

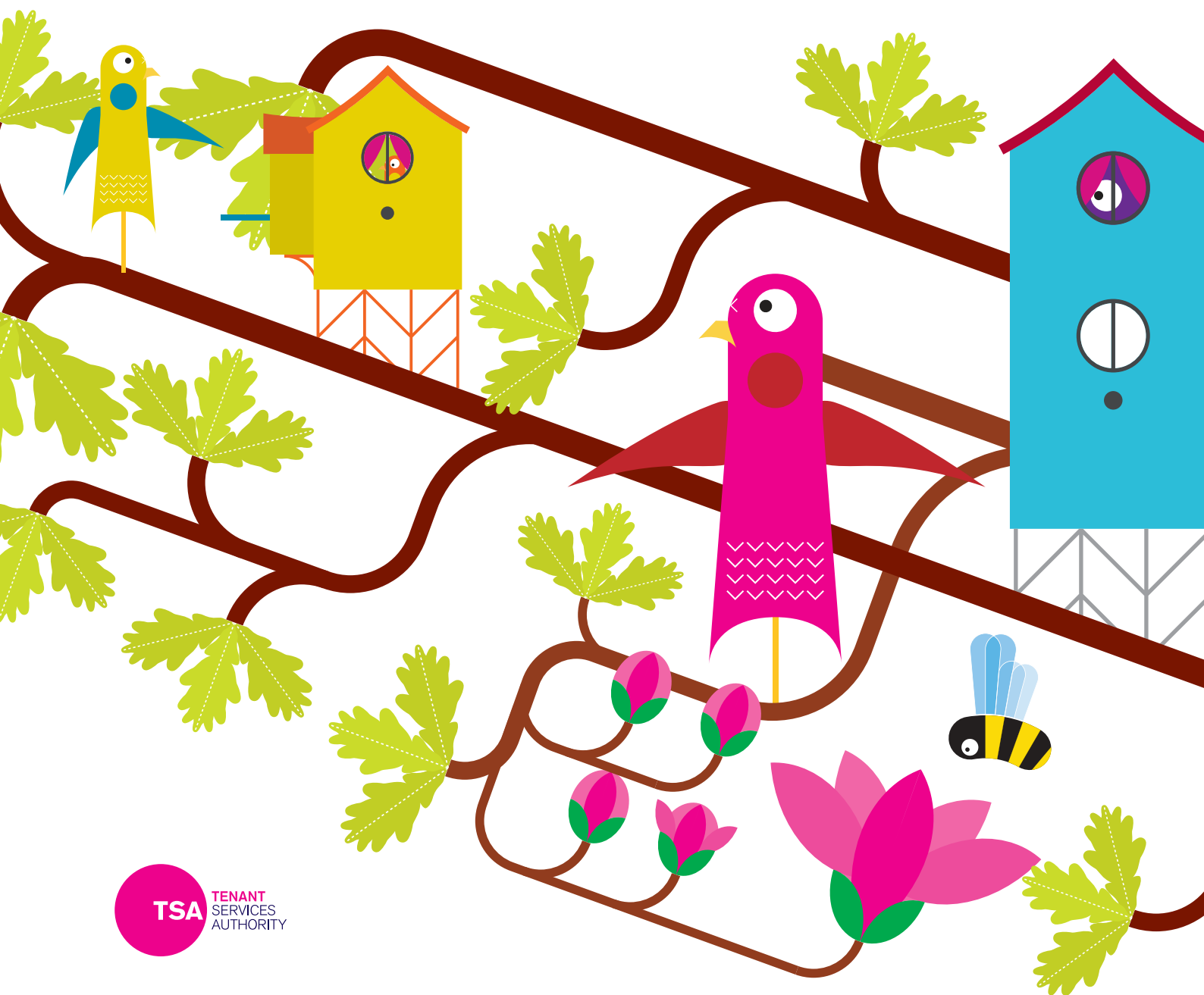


# Driving up performance

## Producing effective local information

May 2009

Mark Lupton, Ross Fraser, Helen Green







# Driving up performance

## Producing effective local information

by Mark Lupton, Ross Fraser, Helen Green



# Acknowledgements

This guide was funded with the support of the Tenant Services Authority.



The Steering Group for this project played a particularly active role and HouseMark would like to express gratitude for their input.

Chris Ashton, East Midlands Housing Association  
Abi Davies, CIH  
Cat Hartley, East Northants DC  
Roger Jarman, Audit Commission  
Anastasia Mulenga, London Councils  
Andrew Muir, Notting Hill Housing  
Lisa Pickard, Places for People Group  
Clare Powell, Sovereign Housing Group  
Ann Roberts, NHF  
Deborah Illott, Housing Corporation/TSA  
Stuart Hill, Housing Corporation/TSA

Our thanks are due to the following people who were interviewed and supplied information during Phase Two:

Cathy McCarthy and Kate Farley, Origin Housing Group  
Colin Thomas, Metropolitan Housing Group  
Tracey Adams and Dean Morris, Nottingham Community Housing Association  
Sushma Cheesbrough, Nottingham City Council

Particular thanks are due to the following tenants who attended the Phase One workshop:

Lesley White, West Kent Federation  
Roy Smithers, West Kent Federation  
Phil Raffel, Derby Homes  
Harry Margett, Derby Homes

and to all those tenants who attended the second workshop in Nottingham.

We would also like to thank Toby Taper, visiting professor at Bristol University/HouseMark Associate, Dermot McRoberts of Waterloo Housing Association and John Stuttard of Tribal Consulting for their technical input to this report.

# Contents

Foreword	2
Introduction	3
Chapter 1: What tenants want to know about landlord performance	5
Chapter 2: How might local authorities, the Audit Commission and the TSA use local performance information?	7
Chapter 3: A tiered approach to data provision	9
Chapter 4: Setting the framework	11
Chapter 5: Which PIs are suitable for local data collection?	14
Chapter 6: Tenant satisfaction	21
Chapter 7: Value for money	28
Chapter 8: How can tenants access the data?	30
Chapter 9: Summary	33
Appendices	
Appendix 1: Methodology	39
Appendix 2: Supporting analysis for determining minimum stock threshold	40
Appendix 3: Comments on use of IT for providing performance information in the sector	43
Appendix 4: A proposal for developing better cost and VFM information	45
Appendix 5: PI source comparisons for local authorities/housing associations	47
Appendix 6: Comparing survey methods	48

# Foreword

The Tenant Services Authority is the new regulator for affordable housing. We launched in December 2008. We are currently developing a new regulatory framework in consultation with tenants and wider stakeholders which will go live once we have concluded that process.

We are clear that the information needed to assess how well providers are performing must be available to tenants, potential tenants, local authorities and the public more widely. Over time, ensuring that tenants can see and compare the service they receive from their landlord at a local level, with what their neighbours receive from theirs, is a powerful tool to increase the accountability of providers directly to their tenants.

We are committed to both raising standards for tenants and regulating in a manner which minimises interference and is proportionate, consistent, transparent and accountable. Therefore we must ensure that the performance information that we require from landlords is both used and useful.

This report usefully highlights a number of key challenges to the production of localised performance information, particularly in respect of tenant satisfaction and value for money, as well as suggesting approaches to address them. I welcome this report as an opportunity to stimulate a debate about how we can best achieve our shared objectives to use information to empower tenants and help landlords compare and improve their service performance.

**Richard Moriarty**  
Executive Director, Tenant Services Authority



# Introduction

## Why is local performance information important?

The advent of a new regulator for affordable housing – the Tenant Services Authority (TSA) – charged with championing the needs and aspirations of tenants, leaseholders and residents, promoting choice for tenants and providers and challenging providers to meet or exceed the highest standards of organisational effectiveness and service delivery, requires the development of effective performance information, including at a local level. This research report will consider how this information might be gathered.

The TSA will judge landlord performance against standards that it will determine. The TSA will also require regulated providers to self-assess their own performance.

In both cases, data will be required to evidence provider performance. The TSA vision, as first articulated in the Cave Review, is that this data will be disseminated to, and used by, tenants and other stakeholders (such as local authorities), to hold providers to account for their performance. The TSA will publish comparative data on landlord performance to enable this scrutiny to occur and will use the data in its own assessment of providers.

The Housing and Regeneration Act 2008 says that the TSA shall:

*'Publish information about the performance of registered providers. In particular, the regulator shall include information likely to be useful to:*

*(a) Tenants,  
(b) Potential tenants, and  
(c) Local authorities.'*

However, the TSA will need to balance its information requirements with the need to avoid any unjustifiable increase in the data collection burden placed upon the sector.

These competing priorities have been recognised in both the Cave report <sup>1</sup> and the responses by the Housing Corporation and others to the Cave review.

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.'*

<sup>1</sup> Martin Cave: *Every Tenant Matters: A review of social housing regulation*, CLG (2007)

The Housing Corporation/TSA has stated that a key priority should be *'providing clear relevant consistent performance data at a local level'*<sup>2</sup> 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

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.'*

## Our approach to this research

This research therefore took as its starting point that the TSA will require affordable housing providers to supply comparative data on their respective performance, including information at a local level.

The research thus sought to understand:

- the role that performance information can play in empowering tenants
- what tenants want to know about landlord performance
- how a regulatory data set could meet tenants' information needs
- the value to tenants of collecting data at a local level
- what data might be collected at a local level
- the feasibility of collecting this data at a local level from a housing association provider perspective

It is not the intention of this research to define what providers or other stakeholders would like to see in a regulatory PI dataset, although in chapter 2 we report on the views of other stakeholders on the utility of a regulatory PI data set developed for tenants.

As noted, the research brief included a focus on the data collection implications for housing associations.

We have not, therefore, looked at data collection implications for local authority, ALMO and private sector providers which will be registered by the TSA. Given that any TSA data collection regime will extend across the affordable housing 'domain', further work may be required to consider the implications for these providers.

However, the methodology we have developed can (we believe) be adapted for other providers by the TSA. We have attached at appendix 5 a comparison of the PIs for local authorities and housing associations and the sources from which they are derived.

The research brief was also to focus on tenants rather than leaseholders. The reasons for this were as follows:

- leaseholders will be as interested as tenants in the provider data required by the TSA
- where leaseholders have specific or additional information needs, these are dealt with via the requirements placed upon landlords by other legislation

<sup>2</sup> *The future of housing regulation*, Housing Corporation (2007)



# Chapter 1:

## What tenants want to know about landlord performance

To answer this question, we drew on the findings of two recent research reports which looked in detail at the issues around what tenants are seeking from landlords and how that service is monitored:

- *What Tenants Want* (NHF/NCC 2007)
- *How to Develop and Monitor Local Performance Measures* (HouseMark 2008)

We then supplemented that research with the views of the tenants who attended workshops held as part of this project (see Appendix 1: Methodology for details).

### What do tenants want to know about landlord performance?

*What Tenants Want* had some basic messages for this report on tenants' priorities for services and information: *'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.'*

This view was supported by the tenants participating in this project.

*What Tenants Want* found that for tenants: *'The key performance indicators set by the Housing Corporation are considered to be very good. Tenants also suggest that associations monitor how well they communicate with tenants and incidents of anti-social behaviour and complaints.'*

This suggests that the current Housing Corporation <sup>3</sup> PIs should be the starting point for consideration in this research.

*How to Develop and Monitor Local Performance Measures* researched tenant information needs in more detail. The researchers asked tenant focus groups which core landlord services mattered most to them and elicited the following priorities.

## Top priorities

The four top tenant priority areas for performance reporting were:

- repairs
- customer care
- tenant consultation on matters that affect them, e.g. the nature of services provided
- preventing and tackling nuisance and anti-social behaviour (ASB)

## Secondary priorities

Also important to tenants were a cluster of secondary priorities:

- lettings and empty property
- rents and service charges
- managing the local environment - including caretaking, cleaning and grounds maintenance
- mainstreaming equality and diversity so that services are sensitive to diverse needs and discrimination is avoided

## Underlying theme: value for money

Tenants prioritised an underlying theme – value for money – which they felt was equally important to receive information about.

It is clear, therefore, that any provider performance reporting requirements must focus on these issues if possible.

## Why is local information important for tenants?

It is important to be clear that the rationale for a small suite of localised indicators is the need to provide clear comparisons for tenants.

The tenant of a locally-based association may find performance information about their landlord useful but may wish to compare it with other affordable providers operating in the area. If, however, they try to make a judgement about how their landlord compares with a national or regional association working in the same area, they will find 'whole organisation' data about the other provider relatively meaningless.

Whilst many associations are producing their own information disaggregated to levels other than 'whole organisation' to inform their business, this is not necessarily available in a format that makes comparisons easy for tenants.

Several of the associations who we interviewed for this research saw that providing information that allows their tenants to make local comparisons would help them in terms of improving their own interaction with tenants in that locality, whilst at the same time acting as a driver to more localised competition based on service delivery performance.

<sup>3</sup> The current PIs for housing associations were developed by the Housing Corporation and inherited by the TSA. Throughout the report they are referred to as the current Housing Corporation PIs



# Chapter 2:

## How might local authorities, the Audit Commission and the TSA use local performance information?

### Local authorities

The local authorities we interviewed for this research welcomed the provision of data aimed at tenants, particularly at a local level.

Authorities also felt that a local PI data suite would assist them in fulfilling their strategic housing and 'place shaping' roles.

The authorities we spoke to had attempted to collect local information on the performance of housing associations. They did this to determine:

- the relative strengths of associations working in their area
- which associations should be selected as a partner developer/manager

However, they found the data gathering process time-consuming because they had to go to a range of sources.

They saw clear advantages to having a coherent, easily accessible snapshot of local performance – both over time and in comparison to other social landlords - which would help them to build a picture of association activity and give them the basic information to 'drill down' and get a clear view of the association's performance.

The authorities also thought that having this kind of information would help raise the association's performance within the authority's agenda. This would be accentuated if it was accompanied by a more active interest in local management performance by the regulator.

This highlights that a vital aspect of the way the TSA goes about its business will be its role in encouraging information flows and enabling dialogue between providers, tenants and other stakeholders.

### Audit Commission

Similarly, the Audit Commission welcomed the development of local performance reporting – given its commitment to empowering tenants.

The Commission felt that the data would be useful in the context of its Comprehensive Area Assessment (CAA) analysis, particularly in respect of its investigation into Neighbourhoods where the Commission will be seeking to elicit answers to the following question (amongst others):

*Is the performance of social housing providers causing concern with regard to the management of housing stock?*

### Tenant Services Authority

At the time of publication, the TSA is still developing its policy position on the matters discussed in this report. However, unequivocal statements from its Chief Executive indicate that providing information to tenants at a local level is fundamental in terms of enabling tenants to hold registered providers to account and stimulating the development of competition for management and maintenance services.

We have some thoughts on the use of this data which we modestly offer to the TSA.

There is a danger that local performance information will be expected to fulfil a number of regulatory purposes and priorities. The primary focus should be on providing information that tenants want to know and is accessible to them.

There would seem to be little point in developing a system of local performance information principally with tenants in mind, if tenants are not able to make use of that information to more effectively hold their landlord to account.

If the TSA is to have tenant services as the focus of the new regulatory regime, then the regulator also needs to be clear about how the information will be used to support that objective.

Moreover, if localised performance information is to fulfil this objective, there needs to be a trade-off between:

- simplicity – providers need to be able to collect the data and tenants should not be overwhelmed by the amount of information
- clarity – the presentation of the data by the TSA should be straightforward and easy to understand
- accuracy – this will be important if comparisons between providers are to have any value
- completeness – the data cannot encompass the whole extent of landlord activity but should provide an illustrative snapshot which fairly summarises the performance of each provider

We hope that the findings of this research will help the TSA manage these competing priorities.

It is helpful to recognise that a suite of local performance indicators for tenants is just an *indication* of localised performance. The data specified by the TSA needs to be linked to wider ‘in depth’ data collection and comparison – undertaken by landlords on a voluntary basis – to allow tenants to be able to ‘drill down’ to understand the key drivers of performance and value for money.

We discuss this in more detail later in this report. A copy of our stakeholder study is available separately from this report <sup>4</sup>.

<sup>4</sup> The results of the stakeholder analysis can be viewed in the framework document at [http://www.housemark.co.uk/hmresour.nsf/lookup/DUPphase1.pdf/\\$File/DUPphase1.pdf](http://www.housemark.co.uk/hmresour.nsf/lookup/DUPphase1.pdf/$File/DUPphase1.pdf)



## Chapter 3:

# A tiered approach to data provision

Clearly, one of the key challenges for producing localised performance information is to find a balance between:

- producing some fairly straightforward information that gives tenants an indication of their landlord's performance
- providing more detailed information for provider self-assessment
- ensuring that the effort involved in collecting performance information is manageable

We have identified two levels of data that may be necessary to achieve these aims:

- **Level 1** – data the TSA might require as mandatory
- **Level 2** – data which the TSA might encourage providers to collect – for self-assessment purposes – on a voluntary basis

### Level 1 – mandatory data collection requirements

This mandatory standardised dataset would provide a clear and easy basis for evaluation which allows comparisons between and within providers. The dataset would be limited to a small number of key 'high level' PIs which provide an overview of a social landlord's performance and can act as 'can openers' for TSA, tenants and other stakeholders.

As a key aspect of performance comparison is assessing trends, it is vital that comparisons can be made over time. This means that it is important that PI definitions are not changed in a way that means year-on-year comparisons become difficult.

The aim is therefore to provide PIs which allow comparisons:

- between housing associations working in the same locality
- between different local areas in a housing association's stock
- with previous years PIs – to enable assessment of the direction of travel
- and, in the longer term, with other landlords – be they ALMOs or council housing departments – working in the same locality. This would require a move to a common set of localised PIs for all affordable housing providers over time

## Level 2 – voluntary data collection

It is anticipated that the TSA is likely to undertake less regulatory scrutiny of providers which can demonstrate that they are sound managers of their stock. The existence of effective performance management systems will provide a level of reassurance to this effect.

It is suggested that – in the context of self-assessment – an effective performance management system will involve the collection of comparative data (at a whole organisation and local level) which extends beyond the mandatory dataset specified by TSA.

Many associations collect, analyse and use data and information in a multi-layered way as an integral part of their internal management information. The associations who we talked to as part of this research all saw this as important to the effective management of their business.

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

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

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

- benchmarking
- accreditation schemes
- resident surveys
- data returns 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 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.

Research reported in chapter one suggests that most tenants 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 particular, where the Level 1 information indicates problems, tenants are likely to seek additional and contextual Level 2 data to explain Level 1 outcomes.

It is therefore suggested that the TSA directly encourages landlords to undertake additional voluntary data collection. Where there is evidence that this data is embedded into an effective performance management framework, it is suggested that this should be a key factor in lightening the regulatory burden on providers.

This TSA encouragement should take the form of an expectation, perhaps expressed in guidance to landlords that more detailed comparative and contextual data will be available at a whole organisation and local level and should be accessible to tenants and other stakeholders.

However, the TSA 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 and the views of its tenants so it can be used to inform its business decisions in a clear and accountable way.

This report principally considers the development of an appropriate set of indicators for Level 1.



## Chapter 4: Setting the framework

Before looking in detail at the content of TSA Level 1 indicators, it is important to consider a number of issues which influence the framework in which these fit.

The research Steering Group identified a number of 'in principle' decisions which should be taken when developing the data collection framework:

### **Local performance information should be reported – in the main – at a local housing authority level**

There is clearly a debate to be had about what is considered 'local'. It is self evident that 'local' does not mean 'national' or 'regional'. So, for providers operating at a national or regional level, some disaggregation of data will be required.

Generally, most participants in this research, including those attending the tenants' workshop, felt that local housing authority level data was the most appropriate, particularly given the following considerations:

- local housing authority area reporting would provide the best fit for comparison between housing association, local housing authority and ALMO landlord services
- housing associations are already required to provide some performance data at local housing authority level to the TSA via the RSR and CORE
- most housing associations already provide some data at local housing authority level to council partners and would welcome some standardisation of expected data between the authorities that they work with

- tenants and others seeking comparisons at a neighbourhood level should source this information from Level 2 data collection

The aim should therefore be to produce information at the local housing authority area wherever possible. However, in chapter 5 we note that certain PIs can only be provided at 'whole organisation' level and in chapter 6 we discuss the option of reporting data at county level in respect of tenant satisfaction in certain circumstances.

### **Local data collection and reporting should be required for all social landlords, except RASA associations, where voluntary participation might be considered**

The research considered whether – as providing local information will require additional work for landlords in disaggregating data (except where the data is being sourced via NROSH<sup>5</sup>) – the provision of local data should only be a requirement where a landlord has a certain size of stock holding in an area. Cave seemed to hold this view, stating that this requirement should only apply where a landlord had a 'significant presence' in an area.

<sup>5</sup> For further details of NROSH see page 13 below

However, the Steering Group argued strongly against 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 disempower 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 stock-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.

Again, however, the Steering Group recognised that local data collection may not prove possible for every indicator. In chapter 6, consequently, we propose use of a minimum stock threshold for reporting tenant satisfaction data at a local level.

The Steering Group considered that, given the different reporting and regulatory arrangements for the RASA associations, they should be excluded from a local reporting framework. We are, however, reluctant to completely exclude RASA associations for two main reasons.

First, the rise in the RASA threshold from 250 to 1,000 units in 2007 means a much more diverse range of organisations is now included under the RASA 'umbrella' and it is likely that many would be capable of producing data at a local level.

Further, the exclusion of RASA associations may well lead to some incongruities, whereby larger associations are required to provide local data for a particular area, whilst RASA associations, who may have considerably more stock in that area, are not.

One option may be for the TSA to test out the position in respect of RASA associations by encouraging their participation in a local reporting framework on a voluntary basis.

## Local reporting should apply to all affordable housing stock

In recent years, the Housing Corporation extended the application of the published PIs, with the exception of 'average SAP rating', to cover all social housing stock (i.e. to be inclusive of general needs, supported housing and housing for older people). The Steering Group was firmly of the view that a local reporting framework should be available for scrutiny to all social housing tenants.

However, the Steering Group agreed that where associations are only providing specific services – such as care and support – in a local authority area, there is little effective comparison available and it may be misleading to report performance data for that particular area. The Steering Group were also aware of the need to avoid any risk of disclosure relating to the presence of particular schemes or groups of tenants.

## Current arrangements which seek to maintain data quality should be reviewed

Data quality is fundamental to the performance reporting objectives of the TSA.

It was generally accepted 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 TSA 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 by the TSA when its requirements are determined.

## Local performance reporting for TSA purposes should *not* cover non-core activities

It was 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 responses required
- differing priorities in Local Area Agreements
- differing capacity of landlords to make a contribution in specific local areas

We noted earlier that research into tenants' views shows that:

*'Tenants want their associations to "get the basics right" as a landlord before broadening the scope of their service'*<sup>6</sup>

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

## NROSH

One development which is likely to aid the progress of a localised performance framework is the development of the National Register of Social Housing (NROSH). This is a single national database which will hold data on all social housing at an individual property level. As at 2nd September 2008, it covered 1,838,000 units, representing 46% of all stock.

NROSH data will be used to populate significant sections of the RSR from 2009/10. The current aim is for this to be produced for all housing associations with more than 1,000 units in management or in a group structure from April 2010.

The TSA will be able to source data directly from NROSH, rather than relying on individual organisations to supply it to them. This will reduce the local data collection burden on providers. As the data is already available at a sub-postcode level, NROSH should make the collection of property based information in the suite of local indicators easier.

<sup>6</sup> *What Tenants Want*, NHF (2007)



# Chapter 5:

## Which PIs are suitable for local data collection?

The following suite of PIs is recommended for mandatory Level 1 data collection. The PIs follow the priorities set by tenants and reflect the current Housing Corporation PIs where possible. We also consider the inclusion of appropriate contextual data to help tenants understand the PIs.

In the table below we distinguish between:

- recommended PIs – where we think inclusion is essential
- possible PIs – where we think that inclusion is desirable but problematic
- context data – which we think should help tenants understand the PI data

We also set out whether PIs should be collected at a local and/or whole organisational level.

Recommended PIs	Whole organisation or local level data?	Collected via NROSH? (Field No.)
Percentage of tenants satisfied with the way their landlord deals with repairs and maintenance <sup>7</sup>	Whole organisation and local level	N
Percentage of tenants satisfied that their views are taken into account by the housing association	Whole organisation and local level	N
Percentage of tenants satisfied with the services provided by their housing association	Whole organisation and local level	N
Average days to relet a (managed) social housing dwelling	Local level	Y (90+91+92+8+23.1)
Percentage of owned social housing rental dwellings vacant on 31 March	Local level	Y (87+7.2+23.1)
Rent arrears of current social housing tenants at 31 March as a percentage of annual rent debit	Whole organisation	N

<sup>7</sup> See Chapter 6 for detailed discussion of issues arising from the local reporting of tenant satisfaction data

Possible PIs	Whole organisation or local level data?	Collected via NROSH? (Field No.)
ASB – we recommend collection at Level 2. If a Level 1 PI is required, we suggest:		
Percentage of (closed) ASB cases successfully resolved	Whole organisation	N
Average SAP rating (energy efficiency) across all owned social housing rental stock <sup>8</sup>	Whole organisation	Y (54+7.2+23.1)
Unit management cost <sup>9</sup>	Whole organisation	N
Unit maintenance cost	Whole organisation	N
<b>Recommended context data</b>		
Number of social housing units / bedspaces owned (and by General Needs / Supported Housing / Housing for Older People)	Whole organisation	Y (7.2+23.1)
Number of social housing units / bedspaces owned in local authority (and by General Needs / Supported Housing / Housing for Older People)	Local level	Y (7.2+1.1+ 23.1)
No. of local authority areas where an association owns social housing units	Whole organisation	Y (7.2+1.1 +23.1)
Average weekly net rent for a 1/2/3/4+ bed property	Local level	Y (96+97+44+7.2+23.1)
Total lettings per year for social housing stock managed	Local level	Y (90+91+8+23.1)

## Keeping it simple

The first factor we considered was the need to keep the performance reporting framework simple.

A theme that came out strongly from participants in this research is that if there is to be a suite of local performance indicators then it may be too ambitious to get a complete picture of an association's performance in an area on which sophisticated judgements can be made. Rather, a more realistic aim is to give an accessible snapshot to enable comparison with other social landlords.

Tenants and other stakeholders who wish to probe more deeply can approach providers for Level 2 information.

The mandatory Level 1 data suite should therefore consist of as small a number of PIs as possible which are understandable and accessible.

## The need to mix local and whole organisation data

The second factor we considered was the practicality of local data collection for Level 1 PIs.

<sup>8</sup> At present this PI only covers general needs

<sup>9</sup> See Chapter 7 for detailed discussion of local collection of cost/VFM data

Any reporting of PIs at a local level is going to present significant challenges which may require compromises. As noted above, it is important that the data can actually be collected by landlords.

As such, it may well be that the PIs reported for associations working in the locality could be a mix of both local reporting and 'whole organisation' data where local reporting is either impossible or disproportionately resource intensive.

It may be that we need a staged approach to producing local data. In other words, where data is not readily available at a local level, whole organisation data might be specified with a target date being set by the TSA for the supply of local data for particular PIs.

Our research also highlighted that it will sometimes be appropriate to include whole organisation level data, for those housing associations working in the locality, where there is no apparent benefit to the users of the information in disaggregating it to a local level. We consider this to be the case with the rent arrears PI discussed below.

## Using existing PIs where possible

The third factor we considered was the need to limit additions to the sector data collection burden. This, together with the need to keep it simple, suggests that the starting point should be to try and use the existing Housing Corporation PIs as the basis of any local set of indicators where possible.

This fits with the findings of the research into tenants' views quoted in chapter 1 - that tenants thought these Housing Corporation PIs were a good starting point for performance comparison.

## Tenant priorities for the PI suite

The fourth – and most important factor – we considered was what data tenants want in terms of comparing provider performance.

We returned to the tenant PIs identified in chapter one, distinguishing between:

- key priorities
- secondary priorities
- underlying theme: value for money

### Key tenant priorities

As noted in chapter one, tenants participating in the HouseMark *How to Develop and Monitor Local Performance Measures* research had four key priorities:

- repairs
- preventing and tackling nuisance and anti-social behaviour
- customer care
- tenant consultation on matters that affect them, e.g. the nature of services provided

### Secondary tenant priorities

Tenants participating in the *How to Develop and Monitor Local Performance Measures* research also identified a number of other important but secondary priorities:

- lettings and empty property
- rents and service charges
- managing the local environment - including caretaking, cleaning and grounds maintenance
- mainstreaming equality and diversity so that services are sensitive to diverse needs and discrimination is avoided

### Underlying tenant theme: value for money

The primary underlying theme for these tenants was the issue of value for money. We consider this in more detail in chapter 7.

## Selecting PIs to match tenant priorities

We then considered how to match PIs to tenant key priorities.

### Repairs and maintenance

The Housing Corporation PI for responsive repairs is:

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

This clearly needs to be included in the Level 1 suite given the importance of repairs issues to tenants.

We also considered whether this ought to be supplemented by a 'hard' performance indicator for responsive repairs and seriously considered the inclusion of:

- percentage of responsive repairs where an appointment was made and kept
- a PI developed around percentage of repairs completed at first visit

Both have drawbacks. The former was removed from the Housing Corporation suite of published PIs in 2006, primarily because it was only reported by 30% of associations. The latter has proved a difficult PI for associations to develop and measure. For example, it is difficult to specify an IT report which distinguishes between a series of pre-planned visits required to complete a job and instances where works can be completed in a single visit.

With the aim of keeping the suite of Level 1 PIs to a minimum, we have focused on the current Housing Corporation PI measuring the tenant's experience of service delivery.

#### **General satisfaction with services – and a note on customer care**

The current Housing Corporation PI on tenant satisfaction with the services is:

- percentage of tenants satisfied with the services provided by their housing association

This clearly needs to be included in the Level 1 suite given the importance of tenant satisfaction.

However, some contributors to this research argued that this indicator does not separate process from outcomes and therefore does not get to the heart of "customer care".

Conversely, tenants involved in this research argued that customer care was very important but not necessarily seen as a service in its own right – rather an aspect of whichever service was being accessed and that it should be reported as a facet of the various service areas.

Our conclusion is that the issue of "customer care" cannot be easily encompassed in an indicator and should therefore be dealt with as part of Level 2 information.

#### **Tenant consultation**

The Housing Corporation PI for tenant consultation is:

- percentage of tenants satisfied that their views are being taken into account by the housing association

This clearly needs to be included in the Level 1 suite given the importance of this issue to tenants.

#### **Anti-social behaviour (ASB)**

There is no Housing Corporation PI in relation to ASB. We considered the following indicators for inclusion in the local PI suite:

- percentage of respondents satisfied with the way in which their ASB complaint was handled
- percentage of respondents satisfied with the outcome of their ASB complaint
- a PI developed around perceptions of ASB in the neighbourhood
- percentage of (closed) cases successfully resolved

However, all these PIs have particular drawbacks. To provide robust, comparable information for the first two PIs would require a standardised ASB complainant satisfaction survey to be introduced across the sector. Even then, the response rate is likely to be very low and would certainly prohibit local reporting. The third PI does not relate closely enough to the performance of the landlord specifically. Such information is more appropriately collected via the 'Place Surveys' undertaken by local authorities of all their residents.

The fourth PI - percentage of (closed) cases successfully resolved - is probably the least problematic. However, this PI is nonetheless open to manipulation (through closing and reopening cases). It may also be an inappropriate measure to use in respect of supported housing, where some ASB cases can be extremely difficult to resolve. Further, to report this PI locally would result in very low numbers of cases in some areas, leading to some distortion of the figures.

Moreover, whilst *Developing and Monitoring Local Performance Measures*, identified ASB as a priority for tenants, it also emphasised that:

***there is often a strong locational driver, i.e. the problem is associated with a geographically defined hotspot that requires targeted action.***

This was confirmed by the findings of the tenants' workshop.

ASB does not therefore fit easily into the Level 1 suite of PIs. We consider there is a strong argument for sourcing performance information on ASB from Level 2 data collection. If it is decided that 'percentage of (closed) cases successfully resolved' should be included in the framework, for the reasons outlined above, we recommend it is reported at whole organisation level.

## Secondary priorities

We then turned to secondary – but still important – tenant priorities for PIs.

### Lettings and empty properties

The current Housing Corporation PIs are:

- percentage of social housing rental dwellings vacant at 31 March
- average days to relet a (managed) social housing dwelling

These PIs are clearly important to tenants and are collectable by providers at a local level.

### Rents and service charges

There were two issues potentially encompassed under this heading:

- levels of rent and service charges
- performance in rent collection and arrears recovery

Tenants are keen to see information on rent levels in their local area, and this is recommended for inclusion in the context data (see below).

With regard to service charges, there are major technical difficulties in providing 'like for like' data. This is especially true where tenants choose to pay extra for a higher level of service. Tenants attending our research workshop acknowledged the difficulty. We do not, therefore, recommend the inclusion of service charge comparisons in the mandatory data suite.

In terms of income collection, there is a case for measuring both levels of rent collected and arrears levels.

Rent collection level can be seen as a more meaningful measure of performance than the level of current tenant arrears, as the latter includes cumulative arrears and is affected by write-off policies. However, trends in the level of current tenant arrears over time also provide a strong indicator of performance.

In attempting to keep the list of Level 1 PIs to a minimum, and to use existing PIs where possible, we have recommended the inclusion of the current Housing Corporation PI only:

- rent arrears of current social housing tenants at 31 March as a percentage of annual rent debit

The tenants involved in this research did not feel the need for local performance information on this indicator and we have recommended this PI for inclusion in the suite at a 'whole organisation' level.

### Managing the local environment

This includes caretaking, cleaning and grounds maintenance.

This is an area that is not easily susceptible to relatively simple PIs, particularly as the form of the housing developments which particular tenants occupy will determine the type of service which they get. It is therefore more appropriately dealt with at Level 2.

### Mainstreaming equality and diversity

Ensuring that services are sensitive to diverse needs and discrimination is avoided is clearly important and needs to be addressed in performance information frameworks. Two possible indicators in this area which have been used in the past are related directly to BME needs:

- lettings: Are lettings proportionate to BME housing need, or census data where this information is deficient, in the area where the association has homes?
- tenant satisfaction: Is tenant satisfaction at least as high as for non-BME tenants?

There are a number of problems with these as local indicators, particularly:

- the lettings indicator is very much about relating performance data to wider information. Quite often the information required is at a sub-local authority level
- we consider in the next chapter the problems of getting satisfaction information at a local level. Trying to get a local sample of BME tenants as opposed to non-BME tenants will not prove possible
- these two indicators do not capture the wider sensitivity to diverse needs which providers need to consider in terms of equality e.g. disability, health, etc

We recommend that performance in terms of diversity indicators be sourced from Level 2 data collection.

## Property standards

The Housing Corporation PIs in this area 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

Neither of these were emphasised by tenants in the *Developing and Monitoring Local Performance Measures* research, and local information on Decent Homes was not of particular interest to tenants consulted as part of this research.

Given the importance of producing a very focused set of PIs which give tenants a snapshot of local performance, we have not therefore included Decent Homes as a recommended PI.

The tenants involved in this project were, however, interested in receiving information on energy efficiency.

The best measure currently available is average SAP rating, which associations are required to report for general needs, self-contained tenancies across the organisation as a whole. There is no requirement currently for associations to report this information by local authority area.

SAP rating is a priority field for NROSH for large associations, so it may well be possible to derive local authority area-level figures for them. There are however widespread concerns about the value of SAP data generally and technical difficulties in terms of reporting data locally, which are explained below. Accordingly, we have listed average SAP rating as a possible indicator – to be collected at whole organisation level.

Our research has shown that some associations will have difficulty in disaggregating SAP data by local authority area. An association's average SAP rating will generally be calculated from using their most recent energy survey data, updated to take account of any relevant improvement works and any newly developed stock. Where associations do not have actual survey data they often clone the information on properties similar to those that have actually been surveyed.

For those associations which record energy data (both actual and cloned) against specific properties on their asset management database, it will be straightforward to calculate average SAP ratings by local authority area.

However, there will be associations that are relying on their sample survey to calculate their average SAP rating and who have not cloned data on to their asset management database. Depending on the scale of their energy survey and how representative it was of stock across all local authority areas, these associations may have difficulty in providing reliable local data.

### Context data

All participants in this research – tenants, local authorities and housing associations – were keen for some context data to be included as part of the mandatory Level 1 dataset. The context data would, in particular, help tenants understand the significance of the PI data by explaining the operating environment of their landlord.

We believe that the following data would be useful to include as part of the Level 1 data set.

Whole organisation:

- total number of social housing units / bedspaces owned (i.e. across whole organisation), split by general needs, supported housing and housing for older people
- number of local authority areas where the association owns social housing units

Locally:

- number of social housing units / bedspaces owned in the local authority, split by general needs, supported housing and housing for older people
- average weekly net rent per 1/2/3/4+ bed property
- total annual lettings for social housing stock managed

### Ability of housing associations to provide the recommended Level 1 information

The final issue we considered was the degree of difficulty that housing associations would have in collecting the recommended Level 1 information.

The housing management IT systems of the associations interviewed were generally capable of providing performance data at local authority level. As information is not typically reported at this level, some standard performance reports would need to be re-specified, but this was viewed by landlords participating in this research as having a minor impact only – particularly when NROSH is introduced.

One housing association group reported that one of their smaller subsidiaries would have difficulties in providing automated information by local authority area, as there was no local authority field on their IT system, and that such information would need to be collated manually until such time that the IT system was upgraded/replaced.

## Comments in relation to specific indicators

### Tenant satisfaction

It is the inclusion of the three tenant satisfaction PIs within the Level 1 suite that will have the largest impact on associations, as most associations will need to collect the data to inform these PIs in a different way than they do currently. This issue is discussed in the next chapter.

### Voids and lettings

Housing associations are currently required to report the 'number of vacant general needs self-contained units' via the RSR, for each of the local authority areas in which an association operates. Associations are not currently required to report voids in supported housing or housing for older people by local authority. To report vacancies across all social housing at a local authority level will mean that some associations are likely to have to collate this information manually in the short term. However, information on voids across all social housing will be subsumed within the NROSH dataset, where it will be disaggregated by local authority area.

In terms of 'average days to relet a (managed) social housing dwelling', this data is currently available, from CORE, for each of the local authority areas in which an association operates. This data will be subsumed within the NROSH dataset where it will be similarly disaggregated by local authority area.

### ASB

If the ASB PI 'Percentage of cases resolved' (whole organisation level) is included at Level 1, for some organisations the provision of information will not be straightforward. Whilst many housing management systems have the capability to hold ASB information, usually in the estate management module, not many housing organisations have implemented this module. Increasingly, organisations are using a specialist ASB module as a stand alone system. These systems tend not to be interfaced to the housing management system and hence there may be differences between the data in both systems. Many organisations rely on spreadsheet systems to record and monitor ASB, meaning manual manipulation of the data may be necessary.

### Average SAP rating

We have recommended the inclusion, at whole organisation level, of 'average SAP rating for all social housing rental stock'. The current Housing Corporation PI is restricted to general needs, self-contained dwellings and the wider application may cause some organisations difficulties, depending how the information is held. SAP rating is included within the NROSH dataset but it is only a priority field for large associations.

### Rent arrears

This PI is sourced from an association's annual FVA return and is published at a whole organisation level. Overall, the associations participating in this research did not anticipate any great difficulties in collating the recommended Level 1 data for provision to the regulator.

As part of this project, we sought the views of an independent expert<sup>10</sup> on use of information technology within the housing sector. He concurred that in respect of the individual Level 1 PIs proposed, the majority of associations should be able to provide the required data. He highlighted that the production of the required information may be more difficult for associations managing housing in many local authorities, depending on how the information is generated. He also made several observations in respect of the collection and reporting of information in the sector generally and these are attached at appendix 3.

<sup>10</sup> John Stuttard of Tribal Consulting



## Chapter 6: Tenant Satisfaction

Our research has shown widespread support, amongst both landlords and tenants, for the inclusion of the three Housing Corporation tenant satisfaction PIs in a local performance reporting system:

- percentage of tenants satisfied with the way their landlord deals with repairs and maintenance
- percentage of tenants satisfied that their views are taken into account by the housing association
- percentage of tenants satisfied with the services provided by their housing association.

These national PIs are currently sourced from an association's STATUS survey (HA STATUS), undertaken at least every three years.

Our basic premise in considering how these PIs might be reported at a local level is that satisfaction data should be provided at the most local level at which it is useful. To be useful, it must be both accurate (reliable) and comparable. We now consider both these issues in turn.

### Accuracy / reliability of survey data

Clearly, users of survey data need to have confidence in its accuracy. Up to a sample size of around 1,000, the larger the number of questionnaires completed, the more accurate the results. Beyond 1,000, the reliability of the

data increases relatively little and the main reason for any survey being based on a sample size of more than, say, 1,000 is generally in order to provide large enough sub-samples for any sub-group analysis (e.g. analysis by area).

Some associations may choose to carry out a census survey, whereby all their residents are included in the survey. However, for the majority of landlords with more than 1,000 residents, a sample survey will be appropriate.<sup>11</sup> The sample size will depend on the organisation's overall total stock, the extent to which analysis on subgroups is sought and the degree of accuracy required.

<sup>11</sup> There is currently no requirement for landlords with fewer than 1,000 units to carry out STATUS surveys, although some do.

The existing TSA and CLG reporting requirement for both housing association (HA) and local authority (LA) STATUS, for the survey as a whole, is a confidence level of 95%, combined with a margin of error of +/- 4 percentage points. Using this combination means that when reporting a result of 85% satisfied, you would be saying that you are 95% confident that the 'true' answer which would have been obtained if the whole population (all tenants) had responded, would lie between 81% and 89% satisfied, although it is more likely to be closer to the centre (85%) than the extremes of the range.

In moving to more localised satisfaction information the TSA will need to consider what an acceptable margin of error will be for subgroup analysis.

Current guidance for STATUS <sup>12</sup> states that usually a lower level of precision, say +/- 10% percentage points, is acceptable for sub-group results (e.g. analysis by local authority area), although clearly this means a wider range of possible statistical error. For example, at the 95% confidence level, with a sub-group sample of around 100 and a sampling error of +/-10%, if 50% of tenants give a particular answer, then you can be 95% confident that the 'true' answer which would have been obtained if the whole sub-group population had responded, will fall in the range 40% to 60%. Again, the actual result is proportionately more likely to be closer to the centre (50%) than the extremes of the range (40% or 60%).

Reducing the margin of error for subgroup analysis has a considerable impact on the required sample size as illustrated below:

Size of subgroup population - number of units	Sample size required	
	Margin of error +/- 10%	+/- 4%
100	50	90
150	60	120
250	70	180
500	80	280
1000	90	380

*Note: at 95% confidence level for 50% respondents giving a particular answer*

Clearly, it will be more difficult to achieve the sample sizes required for a margin of error of +/- 4% at a local level. This is however complicated further when the expected response rate is factored in. Assuming a postal response rate of around 40%, the sample sizes required for statistical validity shown above need to be multiplied by a factor of 2.5 in order to calculate the minimum population to be surveyed.

The TSA needs to be clear about how they intend to use the information. This will influence the minimum level of statistical integrity they require. So +/-10% may be acceptable as a local indicator but not if it is to be used to make major judgements about providers' overall performance.

One possible option for local PI reporting may be for the TSA to choose a margin of error somewhere between +/-10% and +/-4%. The following table shows the effect on sample sizes of selecting a margin of error of +/-8% and +/-6%. Again, the minimum sample sizes need to be multiplied by a factor of 2.5 in order to calculate the minimum population to be surveyed. It needs to be recognised that any moves towards a higher precision in terms of a smaller margin of error for subgroup analysis would have resource implications for providers.

Size of subgroup population - number of units	Sample size required			
	Margin of error +/- 10%	+/- 8%	+/- 6%	+/- 4%
100	50	60	75	90
150	60	75	95	120
250	70	95	130	180
500	80	115	175	280
1000	90	130	210	380

*Note: at 95% confidence level for 50% respondents giving a particular answer*

## Comparability

To enable tenants to benchmark satisfaction levels, whether within their own organisation, between different landlords or tracking/trends over time, it is essential for the data to be comparable.

<sup>12</sup> Running STATUS, NHF (April 2008)

In order to maximise comparability at whole organisation level, data needs to be sourced from a standardised survey i.e. with a prescribed methodology, using a standard questionnaire and with timing prescribed.

In addition, where satisfaction data is to be reported by area to facilitate comparisons between landlords locally, it is clearly important that organisations collect and report the data on the same basis (i.e. using the same 'unit' of local area). This is discussed below.

Ideally, data which is to be compared should also be reported to a similar level of accuracy. However, due to differences in stock distribution / concentrations between associations, it is difficult to see how this could be achieved unless the same confidence level and sampling error combination was required for area subgroups as for total stock.

As a minimum requirement, we consider that under a new framework when reporting satisfaction figures, organisations should be required to report the sample size and confidence level / sampling error combination used.

## Existing HA STATUS

The current mechanism for sourcing the Housing Corporation satisfaction PIs at national level is HA STATUS. However, in its current form, HA STATUS is not a suitable means of providing robust comparative data, *at a local level*, for the following reasons:

- the length and level of detail within the current HA STATUS survey means that it is likely to be expensive and difficult for organisations working across many geographical areas, (particularly for organisations with several subsidiaries completing individual RSRs), to increase the sample size sufficiently to achieve reliable satisfaction data at a local level
- the HA STATUS survey methodology is not tightly prescribed and so associations are currently using different methodologies, which is likely to affect the efficacy of comparisons
- the three yearly timescale, and the fact that the year in which the survey should be undertaken is not prescribed, mean that associations may be comparing data that is up to three years apart

- the time of year is not prescribed, again making data less comparable and possibly enabling associations to influence findings by choosing the timing of their survey

The three yearly timescale presents further difficulties:

- the information is three years old by the time the next survey is due
- it is 'out of sync' with LA STATUS, which is currently undertaken every two years
- the tenant satisfaction PIs are reported less frequently than the other published PIs which are annual.

## Review of STATUS

It is clear that any decision by the TSA on the local reporting of satisfaction PIs must be based on wider considerations around HA STATUS.

The 2007 review of STATUS was not aimed at meeting the objectives of the new TSA, in particular the requirements for local reporting of satisfaction data and the move to domain regulation. It is our view that the TSA should undertake an early review of STATUS, to include:

- what it considers is the purpose of a standardised tenants survey
- what information, in addition to the three satisfaction PIs, it may wish to source from such a survey
- the optimum frequency of the survey (clearly this will be dependent on purpose)

One feature of STATUS, which we identify above, is the amount of detail required at present. We believe that its complexity arises partly from trying to use the survey for too many purposes, in particular its apparent use for wider policy information.

There is also an issue concerning the extent to which a standardised survey can be used to provide an individual organisation with useful research findings in a wider context. Generally, to be useful for an individual organisation, ad hoc tailor-made research is required, which has been specifically designed to take into account that organisation's particular operating context.

All of the organisations interviewed for this project supplement STATUS with additional, customised, often service-specific satisfaction surveys, which provide more

current data. However such surveys, by their very nature, do not produce data that is comparable between landlords. This comparability is the fundamental strength of STATUS.

The future STATUS requirements of local authorities / ALMOs will also be important to the TSA, with a view to facilitating comparisons between housing association and local authority / ALMO tenants<sup>13</sup>.

## Options for TSA

We consider there are a number of options for the TSA in the collection and reporting of the tenant satisfaction PIs.

### Prior to review of STATUS

Initially, it would be possible to use whole organisation tenant satisfaction data, as currently collected, at the outset of a new local performance reporting regime, provided the severe limitations outlined above were recognised and noted in reporting outputs.

It would then be necessary to move to one of the following options:

#### Option 1: Improve comparability and currency of HA STATUS data, at a whole organisation level

Under this option, associations would be required to continue to collect and report 'whole organisation' satisfaction data via STATUS, but the comparability and currency of this data would be improved by:

- prescribing the survey methodology and monitoring its implementation
- increasing the frequency of survey from every three to every two years, and
- prescribing the year, and period within that year, when surveys should be undertaken

Clearly this option avoids the tension outlined above between producing local data and producing accurate data. Organisations would also be reporting data to a similar level of accuracy (i.e. all within the maximum +/-4% error margin). However, whole organisation data may of course mask considerable variation in levels of satisfaction between tenants of an association living in different areas.

#### Options 2 and 3: Reduce length of HA STATUS, improve comparability and currency and report both whole organisation and local data

In both options 2 and 3, the survey would be carried out every two years, with the timing and methodology prescribed. Housing associations would be required to report satisfaction levels both at whole organisation level and separately for the local areas where their stock is mainly concentrated (see locality and minimum stock thresholds below).

The length of the STATUS survey would be reduced, in part off-setting the additional costs incurred through local reporting. The key difference between options 2 and 3 is with regard to the length of the survey.

**Option 2:** This would be a brief survey (i.e. 2 sides in length or a 3 minute telephone survey) to collect the three satisfaction PIs. It would contain the minimum number of questions necessary for a coherent survey, including key demographic information.

This approach has a clear focus on collecting the information to source the three satisfaction PIs. The survey would be quick to undertake, so putting minimal burden on tenants.

**Option 3:** In this option, the length, and correspondingly the detail, of the full STATUS survey would be reduced by approximately half (i.e. 4 sides in length or a 5 minute telephone survey).

Clearly, this approach would enable comparative data to be collected on a wider range of questions than under option 2. The greater length would require a larger commitment on the part of the tenant.

The preferred option will depend upon what precisely the TSA requires from a standardised tenant satisfaction survey. Our research indicates there is relatively little difference between the cost to associations of options 2 and 3.

#### Option 4: Annual survey

Clearly, should the TSA require annual data on the three satisfaction PIs, it would be possible to undertake any of the surveys outlined in options 1, 2 and 3 on an annual

<sup>13</sup> Currently LA STATUS applies to general needs tenants only, is undertaken every two years and the methodology and year/season are prescribed. In contrast, HA STATUS is undertaken every three years, from 2008/9 applies to all social housing tenants and methodology and timing are flexible

basis, so providing satisfaction data at the same frequency as the other 'harder' PIs.

However, the following implications / constraints of surveying tenants annually should be noted:

- the cost to associations of surveying tenants annually is likely to be prohibitive, both for undertaking the full survey in option 1 and under options 2 and 3 for those working across many geographical areas
- annual surveys may be too frequent to record whether there has been a change in tenant opinion
- respondent burden and survey fatigue amongst tenants may arise, especially in areas where there are smaller stock concentrations (though still over the minimum threshold – see below). An annual survey would result in the same tenants being contacted each year.

Under any of the above options, organisations would be expected to supplement the standardised survey with other feedback mechanisms, more closely tailored to the particular organisation, as part of their wider resident feedback strategy. It is not envisaged the TSA would be prescriptive in this respect.

## Locality and minimum stock thresholds

Under options 2 and 3 (and possibly 4), housing associations would be required to report satisfaction data at a local level for those areas where they have concentrations of stock. As already mentioned, to make effective comparisons between local data, it must be collected and reported at the same local level. We have discussed in chapter 4 the benefits of using local authority level data wherever possible.

An analysis of housing association stock levels in different local authority areas, (attached at appendix 2), shows the following:

- for most unitary authorities, adopting a 150 unit threshold as the basis for inclusion in local reporting of satisfaction data, provides coverage of over 85% of housing association tenancies
- in one of the nine unitary authorities we looked at, a threshold of 150 units only resulted in a 73% coverage. TSA will have to decide if this is acceptable

- the 150 unit threshold is not appropriate for use at district council level in two-tier authorities because few district councils have more than one or two associations with more than 150 units operating in their area
- for associations working in two-tier authorities, where stock holdings in a county are used instead of individual districts, coverage becomes similar to those in most unitary authorities (i.e. over 85%)
- for the five housing associations who we looked at in detail, using a 150 unit threshold, at unitary authority level or county level for two tier authorities, meant that over 85% of all five associations' stock was covered

Based on the coverage of housing association stock outlined above, we therefore recommend the use of a 150 unit threshold for measuring tenant satisfaction at a local level. In addition, given that STATUS currently assumes a (postal) response rate of around 40%, 150 is the minimum stock (population) needed to provide the minimum sample size of 60 required for statistical validity at +/- 10%<sup>14</sup>.

A 150 unit threshold will still mean that tenants of housing associations with a small local presence will be excluded from the ability to compare the performance of their landlord at a local level. The best data that will be available for such tenants will be whole organisation satisfaction data and it is important that they are able to compare this with the whole organisation data for other landlords operating in the same area.

In summary, we therefore recommend that:

- all housing associations should be required to report whole organisation satisfaction data, as part of the Level 1 reporting framework
- in addition to reporting whole organisation data, associations with a larger presence in a locality should be required to collect and provide local satisfaction data as follows:
  - associations with more than 150 social housing units in any unitary (single-tier) authority, would be required to report performance at this local authority level
  - associations with stock in areas that have retained a two-tier county and district council structure will be required to collect and report performance at county level. Again a threshold of 150 units applies

<sup>14</sup> It is important to note that in order to provide the minimum sample size required if using a lower margin of error, a higher minimum stock threshold would be needed. For example, at +/- 4%, a threshold of around 1,000 units would be needed to achieve the required sample size of 380, again assuming a postal response rate of 40%.

- associations with less than 150 units either in the county, or within a unitary authority, will be required to provide their whole organisation figure only

This approach will enable tenants of associations with a small local presence to compare performance on a like for like basis with other landlords operating in the area – albeit using whole organisation data. Tenants of associations with a reasonable stock presence can compare satisfaction levels on the same basis – either at housing authority level in the case of associations operating in unitary authorities or at county level for the others.

One issue which the TSA may have to make a decision about is where, after the system of localised PIs has been introduced, a new unitary authority comes into existence. This could change the position with regard to effective comparisons particularly if the unitary authority became the basis of comparisons, when previously it was part of the county figures. Given the importance of comparisons over time it may be most appropriate to state, when introducing the scheme, that it will not be altered for a specific period of time - say five years - to allow a set of time series comparisons to be developed.

## Survey methodology

Currently, the main type of method used for STATUS surveys is postal self-completion – required by CLG for local authorities and recommended by the TSA and National Housing Federation for housing associations. However, some associations are now using telephone interviewing and a few may use face-to-face interviews. The advantages / disadvantages generally associated with the various survey methods are summarised in appendix 6. Clearly, the most appropriate methodology will depend upon the nature of the survey selected to source the satisfaction PIs. The survey options outlined above were:

Option 1: full STATUS survey, biennial, timing and methodology prescribed, 'whole organisation' data reported

Option 2: minimum survey (2 side / 3 minute), biennial, timing and methodology prescribed, whole organisation and local level data reported

Option 3: reduced STATUS survey (4 side / 5 minute), biennial, timing and methodology prescribed, whole organisation and local level data reported

For option 1, a postal, self-completion survey is likely to be the most appropriate methodology due to the prohibitive cost in interviewer time of a long (up to 13 minute) telephone interview.

For options 2 and 3, a telephone survey may provide a slightly higher response rate, and, because there is a trained interviewer, the quality of information provided is likely to be higher. It also avoids to some extent a key problem associated with postal surveys – that of the respondent self-selecting whether they will participate. However, as shown in appendix 6, a telephone survey may introduce bias to the base population of tenants.

The costs of using an external survey company to run a telephone survey or a postal survey are comparable, for surveys up to 4 sides / 5 minutes in length.

We are not suggesting that any one of these methods is preferable. It is comparability that is important and therefore a particular method needs to be prescribed so that providers do not mix and match.

Irrespective of whether the prescribed methodology is for a postal or telephone survey, it is recommended that associations be required to employ an external survey company to undertake the research. This recommendation is made in view of the complexities around sampling, particularly in order to ensure reliable data at a local level, and in order to bring legitimacy to the findings generally.

## Recognition of factors largely outside a landlord's control

It is recognised that tenant satisfaction findings can be influenced by several factors largely outside a landlord's control. This includes demographic factors such as age and ethnicity, geographical location and the level of deprivation in an area. By way of example, there is evidence of a 'London effect' in housing. Council tenant satisfaction with their local authority landlord is lower in London than in other regions. Similarly, housing associations with stock in London only, tend to have lower satisfaction scores than those associations working both in London and outside.

To provide truly meaningful comparative data, both over time and between organisations, there clearly needs to be some assessment of the factors which may influence an individual association's results, in order to be able to provide greater insight beyond the headline figures.

One means of doing this would be through the development of a model to understand the effect of place and demographics on satisfaction levels, so enabling associations to be compared on a much fairer basis than just looking at satisfaction figures in isolation.

One such example is the Frontiers analysis, developed by Ipsos MORI. This compares an organisation's actual, recorded performance – satisfaction – with their predicted level derived from a model which takes into account a range of other factors. If the actual level is higher than predicted satisfaction, then the organisation is performing better than could be expected, and the reverse for actual lower than predicted – it is performing worse. Thus an organisation which might be near the bottom of a simple league table of satisfaction scores may be shown to be performing better than could be expected for an organisation in its particular circumstances, and vice versa.

The Frontiers housing model used in analysing the local authority 'Satisfaction with Landlord' indicator, takes into account four factors, all with data available at the local authority level: deprivation, (as measured by the Index of Multiple Deprivation), ethnic fractionalisation, proportion of tenants aged 60+ and council stock size. Whilst developed for local authorities, the Ipsos MORI housing model can be applied to housing associations, if reliable data is provided at local authority level.

It is recommended that the TSA develops a means of quantifying the impact of such factors, perhaps building on the approach outlined above.



## Chapter 7: Value for money

We noted earlier that tenants wish to receive information regarding value for money.

The problem here is finding straightforward measures that might demonstrate VFM, given that rents are set against a formula rather than being related to the cost of the service.

What you would expect to try and find is a relationship between the cost of the inputs required to deliver services and the outcomes achieved.

### The problem with cost input measures

The first difficulty here relates to inputs. Given the focus on service delivery we should perhaps be looking at the cost of management and maintenance. There are no Housing Corporation PIs for these. Associations do however have to produce these calculations for other Corporation information requirements.<sup>15</sup>

In theory, it should be possible to provide data on housing association:

- management costs per year
- maintenance costs per year

If overall management and maintenance cost figures were clearly part of a very public comparison then this could force associations to look hard at how they allocate costs.

However, study of the global accounts analysis for the sector indicates that there are technical difficulties in ensuring like-for-like comparisons. Some examples of these difficulties will suffice.

First, there is no prescribed regulatory method for determining how overheads and staff costs are allocated when determining management and maintenance costs. For example, the level of maintenance costs included in global accounts data suggests substantial inclusion of overhead costs in addition to the direct cost of repairs carried out to properties.<sup>16</sup>

Second, the position is further complicated by the impact of major repairs capitalisation which serves to depress the unit cost and, potentially, obscure the true impact of overhead costs.

<sup>15</sup> FVA (Electronic Annual Accounts)

<sup>16</sup> The unit cost comparisons in the 2007 global accounts indicates that traditional associations with between 5,000 and 9,999 units in management spent £1,945 per unit on all maintenance. This is a very high sum which would tend to indicate that this figure includes substantial inclusion of overhead costs in addition to the direct cost of repairs carried out to properties.

This lack of transparency and consistency over cost allocation could render unit management cost comparisons relatively meaningless.

These issues have been addressed in HouseMark's benchmarking methodology, which hundreds of associations participate in each year. However, as noted in chapter 1 of this report, benchmarking should be encouraged but on a voluntary basis and consequently this data is flagged as a Level 2 information source.

The regulator will have a difficult task in ensuring consistent cost information from associations at a whole organisation level – let alone at a local authority level. None of the landlords who participated in this research believed that meaningful localised cost information is possible to achieve.

This problem is accentuated by the need to avoid a disproportionate increase in data collection for associations. However, this is a task that the regulator may need to undertake if it or tenants are to make any meaningful cost comparisons between associations. A suggested approach to tackling this task is set out at appendix 4.

If it is not possible to achieve cost comparison on a localised basis, but it is clearly something tenants want, then it is still worthwhile to include an association-wide measure if one can be achieved.

## **An alternative approach to VFM analysis – what rent pays for?**

One suggestion, made by tenants participating in this research, was the possibility of producing an annual report on what tenants' rent paid for. This could be similar to the breakdown that local authorities have to send with council tax demands. Indeed, local authorities used to be under an obligation to produce reports to tenants that showed what their landlords service spent their rent money on.

Given the lack of relationship between rent and services and the problem of allocation of costs referred to above, we do not see how this could be done effectively, at a local level, at present.

The National Housing Federation commented to the researchers that it would be extremely expensive for an association to produce this type of report and would not improve the quality or comparability of available data.

This may be the case, but if tenants would find it helpful, it may be worth pursuing. The TSA could consider whether there are ways of essentially re-presenting already available information which could be simplified and so less expensive to collect, whilst still giving tenants useful and clear information.

## **The problem with performance output measures**

Even if effective cost input figures can be achieved, the next stage would be to try and find output figures to measure against. One possibility is that if effective tenant satisfaction measures can be achieved – see chapter 6 for the challenges – then a measure which links cost and tenant satisfaction may be achievable.

However, any simple comparison of costs and satisfaction could be misleading, given that satisfaction results can reflect aspirations rather than reality and are also subject to influence by regional and demographic factors.

At this point, it would be easy for the regulator to decide that VFM is too hard to quantify. However, the publication of data on performance without reference to costs would mean that tenants would be unable to judge the VFM of the services they receive – and this is something they really care about.

What is needed is:

- improved analysis of individual associations' cost data
- comparisons of cost data and other performance information
- publication of the analysis which allows comparison and challenge
- providers having to justify publicly their position with regard to the results of the analysis

Further work is clearly required in this area by the TSA and it is recognised that this will take time to undertake.



## Chapter 8:

# How can tenants access the data?

The whole exercise of producing local data will be pointless unless the information is used by tenants. 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 provision as part of the regulatory process.

### Presentation of information

*How to Develop and Monitor Local Performance Measures*<sup>17</sup> had some very clear messages in this regard:

*'Presentation is key in terms of helping all players understand performance. Many staff, as well as tenants, struggle to understand performance because they are deluged with pages of performance indicator tables and graphs with unintelligible labels and limited context and commentary that joins it all up. They may be 'data rich' but they are 'information poor.'*

*Presentation to the wider body of tenants needs to be carefully considered and made as short and simple as possible – a story supported by carefully chosen charts and tables. Generally, charts work best, although tables can be helpful if simplified.'*

These messages were strongly supported by the tenants who participated in this research. They were clear that any information presented should be prepared on the basis of ease of understanding. It was recognised that there was a trade-off between simplicity and clarity and providing complete information.

### A clear source of information

At the present time there is no clear mechanism whereby tenants or others are able to easily access comparable information about associations' performance. The Housing Corporation's PI website did provide a level of localised information but was certainly not sufficiently user-friendly for tenants to make effective use of it.

All the tenants contributing to this report were clear that a national website must be very straightforward to navigate.

The tenants' workshop undertaken for this research also identified the issue of the trustworthiness of the data as being important. Tenants felt that some landlord information is not trusted and, therefore, it was important to have the TSA or another independent agency host this resource.

We would therefore recommend the development of a genuinely user-friendly PI website by the TSA. The aim should be for information which is plain and easy to comprehend, has clear comparisons and uses both pictorial and written forms.

Such a site should be devised in conjunction with tenants.

<sup>17</sup> *How to Develop and Monitor Local Performance Measures*, HouseMark (2008)

As the regulator will need to continue to consider an association's performance as a whole, the 'whole organisation' data which they collect can also be made available to tenants on the same website and is likely to be valued.

If this was to happen, then tenants (and others) would have potentially three levels of comparison:

- between associations' overall performance
- between associations' local performance
- between an individual association's performance in different localities

Indeed, it would be helpful if the website was able to signpost users to more detailed and sophisticated information for those who would wish to use it.

We can therefore see the argument for one regulatory public access website, drawing into one place the different strands of data collected by the regulator.

On the issue of simplicity or 'completeness', the tenant workshop was clear that simplicity and ease of access to the data should be paramount.

If there is therefore a danger of an all embracing web site becoming too complex, or time-consuming to set up, then a site aimed principally at giving tenants comparisons on the basis of clear straightforward information should be prioritised.

There is clearly also an issue about how tenants learn about this site and how tenants who do not have Internet access are able to obtain this information.

One option suggested to us was that housing associations would have a duty to provide tenants with a paper based annual report setting out local performance information with clear comparisons made and supported by context and commentary.

The associations participating in this research clearly felt that the development of a TSA website would mean that they would want to make available commentary / explanation to comparative data, either via their own website or in hard copy.

Whilst 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, there were two problems raised by this approach.

Landlords will inevitably seek to put this information in the best possible light and, as the tenant workshop suggested, the information will not necessarily be seen to be objective.

Second, from the landlord's point of view, the logistics of publishing local comparative information to tenants has resource implications. These could potentially be significant for those associations operating over a wide range of local authorities.

One option that potentially addresses these problems is for the association to be under a duty to produce an annual report of performance information for tenants in a format they determine is appropriate to their circumstances. As part of that duty, tenants must have been consulted as to what is to be included and the regulator's localised information website must be clearly publicised in that report and other communications with tenants.

Overall, we conclude that the development of a localised information website by the regulator – which could be publicised by housing associations and potentially by local authorities – is the best way forward for presenting this information. There is however a wider issue of how tenants use this information.

## Supporting tenants in interpreting data

There is a need for further support to empower tenants to understand and interpret the data. This will be important if the aim is to support tenants having a role in scrutinising provider performance, triggering regulatory action or improving their 'choice' options.

One way for tenants to be supported in respect of interpreting data is for the regulator to require that providers:

- involve tenants in self-assessment activity
- include Level 1 and Level 2 data in this self-assessment exercise
- train tenants engaged in the self-assessment process to interpret the data

Another very interesting point made by the tenant workshop was that, where possible, tenants themselves should collect some of this information. It was considered that tenants will give a more honest picture of what they think of the service to their fellow tenants than to their landlord. Tenant-led mystery shopping initiatives are a good example of how this objective might be achieved.

The associations who participated in this research did highlight some concerns about the workload involved in the provision of a 'management response' to potentially large quantities of local information i.e. analysing and providing commentary on data, as well as following-up and acting on the information.

Nevertheless, most of them were already moving towards an increased use of tenant scrutiny, feedback and involvement in their performance management frameworks.

We fully endorse the point made by CIH in its work on resident led self-regulation, in relation to improved local information:

*'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.'*



## Chapter 9: Summary

The Cave Review of social housing regulation put a strong emphasis on the new social housing regulator developing localised performance data to be disseminated to, and used by, tenants and other stakeholders (such as local authorities), to hold providers to account for their performance.

In developing a new approach to regulation, which emphasises both effective self-regulation by providers and genuine scrutiny by tenants, innovative thinking around the issue of local performance measures and how they might be communicated to tenants and other stakeholders is a key requirement.

Cave did not, however, go into the detail of how this might be done and it is clear that localised information raises a series of complex issues. This research was commissioned by the Housing Corporation/TSA to look at the practicalities of achieving this and to suggest solutions as to how to move forward.

The report concentrates on housing associations, but recognises that the expected move to domain regulation will result in a future TSA requirement for the performance of all social landlords to be compared.

## Two levels of information

One of the key challenges for producing localised performance information is to find a balance between:

- producing some fairly straightforward information that gives tenants an indication of their landlord's performance
- providing more detailed information for provider self-assessment
- ensuring that the effort involved in collecting performance information is manageable and proportionate to the benefits obtained

We have identified two levels of data that may be necessary to achieve these aims:

**Level 1** – a mandatory suite of indicators which will give tenants and other stakeholders a snapshot of a provider's performance locally and which allows comparisons with other providers.

This dataset would be limited to a small number of key 'high level' PIs which provide an overview of a social landlord's performance and can act as a 'can opener' to enable the TSA, tenants and other stakeholders to properly assess that performance.

**Level 2** – data which the TSA might encourage providers to collect for self-assessment purposes.

This level of information needs to be collected in a way that reflects the aims and context of the particular social landlord and the views of its tenants so it can be used to inform its business decisions in a clear and accountable way.

Where there is evidence that this data is embedded into an effective performance management framework, it is suggested that this should be a key factor in lightening the regulation on service delivery for that provider.

**The report focuses on how to develop the Level 1 suite of PIs and how these should be made accessible to tenants.**

## Key criteria

The report sets out criteria for the development of the Level 1 PIs, including the following key points:

- The need to focus on a small number of understandable and accessible PIs
- PIs reported for associations working in the locality could be a mix of both local reporting and 'whole organisation' data where local reporting is either impossible or disproportionately resource intensive
- Some basic context data should be included as part of the mandatory Level 1 dataset
- Local reporting should apply to all affordable housing stock. Non core activities would not be covered
- The aim should be to produce information at the local housing authority area level (although a slightly different approach is recommended for reporting tenant satisfaction data).
- Given the different regulatory arrangements for the RASA associations, they should initially be excluded from a local reporting framework, although their participation on a voluntary basis might be considered

## A recommended suite of PIs

The following suite of PIs is recommended for Level 1 data collection:<sup>18</sup>

Recommended PIs	Whole organisation or local level data?	Collected via NROSH? <sup>19</sup> (Field No.)
Percentage of tenants satisfied with the way their landlord deals with repairs and maintenance	Whole organisation and local level	N
Percentage of tenants satisfied that their views are taken into account by the housing association	Whole organisation and local level	N
Percentage of tenants satisfied with the services provided by their housing association	Whole organisation and local level	N
Average days to relet a (managed) social housing dwelling	Local level	Y (90+91+92+8+23.1)
Percentage of owned social housing rental dwellings vacant on 31 March	Local level	Y (87+7.2+23.1)
Rent arrears of current social housing tenants at 31 March as a percentage of annual rent debit	Whole organisation	N
<b>Possible PIs</b>		
ASB – we recommend collection at Level 2. If a Level 1 PI is required, we suggest:		
Percentage of (closed) ASB cases successfully resolved	Whole organisation	N
Average SAP rating (energy efficiency) across all owned social housing rental stock	Whole organisation	Y (54+7.2+23.1)
Unit management cost	Whole organisation	N
Unit maintenance cost	Whole organisation	N
<b>Recommended context data</b>		
Number of social housing units / bedspaces owned (and by General Needs / Supported Housing / Housing for Older People)	Whole organisation	Y (7.2+23.1)
Number of social housing units / bedspaces owned in local authority (and by General Needs / Supported Housing / Housing for Older People)	Local level	Y (7.2+1.1+ 23.1)
No. of local authority areas where an association owns social housing units	Whole organisation	Y (7.2+1.1 +23.1)
Average weekly net rent for a 1/2/3/4+ bed property	Local level	Y (96+97+44+7.2+23.1)
Total lettings per year for social housing stock managed	Local level	Y (90+91+8+23.1)

<sup>18</sup> In the table we distinguish between:

- recommended PIs - where we think inclusion is essential
- possible PIs - where we think that inclusion is desirable but problematic
- context data - which we think should help tenants understand the PI data

<sup>19</sup> The planned full introduction of the National Register of Social Housing data collection system should make the reporting of local data easier

## Key issues

The research identified three particular issues which the report examines in detail:

### Issue One: Tenant satisfaction

Considering how the three proposed satisfaction PIs might be reported at the most local level at which the data is useful, was perhaps the biggest challenge that the researchers faced.

In its current form, Housing Association STATUS (HA STATUS) is not a suitable means of providing robust comparative data at a local level, for the following reasons:

- the length and level of detail within the current survey means that it is likely to be expensive and difficult for organisations working across many geographical areas, to increase the sample size sufficiently to achieve reliable satisfaction data at a local level
- the survey methodology is not tightly prescribed and so associations are currently using different methodologies, which is likely to affect the integrity of comparisons
- the minimum three yearly timescale means that associations may be comparing data that is up to three years apart and makes associations 'out of sync' with local authorities who are currently required to undertake the survey at a fixed point in time every two years
- the time of year is not prescribed, again making data less comparable and possibly enabling associations to influence findings by choosing the timing of their survey

However rectifying these challenges is not simple, particularly given the need to achieve effective sample sizes in each locality. In trying to develop local satisfaction indicators there is a clear trade-off between producing local data and producing accurate data.

#### Reviewing STATUS

The report recommends that the TSA should undertake an early review of STATUS clarifying what it considers is the purpose of a standardised tenant survey and what information it may wish to source from it.

#### Prior to review of STATUS

Initially, it would be possible to compare satisfaction data for landlords working in a locality, using whole organisation data, as currently collected, provided the severe limitations outlined above were recognised and noted in reporting outputs.

#### Locality and minimum stock thresholds

The report contains recommendations which would allow tenants of associations with a reasonable stock presence to compare satisfaction levels on the same basis – either at housing authority level in the case of associations operating in unitary authorities or at county level for the others.

Based on an analysis of the coverage of housing association stock the report recommends the use of a 150 unit threshold for stock holdings for measuring tenant satisfaction at a local level.

#### Improving comparability

Whatever the size and form of the survey, comparability and currency of data would be improved by:

- prescribing the survey methodology and monitoring its implementation
- increasing the frequency of survey from a minimum of every three to every two years
- prescribing the year, and period within that year, when surveys should be undertaken.

It would then be necessary to move to one of the following options:

#### Option 1: Improve comparability and currency of HA STATUS data at a whole organisation level with biennial reporting, timing and methodology prescribed

Whilst this would improve the information available, using whole organisation data masks the considerable variation in levels of satisfaction between tenants of an association living in different areas.

#### Option 2: Minimum survey (2 side / 3 minute), biennial, timing and methodology prescribed, whole organisation and local level data reported

This approach has a clear focus on collecting the information to source the three satisfaction PIs. The survey would be quick to undertake, so putting minimal burden on tenants.

#### Option 3: Reduced STATUS survey (4 side / 5 minute), biennial, timing and methodology prescribed, whole organisation and local level data reported

This approach would enable comparative data to be collected on a wider range of questions than under option 2. The greater length would require a larger commitment on the part of the tenant.

For options 2 and 3, providers would be required to report satisfaction levels both at whole organisation level and separately for the local areas where their stock is mainly concentrated. Our research indicates there is little difference between the cost to associations of options 2 and 3.

The associations involved in this research all supplement STATUS with additional, customised, often service-specific satisfaction surveys, designed to take into account their organisation's operating context. These surveys provide valuable data which is more current and focused than the STATUS data. The problem with such surveys however is that, by their very nature, they do not produce data that is comparable between providers. This comparability is the fundamental strength of STATUS.

### Issue Two: Value for money

Tenants are very clear that they would like to see comparisons being available in terms of value for money (VFM).

The problem here is finding straightforward measures that might demonstrate VFM, particularly given that rents are set against a formula rather than being related to the cost of the service.

What one would expect to find is a relationship between the cost of the inputs required to deliver services and the outcomes achieved. However, study of the global accounts analysis for the sector indicates that there are technical difficulties in ensuring like-for-like comparisons.

These issues have been addressed in HouseMark's cost, resources and performance benchmarking methodology, which hundreds of associations participate in each year. However, it is the view of the researchers that such benchmarking should be encouraged but on a voluntary basis and consequently this type of data is flagged as a Level 2 information source.

It is therefore important that the regulator works to develop high level mechanisms so that effective comparisons can be made in terms of cost and value for money.

This would require:

- improved analysis of individual associations' cost data
- comparisons of cost data and other performance information

- publication of the analysis on a TSA website which allows comparison and challenge
- providers having to publicly justify their position with regard to the results of the analysis

### Issue Three: Preventing and tackling nuisance and anti-social behaviour

Anti-social behaviour (ASB) was identified as a key issue by tenants. However, unlike the other priorities, ASB was a very high priority for those directly affected and a lower priority for those who have had less experience of it. It is an issue with a strong locational driver, i.e. the problem is often associated with a geographically defined hotspot that requires targeted action.

In our view, this means that ASB does not fit easily into the Level 1 suite of PIs. We consider there is a strong argument for sourcing performance information on ASB from Level 2 data collection.

We have however put forward a PI – 'percentage of (closed) ASB cases successfully resolved' – as an option. Should this be included in the framework, for the reasons outlined above, we recommend it is reported at whole organisation level.

## How can tenants access the data?

At the present time, there is no clear mechanism whereby tenants or others are able to access easily comparable information about associations' performance.

In developing this, it needs to be recognised that there is a trade-off between simplicity and clarity and providing complete information. Tenants involved in this study were clear that any information presented should be prepared on the basis of ease of understanding.

The report sets out proposals for the development of a genuinely user-friendly PI website by the TSA. The aim should be for information which is plain and easy to comprehend, has clear comparisons and uses both pictorial and written forms.

The focus should be on giving tenants (and others) the opportunity to make three levels of comparison:

- between associations' overall performance
- between associations' local performance
- between an individual association's performance in different localities

It is hoped that when domain regulation is introduced comparisons can be made between all providers in a locality.

The report also highlights the need for further support to empower tenants to understand and interpret the data. This will be important if, as the TSA expects, tenants are to play a key role in scrutinising provider performance, triggering regulatory action and/or improving their 'choice' options.

## Conclusion

Our work has demonstrated that there is a real appetite amongst tenants to know more about their landlord's performance.

It is also clear that if local performance indicators are published, landlords will be keen to ensure that their results are positive. This in itself, should also raise standards at local level.

If effective information along the lines recommended in this report is adopted then it will help encourage localised accountability for performance. This does however need to be linked to a scrutiny regime by tenants, supported by benchmarking and other performance tools.

This would be even more effective if inspection focused on testing an association's local accountability and if tenants who are dissatisfied with the performance of their landlord were able to appeal to the regulator.



# Appendices

## Appendix 1: Methodology

The methodology for this project was in two stages:

### Phase One

- an exercise mapping the information that is currently collected and required for the monitoring of social landlords
- detailed telephone interviews with housing associations and professionals responsible for the local authority strategic role
- consideration of the emerging conclusions of HouseMark's work for the Housing Corporation/TSA; *How to Develop and Monitor Local Performance Measures*, alongside the NHF publication *What Tenants Want*
- a workshop of the Steering Group for the project and tenants

This resulted in a framework paper which can be viewed at

[http://www.housemark.co.uk/hmresour.nsf/lookup/DUPphase1.pdf/\\$File/DUPphase1.pdf](http://www.housemark.co.uk/hmresour.nsf/lookup/DUPphase1.pdf/$File/DUPphase1.pdf)

### Phase Two

The second phase of the project consisted of:

- detailed work on the options in relation to tenant satisfaction data and cost/value for money information
- detailed discussions with the four associations on the Steering Group to examine in detail the local reporting of satisfaction and cost data
- working with a group of three associations who had not been involved in the project up to that point to consider how they would implement the draft proposals
- a workshop of tenants who had been involved in evaluating their associations performance to ascertain their views on the emerging proposals
- the input of experts on IT and financial issues on the possible implications of the proposals in these areas.

## Appendix 2: Supporting analysis for determining minimum stock threshold

To consider the effects of minimum stock thresholds in terms of percentage of housing association stock covered, we looked at:

- two county council areas containing 13 non unitary district councils
- three medium sized cities (which are unitary authorities)
- three Northern cities (unitary authorities)
- three London boroughs (unitary authorities)

The results are set out in the tables below. The results show that:

- in 8 of the 9 unitary councils considered, between 87 and 98% of housing association tenancies are covered by a 150 unit threshold as the basis for inclusion in local reporting of satisfaction data
- in one medium sized city, Portsmouth, the threshold of 150 units resulted in a lower coverage with only 73% of association stock covered
- in the individual non-unitary district council areas, few districts have more than one or two associations with more than 150 units operating in their area
- however when figures for stock holdings on a county wide basis (excluding the cities) are used instead of individual districts, coverage becomes similar to those in the unitary authorities with 95% of stock being covered in Leicestershire and 94% in Hampshire

The data for this was taken from the 'RSLs by local authority' section of the Housing Corporation website as at September 2008. This deals with rented housing only.

### Counties

Two counties were chosen for their very different housing association profile – particularly given the significant number of LSVTs in Hampshire against the absence of them in Leicestershire.

#### Leicestershire

Of the seven non-unitary district councils, only two have more than one association with over 150 units and no district has over 80% coverage of associations owning 150 units.

For the County (without the City), the figures are:

Leicestershire (excluding City)	No. of HAs	No. of properties	% of HA stock
+500	4	3302	51
150-500	10	2848	44
-150	3	205	3
Total HAs	17	6455	

Using the 150 unit threshold at county level, 95% of housing association stock is therefore included.

## Hampshire

Of the six non-unitary districts in Hampshire, five district areas do have more than 80% of stock covered by providers with more than 150 units. However the preponderance of large LSVT associations means that the 80% plus is made up of only one, two or three associations. Indeed in four of the districts one association provides more than 60% of the social housing in the district. This leaves very limited scope for effective performance comparisons for tenants.

The county figures excluding the cities of Southampton and Portsmouth are as follows:

Hampshire (excluding cities)	No. of HAs	No. of properties	% of HA stock
+500	6	13606	81
150-500	8	2205	13
-150	13	934	6
Total HAs	27	16745	

Using the 150 unit threshold at county level, 94% of housing association stock is therefore included.

## Unitary authorities

To gain a spread of unitary authorities, we took three cities in the southern half of England, three northern cities and three London Boroughs.

Non-metropolitan cities	No. of HAs	No. of properties	% of HA stock
<b>Leicester</b>			
+500	5	5790	84
150-500	4	846	12
-150	4	234	4
Total HAs	13	6870	
<b>Southampton</b>			
+500	2	2360	63
150-500	3	1097	30
-150	10	262	7
Total HAs	13	3719	
<b>Portsmouth</b>			
+500	1	1550	45
150-500	5	955	28
-150	15	920	27
Total HAs		3425	
<b>Northern Cities</b>			
<b>Sheffield</b>			
+500	6	10561	88
150-500	3	1210	10
-150	4	220	2
Total HAs	13	11991	

<b>Leeds</b>	No. of HAs	No. of properties	% of HA stock
+500	9	8868	89
150-500	2	589	6
-150	8	467	5
Total HAs	19	9924	
<b>Manchester</b>	No. of HAs	No. of properties	% of HA stock
+500	11	27453	91
150-500	7	2090	7
-150	12	501	2
Total HAs	30	30044	
<b>London Boroughs</b>			
<b>Camden</b>	No. of HAs	No. of properties	% of HA stock
+500	4	5642	86
150-500	1	136	1
-150	18	781	13
Total HAs	23	6559	
<b>Lambeth</b>	No of HAs	Number of properties	% of HA stock
+500	10	14291	89
150-500	5	1307	8
-150	12	469	3
Total HAs	27	16067	
<b>Tower Hamlets</b>	No of HAs	Number of properties	% of HA stock
+500	12	18247	91
150-500	2	405	2
-150	13	1321	7
Total HAs	27	19973	

Note: The figures above are for rented stock only.

In 8 of these 9 unitary councils between 87 and 98% of housing association tenancies are covered by a 150 unit threshold, with Portsmouth being the exception.

## Coverage for individual housing associations

We also looked at the effect of using a 150 unit threshold based on unitary authority level and county level for two tier authorities, for the five associations participating in Phase Two of the project. We found that for each of these associations between 85% - 98% of stock would be covered.

## Appendix 3: Comments on use of IT for providing performance information in the sector (John Stuttard, Director, Tribal Consulting)

### Data Collection

- Most housing organisations have not defined their data standards and so there is a risk that for some data fields there will be inconsistency in terms of content within any information system.
- By default they use the standard definitions in their housing management system which vary from supplier to supplier and can give a lot of freedom as to what the contents should be. [There are at least 19 different housing management systems provided as application packages as well as some housing organisations that have developed their own. Each system could have different data definitions, different data standards, data formats for recording the data and different calculations.]
- There is generally a lack of an information culture which results in problems with data completeness and accuracy – e.g. telephone numbers are a significant problem area.
- Data is often held in many different systems, databases and spreadsheets. This is a significant problem with property information. The worst I have seen is over 30 different databases of property information. There may be contradictions (e.g. property) in the different databases. So which is the right one?
- In the property hierarchy within the housing management system the concept of a LA is not usually defined. Similarly the asset management systems' property hierarchy does not have a concept of a LA. What is more worrying is that many housing organisations have different property hierarchies in the housing management and the asset management system and so linking them is very complicated.
- An alternative approach is to assign to a property the LA in a data field within the system. This would require a lot of data collection and input. Also not all housing management systems allow users to add additional data fields.
- Excel is often used to store information rather than to analyse information. More voids are managed using Excel than housing management systems. Excel does not have an audit trail and can be only updated by a single user. It is easy to make mistakes with Excel based data.
- Many housing organisations have had problems providing the NROSH data.

### Reporting

- All housing management systems have a report writer which is capable of accessing the housing management data. The reporting tools are easy to use, but it is not easy for end users to understand which data fields to use when producing a report. Usually the IT staff are the main users of the reporting software and can be a bottleneck due to other commitments.

- If data is held in another system, then possibly another report writer would have to be used.
- Excel is extensively used to provide reports. Data is extracted into Excel and then manipulated further.
- Many organisations find it difficult to provide trend information.
- The current trend is to have a data warehouse and then use this for reporting purposes. The data warehouse contains data extracted from the main systems into a single database. This can easily be used for trend analysis. Complex reports can be run against the data and this does not affect the system response times for the main systems.
- Many housing system suppliers offer as standard functionality the production of Housing Corporation PIs. Ideally suppliers should be persuaded to extend the range of reports to include relevant reports re local reporting requirements. The usual mechanism for getting enhancements is through the user group. Early dialogue would be required as it may take time for the suppliers to agree. Also not all suppliers offer Housing Corporation PIs reports.

## Appendix 4: A proposal for developing better cost and VFM information

The process of cost comparison should focus on drawing out key per unit comparisons for mainstream general needs housing in order to produce information that can stimulate debate within the sector about the reasons for apparent differences but without drawing any definitive conclusions. The process of normal regulatory engagement can be used to test the reasons as to why particular associations' figures are 'outliers'.

The process of unit cost production and comparison must meet the following core objectives:

- credible, authoritative and impartial source;
- comprehensive coverage;
- easy and cheap to compile for the TSA and associations;
- outputs that are based on factual information.

The TSA ideally needs to compile this information from current data sources, supplemented as indicated below. The key sources are PIs and the FVA (Electronic Annual Accounts), the latter submitted by all associations by 30th September each year.

Useful cost comparison will require some limited further breakdown of figures contained in the statutory accounts. The format of the accounts, as required by the HC Accounting Determination and Associations' SORP, closely follows a broadly standard form increasingly used by entities, commercial and non commercial, across the whole economy. It would therefore not be appropriate to seek to amend the standard form of accounts to accommodate the additional information needs; rather the information should be gathered as a short supplement to the annual FVA return.

The notes to the statutory Financial Statements provide a breakdown of turnover, operating costs and operating surplus between social housing, supported housing, other social housing activities and non social housing activities. Operating costs on social housing activities are then further analysed between key business streams (e.g. general needs, special needs, shared ownership etc) and type of spend (management, services, support costs, routine and cyclical maintenance, major repairs, other costs and some other heads of expenditure).

In order to enable management cost comparisons to focus on the key elements of operating costs, it would seem appropriate for the unit costs produced to identify the subjective element of overhead costs apportioned to general needs housing management and maintenance costs.

It would also be appropriate to gather this information for direct costs capitalised, so as to establish how much overhead has been capitalised. This latter figure, in addition to highlighting the additional direct maintenance costs, would also expose a potential area of significant business risk; i.e. the extent to which any future inability to capitalise overhead would place pressure on the Income and Expenditure Account, and potentially financial ratio compliance, if the cost can not be avoided.

The additional data gathered would need to be produced by all associations as a matter of standard practice when compiling their annual Financial Statements, so data capture via the FVA return should not present any real difficulties.

With this additional information, it would be possible to use other information in the Financial Statements (e.g. staff numbers, stock numbers) and PIs (relet times, rent loss, maintenance performance) in order to produce some key high level direct unit cost statistics of significant interest. Without drawing any conclusions from the statistics produced, a series of lists ranking unit overhead costs for a range of functions could be produced and published for all associations. The data would be comprehensive and authoritative (linked to audited accounts) and should act as a catalyst for the debate on efficiency.

The process would expose the real amount of direct investment in the property stock and help the TSA scrutinise and challenge associations' asset management plans. At present, in some cases, deficiencies in stock re-investment expenditure is obscured by relatively high allocations of internal overheads to maintenance.

The above analysis could be used to produce direct unit costs for general needs housing, analysed into management, routine maintenance, planned maintenance and major repairs.

## Appendix 5: PI source comparison for local authorities / housing associations

Recommended Performance Indicator	Source of current HC PI	Source of 'equivalent' local authority measure	Collected via NROSH? (Field No.)
Percentage of tenants satisfied with the way their landlord deals with repairs & maintenance	Sourced from HA STATUS, reported in RSR Part Q (whole organisation data).	Sourced from LA STATUS, reported in BPSA Section E. Restricted to GN.	N
Percentage of tenants satisfied that their views are taken into account by the housing association	Sourced from HA STATUS, reported in RSR Part Q (whole organisation data).	Sourced from LA STATUS. Not reported.	N
Percentage of tenants satisfied with the services provided by their housing association	Sourced from HA STATUS, reported in RSR Part Q (whole organisation data).	NI 160 Sourced from LA STATUS, reported in BPSA Section E. Restricted to GN.	N
Average days to relet a (managed) social housing dwelling	Sourced from CORE data (whole organisation and local authority level data). Voids subject to major repair are excluded from the entire calculation.	Sourced from CORE data. ExBVPI 212 reported in BPSA Section E. ExBVPI 212 excludes time spent undergoing major repairs.	Y (90 +91 +92 +8 +23.1)
Percentage of owned social housing rental dwellings vacant on 31 March	Sourced from Parts A, E & F of the RSR (whole organisation data).	Vacant LA dwellings at 1 April reported in BPSA Section E.	Y (87 +7.2 +23.1)
Rent arrears of current social housing tenants at 31 March as a percentage of annual rent debit	Sourced from FVA annual accounts return (whole organisation data).	ExBVPI 66b reported in BPSA Section E.	N
<b>Possible PIs</b>			
ASB – we recommend collection at Level 2. If a Level 1 PI is required, we suggest:			
Percentage of (closed) ASB cases successfully resolved	No HCPI. Not reported.	Not reported.	N
Average SAP rating (energy efficiency) across all owned social housing rental stock	Reported in RSR Part Q (whole organisation data, relating to general needs, self-contained stock only)	ExBVPI 63 reported in BPSA Section E.	Y (54+7.2+23.1)
Unit management cost	No HCPI. Sourced from FVA annual accounts return (whole organisation data).	Average weekly cost of management per unit (ExBVPI 65a) reported in BPSA Section E.	N
Unit maintenance cost	No HCPI. Sourced from FVA annual accounts return (whole organisation data).	Average weekly cost of maintenance per unit (ExBVPI 65b) reported in BPSA Section E.	N

Note: RSR references refer to 2009 RSR. BPSA references refer to 2008 BPSA-AM return.

# Appendix 6: Comparing survey methods

## Postal, self-completion

### Advantages

- Easy to administer
- Can despatch a large number of surveys relatively quickly and cheaply to geographically dispersed residents
- Surveys can be run in-house
- Can use very short questionnaire

### Disadvantages

- Self-selecting sample of respondents – unlikely to be representative of all tenants
- Respondents need to be literate and able to read English (or other languages if translations are available)
- As questionnaire is completed by the tenant, rather than a trained interviewer, it needs to be simple in format and content
- No control over how completed, in what order and by whom
- Tends to be relatively high proportions of blanks and inconsistent answers, requiring data cleaning, which can make it harder to interpret, analyse and present the findings
- Fieldwork takes at least 6 weeks, allowing for two reminders

### Other features

- Lowest response rate of all methods (say 40% - lower in more deprived areas and among certain groups of tenants)
- Cost is generally less than other methods, although may be more than telephone for smaller survey (ie shorter questionnaire / smaller sample)

## Telephone interview

### Advantages

- Quick fieldwork
- Can contact a wide range of geographically dispersed tenants
- Likely to achieve a more representative response than for postal
- Can specify the respondent (i.e. the tenant, rather than other member of household)
- Can use a complex questionnaire
- Can use very short questionnaire
- As interview is carried out by properly trained and briefed interviewers, likely to obtain better quality data

### Disadvantages

- Possibility of introducing bias to the base population (e.g. may exclude certain profile of tenants who do not have a phone, landlords may be more likely to have reliable numbers for those tenants in most regular contact)
- Cannot use show cards and / or other visual aids unless sent out in advance

### Other features

- Response rate depends largely on quality of landlord's database of current phone numbers
- Cost may be less than postal for smaller survey (ie shorter questionnaire / smaller sample), but more for larger (longer questionnaire / larger sample). Comparison with face-to-face mainly depends on address clustering – generally similar for clustered / less for dispersed
- Requires trained interviewers (preferably not internal)

## Face to face interview

### Advantages

- Generally considered methodologically superior
- As interview is carried out by properly trained and briefed interviewers, likely to obtain better quality data
- Can specify the respondent (i.e. the tenant rather than other member of household)
- Likely to be more representative than for postal
- Can use a complex questionnaire
- Can use show cards and / or other visual aids

### Disadvantages

- Generally cannot use for very short questionnaire (say under five minutes) possibly unless very clustered (eg estate-based)

### Other features

- High response rate (say 70%, after four calls to property)
- Depending on survey size (questionnaire length / sample size) and address clustering / dispersal, face to face fieldwork may be shorter than postal although longer than telephone
- Generally costs more than postal. Comparison with telephone mainly depends on address clustering – similar for clustered / less for dispersed
- Requires trained interviewers (preferably not internal)





## Further information

For further information visit our website [www.housemark.co.uk](http://www.housemark.co.uk)  
or call **024 7646 0500**.

HouseMark, 8 Riley Court, Millburn Hill Road,  
University of Warwick Science Park, Coventry CV4 7HP.



## About HouseMark

HouseMark is the leading provider of performance improvement and value for money solutions to the social housing sector and is jointly owned by the Chartered Institute of Housing and the National Housing Federation; two not-for-profit organisations which reinvest their surpluses in the social housing sector.