the complainant has asked them to or no further action is possible)

Customer satisfaction

- percentage satisfied with the way their ASB complaint was handled
- percentage satisfied with the outcome of their ASB complaint

These will need to be tested out as part of phase two to see if they work as a local performance indicator.

Consulting tenants

The current HCPI is:

- percentage of tenants very satisfied or satisfied that their views are being taken into account by the HA

The Steering Group agreed that this was the right PI, but noted difficulties in collecting this at a local level. See below for discussion.

Lettings and empty properties

The current HCPIs are:

- percentage dwellings vacant
- average relet time

The Steering Group felt that these indicators were broadly correct, and suitable as local PIs, but some doubts were expressed regarding averages in the latter case. However, there was no consensus on an alternative approach.

Rent arrears

The relevant HCPI is:

- arrears as percentage of rent debit

The Steering Group felt that this indicator was broadly right, and was suitable as a local PI, although doubts were raised regarding whether a percentage was the best way to express performance. However, there was no consensus on an alternative approach.

General customer satisfaction, customer care and costs/VFM

For discussion of these see below.

Framework Recommendation 7: Further work needs to be undertaken in respect of national and local reporting of customer care data

HouseMark work for the Housing Corporation on what tenants are looking for in performance reporting work indicates that the process by which a landlord engages with tenants was considered to be as important as actual service delivery outcomes. Yet 'customer care' is missing from the current HCPI dataset

One possibility is to take the general customer Housing Corporation satisfaction PI as the basis for this given that this will encompass the 'customer care' aspect:

- percentage of tenants very satisfied or satisfied with the services provided by their landlord

It was felt that this is an important PI but some Steering Group members were unconvinced, arguing that this indicator did not separate process from outcomes and therefore does not get to the heart of 'customer care'.

Consideration was given to monitoring complaints as a proxy but several Steering Group members were uncomfortable with complaints as either a true test of customer care or a comparative indicator.

This issue will be considered in phase two of the project.

Framework Recommendation 8: Further work needs to be undertaken in respect of local reporting of tenant satisfaction data

HouseMarks work for the Housing Corporation on what tenants are looking for in performance reporting indicates that the process by which a landlord engages with tenants was considered to be as important as actual service.

There are however two problems with providing satisfaction PIs at a local level.

Problem One

This relates to the difficulty in obtaining a statistically valid sample of tenants' views at a local level. This may not be possible with smaller stock holdings in an area and may require a significant extra input of time and cost to get such a sample.

The steering group considered a number of options. The first was to:

- allow housing associations with smaller holdings in an area to be excluded from having to provide satisfaction PIs in that area

This option does however conflict with the Steering Group's rejection of the idea that landlords without a 'significant local presence' should not have to provide local performance data. The NHF suggested that one option might be voluntary participation for landlords without a significant local presence.

The second option was to:

- allow housing associations to decide on the level at which satisfaction data is reported at. So, for example, if an association collected this data at a regional office level, it could use that information to meet its local satisfaction data reporting requirement.

However, the Steering Group felt that this would undermine the 'read across' at local authority level implicit in the local data collection framework and would mean a different basis to the 'hard' performance indicators. Moreover, data at a regional level might not be very meaningful to tenants.

Problem Two

This has two aspects:

- the satisfaction methodology needs to be on the same basis to allow comparison. The only widely available tool for this is STATUS, yet this is only required for regulatory purposes by associations once every three years, which does not allow year on year comparisons.
- the different STATUS reporting cycles for local authorities/ALMOs and housing associations.

It was noted that authorities (and by extension ALMOs) are now expected to report on tenant satisfaction every two years under the new Local Government Performance Framework and that all authorities have to undertake this work on a fixed two year cycle to maximise data comparability.

Conversely, the recent Housing Corporation review of STATUS maintained the current position that housing associations are expected to undertake STATUS surveys and report satisfaction indicators on a three year cycle.

This dissonance between reporting timetables was considered to undermine domain performance comparison. Moreover, even if the same cycle was adopted for all social housing organisations, satisfaction would not be monitored annually.

There was a Steering Group consensus that separate reporting cycles for the STATUS survey where a problem if there was to be a move to domain regulation.

Members of the Steering Group from both authorities and associations felt that three year cycles were not particularly useful, particularly in terms of comparisons. Some members of the steering group felt that it might be possible to sample the three key satisfaction indicators identified above – on a methodological basis consistent with STATUS - as being fit for purpose in terms of local PIs to be reported on an annual basis.

The NHF are however vigorously opposed to this and have written the following to express their concern:

Requesting an annual collection of tenant satisfaction information is completely unacceptable – in terms of cost to the organisation, increase in the regulatory burden, and in diminishing the value of official STATUS surveys (particularly in relation to respondent burden and survey fatigue).

Considering the two ‘problems’ outlined above is a key issue for the research which will have to be considered in detail during the next phase of the project.

Framework Recommendation 9: Further work needs to be undertaken in respect of local reporting of cost data

There was a general consensus amongst the Steering Group that tenants had an interest in the value for money they were receiving in terms of their core landlord service. Indeed both the HouseMark tenant research and the views of tenants at our workshop highlighted this as a priority.

Options for performance reporting were:

- rents charged – disaggregated at local authority level
- service charges - disaggregated at local authority level
- management and maintenance costs - disaggregated at local authority level

However, there were several concerns expressed about these indicators:

- rents may reflect organisation wide policy considerations – themselves reflective of the rent restructuring regime – rather than the level of local investment in services
- service charges may be subject to similar organisation-wide influences and there are different methodologies employed for calculating charges in the housing association and local authority sectors
- it may prove extremely difficult for associations to break management and maintenance costs down at a local level
- without contextual supporting information, cost data may be fairly meaningless – for example costs may reflect loan repayments as much as service delivery

In the view of HouseMark, as researchers, these difficulties are not significant enough to justify denying tenants the opportunity to assess the value for money that their landlord is providing.

The issues above are however serious ones and we will need to further explore this in the phase two work.

Part Five: How can tenants (and others) access the data and be supported in interpreting it?

The whole exercise of producing local data will be pointless unless it is used by tenants and other stakeholders. The issue of how local performance information is publicised needs therefore to be fully considered and proposals for this built into the arrangements for establishing local data as part of the OFTENANT regulatory process.

Informing tenants

If Cave's vision of 'strengthening consumer empowerment and choice' as being 'the major motive underlying the design of the overall regulatory process.' is to be achieved, then information needs to be provided by OFTENANT in a form that tenants can understand and mechanisms need to be developed to help them utilise it.

However, there is nothing wrong with landlords putting out information themselves and indeed one of the benefits of the new regime should be to encourage them to do so.

Caution is required lest the results be presented as narrowly based league tables. The NHF report *What Tenants Want* found some concern that league tables might not necessarily improve service: "*some tenants report that league tables have not been helpful across some public services, such as schools*".

We propose the following approaches should be considered in detail as part of phase two of the project:

- OFTENANT will collect the Level One PIs. These will be published with local comparisons on a user friendly PI website. Such a site should be devised in conjunction with tenants
- housing associations would have a duty to provide tenants with an annual report setting out Level One (and Two?) local performance information with clear comparisons made and supported by context and commentary
- The aim in both cases should be for information which is plain and comprehensible, has clear comparisons and uses both pictorial and written forms

The duty on associations to report at a local level in point two above, clearly has logistical difficulties for associations working across a range of local authority areas.

One issue which provoked debate during the preparation of the report was the issue of reporting cost information to tenants. The tenants who attended the Steering Group workshop felt that tenants would better understand what they

get for their rent and service charge payments if the annual report could include the sort of breakdown of costs and service which local authorities have to produce when sending out Council Tax bills

The NHF is opposed to this as it believes that a breakdown of costs and services at a local level, similar to Council Tax bills, would be extremely expensive for an association to produce and that: *This would not, in our view, improve the quality or comparability of available data and should be dropped from the proposals.*

However, the Audit Commission countered that under the Reports to Tenants which local housing authorities used to produce many providers produced pie charts that showed what providers spent their rent money on and said that this is “*a really simple and effective way of showing how tenants’ rents are spent.*”

Getting the balance right between what would help tenants and what is practical for associations in this area is to be a key aspect of the work in phase two.

Supporting tenants in interpreting data?

A second, equally important issue is whether there is a need for further support to empower tenants to understand and interpret the data. This will be important in the context of the government policy objective for tenants to have a role in triggering regulatory action or improving their choice options.

This may be something that can evolve over time. However, if a National Tenants Voice is to be set up in line with Cave’s recommendation, then it might be charged with considering how to deliver this support and how it can be funded.

Appendix 1: Areas of OFTENANT responsibility

The key objectives of OFTENANT relevant to this work as set out in the Housing and Regeneration Bill are :

- *Objective 1 is to encourage and support a supply of well-managed social housing, of appropriate quality, sufficient to meet reasonable demands.*
- *Objective 2 is to ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection.*
- *Objective 3 is to ensure that tenants of social housing have the opportunity to be involved in its management.*
- *Objective 4 is to ensure that registered providers of social housing perform their functions efficiently, effectively and economically*

S173 of the Housing and Regeneration Bill, in relation to the “standards”, said that::

The regulator may set standards for registered providers as to:

- *the nature and extent of social housing provided by registered providers*
- *the nature, extent, and quality of accommodation, facilities and services provided in connection with social housing*
- *management of financial and other affairs (non-profit only).*

Standards may require compliance with specified rules about:

- *the nature of housing demands to be addressed*
- *the extent to which demand is to be supplied*
- *criteria for allocating accommodation*
- *terms of tenancies*
- *levels of rent*
- *maintenance*
- *procedures for addressing complaints by tenants*
- *methods for consulting and informing tenants*
- *methods of enabling tenants to influence or control the management of their accommodation and environment*
- *anti-social behaviour*
- *estate management*

Appendix 2: Analysis of stakeholders' information needs

The following text examines the information needs of key stakeholders in this process and finds a remarkable degree of congruence.

The Regulator (OFTENANT)

The documents which CLG published in the lead up to the setting up of the new regulator give strong indications of the sort of approach that it is considering in respect of (local) data collection.

The Green Paper *Delivering Housing and Regeneration*¹¹ stated that:

to undertake its activities, the regulator will have a power to require information from landlords and this should also be provided to local authorities and tenants, so that they can form a view on the quality of service they receive. The regulator will publish high level performance data by different providers in a way that enables local comparisons.

The Housing and Regeneration Bill states that:

The regulator may require a registered provider to prepare an annual report assessing the provider's performance by reference to standards under section 173 or 174, and to send the report to the regulator within a specified period

Local performance information might help OFTENANT in the first four of the objectives set out for it in the Housing and Regeneration Bill (See Appendix 1), i.e.:

- *to encourage and support a supply of well-managed social housing, of appropriate quality, sufficient to meet reasonable demands.*
- *to ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection.*
- *to ensure that tenants of social housing have the opportunity to be involved in its management.*
- *to ensure that registered providers of social housing perform their functions efficiently, effectively and economically*

The emphasis of OFTENANT is likely to be on a risk based approach with the Green Paper stating that:

"For a provider whose performance met the required standard and for whom there were no substantial complaints, there should be no need for regulatory intervention".

¹¹ Quality and Choice: A Decent Home for All: The Housing Green Paper (DCLG 2006)

This OFTENANT agenda suggests that local information is important to the regulator in three ways:

- helping assess the performance of social landlords 'on the ground' in terms of service delivery
- giving tenants and local authorities the information to raise issues and about a landlord's performance and to hold it to account
- giving tenants the information to make informed choices about the service provided

As it will also be important for OFTENANT to assess the performance of social landlords at 'whole' organisation level – so there needs to be consistency with the PIs collected at 'whole organisation' and 'local' level.

Tenants

A requirement for social landlords to provide data at a local level, allows tenants the opportunity to see how housing associations who work across a number of council areas perform in their locality and how this compares to other social landlords. This local comparison is increasingly relevant given the trend towards housing association group structures and mergers.

But what do tenants want to know?

The NHF Tenant Involvement Commission report *What Tenants Want* (NHF 2007) had some clear messages:

Tenants want their associations to "get the basics right" as a landlord before broadening the scope of their service. Community is important to many tenants and there is good scope for action by housing associations. But this must not distract from their service as a landlord.

Fundamentally, all tenants want to have the option of looking at information on housing association performance. Some would like to receive this regularly in a structured way while others would simply just like to know where to access it, should they want to. This information should simply and clearly set out how well housing associations perform on providing the basic level of service.

Cave also said that:

At the present time there is a lack of reliable and accepted information about costs within each of the different provider groupings of the domain

This suggests strongly that the approach which is being proposed for OFTENANT is the right one. However, the work which HouseMark is currently undertaking looking at tenant interest in performance data supports another point which *What Tenants Want* makes:

A minority of tenants are keen to be actively involved in decision making. Many more want to be involved when there is a key decision to be taken that will affect them directly.

HouseMark research into tenant information needs suggests that most will be satisfied by Level 1 data – with direction of travel indicated - but that more engaged tenants have an appetite for Level 2 information. In addition, engaged tenants seek contextual information to support and explain this data and advocacy support in interpreting it. Tenants also perceive the need for landlords to maintain robust performance management systems which are influenced by tenant concerns.

What may therefore be required is a two stage approach:

- one that provides clear basic information for tenants and
- another that provides more detailed information and support for those who wish to dig deeper into the data

Another key question is; how will tenants use this information? In *Leading the Way*¹² CIH and TPAS said, in relation to improved local information, that:

Although this will give residents better information on their landlord's performance than they currently have, it cannot on its own bring about improvements. Social housing tenants cannot vote with their feet and take their custom elsewhere as they might on the basis of similar data about an internet service provider, for example. However, when coupled with effective structures to hold landlords to account, this information should greatly increase the potential for individual and collective tenant oversight of landlord performance.

One possibility under the new regulatory framework, as suggested by Cave, is for better informed tenants to be able to complain to OFTENANT with a view to triggering regulatory action where landlord performance is consistently poor and to be enabled to make informed choices.

Local Authorities

It is worth noting again that a requirement for social landlords to provide data at a local level allows local authorities the opportunity to see how housing associations who work across a number of council areas perform in their locality and how this compares to others.

Why would a local authority need this information?

Local authorities have a clear interest in the performance of social landlords working in their areas, in terms of:

¹² Leading the way: achieving resident-driven accountability and excellence (CIH 2007)

- nature, type and location of new build housing
- nomination rights and agreements
- their duty under section 87 of the Local Government Act 2003 to produce a housing strategy document that is 'fit for the purpose' of stating the intended future direction of housing investment and management in their area¹³
- their lead role in Local Area Agreements¹⁴

To reflect this interest, local authorities require appropriate local information from social landlords. However, it would greatly assist housing associations in managing that burden if local authorities were consistent in their information requirements. The current London Councils/NHF data sharing project is relevant here.

It is also relevant that local authorities will need to collect comparable local performance data when they come within the regulatory ambit of OFTENANT.

What would local authorities do with this information?

They might for instance take it into account when selecting preferred partners. They might also contact OFTENANT to express concerns about the performance of particular landlords, which might precipitate regulatory action.

Cave' certainly had the latter scenario in mind. His argument for proposing that all housing providers be required to provide high level local performance information was that:

this is an important element in the development of effective local scrutiny and accountability.

Local authorities will also be interested in the performance of social landlords in the context of councils' place shaping role.

This role was described in the recent Lyons report¹⁵ as follows.

'Local authorities should be recognised as the body in the locality with the responsibility of bringing together the efforts of the public sector, and also of relevant parts of the private and voluntary sectors, to secure local well-being through a convening role'

¹³ According to the Audit Commission, this part of the Act has not yet been formally introduced by CLG

¹⁴ According to the Audit Commission, housing is likely to feature in Local Area Agreements and will therefore be subject to CAA risk assessments by the Commission. Local authorities will be lead partners in LAAs so the performance of housing associations will be of interest to them in this context as well. The link between the CAA risk assessment and OFTENANT's risk assessment process needs to be clarified

¹⁵ *Place-shaping: a shared ambition for the future of local government.* The report of the Lyons Inquiry into Local Government. HMSO, 2007

This approach is reflected in the new performance framework which is being developed by the Audit Commission as the heart of the Comprehensive Area Assessment (CAA). The CAA will look across the public services in the area focussing on “place” rather than particular organisations. The CAA comes into effect in April 2009 – at the same time as OFTENANT opens for business.

Clearly good delivery of the social housing role in an area is an important aspect of ensuring that a locality represents a good place to live in.

However, the local authority place shaping role involves scrutiny of a wider social landlord contribution than core landlord service delivery.

Recent work by Tribal for the Place Shapers Group of housing associations found that local authorities¹⁶ :

“want to work with HAs that can evidence commitment to and understanding of their strategic priorities. Community engagement and effective local partnering is seen as critical to excellence.”

The government’s intention is that one of the aims for the regulator as set out in the Bill is for it to:

encourage registered providers of social housing to contribute to the environmental, social and economic wellbeing of the areas in which their housing is situated

The emphasis is to “encourage” and it is difficult to see how this can be encompassed in local performance information, not least because what constitutes engagement will differ from locality to locality. Moreover, the government seems to consider that monitoring progress in terms of community wellbeing should be the remit of local authorities and (via the CAA process) the Audit Commission.

Interestingly, Cave states that:

The terms of agreements and partnerships are for both parties to agree. It will not be the role of the regulator to coerce providers into one sided agreements. Constructive engagement is a reciprocal responsibility

Information at a local authority level may not provide the answer.

Surveys suggest that people normally make comparisons generally against other people living locally. In a large city, are comparisons not more likely to be made with others in the locality rather than city wide? In smaller districts

¹⁶ *Going the extra mile: What local authorities want from housing association partners.* Tribal (2007). <http://www.tribalgroup.co.uk/index.php?ob=2&id=395>

comparisons are often made in relation to the same town or local villages rather than LA wide. Some communities cross LA borders e.g. Manchester and Salford, or in districts areas on the periphery relate to a neighbouring area.

In conclusion, whilst OFTENANT might expect that local performance data on core landlord services might best be provided at a local authority level, data to enable authorities to fulfil their place shaping role may need to be provided at a locality level – outside the OFTENANT framework.

Social Landlords

Social landlords may see the provision of local performance data as an increase in the regulatory burden.

Cave said that:

The review accepts that providing local comparative information may be problematic for landlords which operate across many local authority areas. The regulator should play a key role in ensuring that the core information requirement is manageable and consistent across all areas.

It is therefore important that there will be an agreed cohesive approach which:

- is consistent with OFTENANT's national 'whole organisation' data requirements
- obviates the danger of landlords having to produce different forms of information and data in different areas to meet the needs of local authorities and tenants

Unless this is achieved, housing associations in particular are at risk of:

- having to deal with different data collection requirements in each of the areas in which they operate
- unfair and inconsistent judgements being made by authorities

However, over time, associations are recognising that local data can play an important role in their own strategy development.

For example, those associations which are making long term plans for their stock – including geographical rationalisation and other asset management strategies - clearly need to take account of tenants rising expectations and the cost and context of local service delivery. To do this effectively associations will need to collect and analyse key data on service delivery, tenant satisfaction and costs at a local level.

Associations should therefore perceive the provision of local data as being in their interest as much as that of OFTENANT. Where they have this data they

can make effective choices over how they manage in a particular local authority area and indeed whether it is cost effective to do so.

The CIH/Housing Corporation work on rationalisation¹⁷ found that associations should:

“Ensure that they have sufficient information broken down to the scheme or sub area level to identify:

- *any differential satisfaction of tenants in different locations with the service provided and with the opportunities for participation*
- *the real (rather than apportioned) costs of delivering the service to tenants in different locations (particularly any outlying stock)”*

The key issue for both associations and OFTENANT seems to be how to produce localised information which is both useful to effective regulation and contributes to association’s own business and service planning.

Cave specifically places an expectation on providers to go beyond whatever is provided centrally to OFTENANT. No national published dataset can be comprehensive and this is reflected in the continuing interest in voluntary benchmarking, accreditation schemes and local satisfaction surveys.

For example, bespoke local data will enable landlords to take account of localities in understanding whole organisation performance – e.g. factoring in the balance of stock between areas of low and high demand when looking at void and turnover rates.

Associations will also need to, separately, consider how they engage with local authorities in respect of councils’ place shaping role and how they provide data to evidence their contribution.

Audit Commission

The Commission is currently working to define its interest in, and information needs, in terms of local performance data.

¹⁷ Rationalisation work: CIH/HC 2006/7 Reports: <http://www.cih.org/stockrationalisation/>

Appendix 3: Methodology and membership of project Steering Group

The methodology for Phase One of this research has been:

- a desk top exercise mapping the information that is currently collected and required for the monitoring of social landlords
- detailed telephone interviews with professionals responsible for the local authority strategic role
- consideration of the emerging conclusions of HouseMark's current work for the Housing Corporation; *Developing and Monitoring Local Performance Measures with residents* (see box below)
- a workshop of the Steering Group for the project and tenants

Developing and Monitoring Local Performance Measures with residents

Given that tenants are the key stakeholders of local information it is clearly vital that the data is aimed at their requirements.

As noted above, HouseMark is undertaking another Housing Corporation-sponsored research project nearing completion which seeks to produce guidance to enable housing associations to:

- develop and monitor local performance measures with residents focused on core housing functions in the context of Cave

- facilitate the benchmarking of customer focused PIs across providers

To do this, HouseMark has undertaken detailed work with tenants to establish what their priorities are.

Next steps

This document will go to the Housing Corporation for consideration.

The intention then is to move to Phase Two of the project.

Phase Two: Determining the feasibility of HA data supply

This phase would be a detailed testing of the conclusions of Phase One, focussing particularly on the matters covered in Part Four of this report.

This would involve choosing three case study local authority areas and working with the local authority, the associations working in the area and tenants to develop an approach based on the framework document but which suited the needs of the locality.

Steering Group

The Steering Group for this project consists of:

Chris Ashton	East Midlands HA
John Bibby	Lincoln Council
Abi Davies	CIH
Cat Hartley	East Northants DC
Roger Jarman	Audit Commission
David Marshall	LB of Wandsworth
Michelle Meldrum	Gentoo Group
Anastasia Mulenga	London Councils
Andrew Muir	Notting Hill H/g Trust
Lisa Pickard	Places for People
Clare Powell	Sovereign Housing
Ann Roberts	NHF
Deborah Ilott	Housing Corporation
Stuart Hill	Housing Corporation

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Lesley White	West Kent Fed Tenant
Roy Smithers	West Kent Fed Tenant
Phil Raffel	Derby Homes Tenant
Harry Margett	Derby Homes Tenant



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