the housing inspectorate’s framework for assessing excellence in housing management
The Audit Commission has published this framework for assessing excellence in housing management, following the Government’s decision to encourage local authorities in England to set up arm’s-length management arrangements with the aim of delivering better housing services to council tenants and others. The Government has decided that local authorities pursuing this option can secure additional capital funding if the new arm’s-length body has received an ‘excellent’ rating from the Commission’s Housing Inspectorate. To achieve an excellent rating from the Inspectorate under the Government’s proposal, an organisation would need to be providing a three-star housing management service and be judged as delivering a service that either will improve or probably will improve. For 2002/03 only, local authorities that have established arm’s-length bodies can potentially gain access to a proportion of this new funding if they have secured a ‘good’ rating from the Inspectorate. More details about these interim conditions are described in paragraph 12 below.

The Government’s policy is being promoted by the Department of Transport, Local Government and the Regions (DTLR) and applies to English local authorities only. The Commission will be issuing a complementary paper for Wales once the National Assembly has finalised its housing strategy.

We have developed this framework, which applies to both local housing authorities and arm’s-length management organisations, following consultation during the spring of 2001 with a wide range of stakeholders. These included all English local housing authorities and their representative bodies as well as the country’s largest registered social landlords (RSLs), tenants’ groups and relevant statutory, trade and professional bodies. A summary of the key points raised by consultees is available. This summary includes our response to issues raised during the consultation exercise. See www.housinginspectorate.gov.uk

This paper is divided into the following sections:

- a review of the background to the Government’s proposals;
- the framework to be used by the Housing Inspectorate to assess excellence in housing management;
- the context under which the Housing Inspectorate will inspect arm’s-length management organisations; and
- the approach to be adopted by the Housing Inspectorate to facilitate the inspection of local housing authorities and arm’s-length management organisations.

If there are any points you would like to raise about our approach, please contact:

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6. Further copies of this framework document are available from the Audit Commission’s helpline on 020 7396 1494. Copies can also be downloaded from the Housing Inspectorate’s website: www.housinginspectorate.gov.uk
1. Background

7. In April 2000 the Government’s Housing Green Paper (Ref. 1) set out wide-ranging proposals to improve both the quality and choice of housing for people living in England’s owner occupied, private rented and social housing sectors. The Green Paper acknowledged that the estimated cost of bringing local authority housing up to a decent standard was £19 billion and that it would take ten years to tackle disrepair in the sector. The Government identified several ways of boosting investment in social housing so that this target could be met. These included an accelerated programme of stock transfer, the promotion of the Private Finance Initiative for local authority housing, and new funding for local authorities that set up arm’s-length management arrangements and had achieved a three-star rating from the Inspectorate. The Green Paper Implementation Plan (Ref 2) published in December 2000, confirmed that these provisions remained at the heart of the Government’s proposals to boost investment in the social housing sector.

8. This specific proposal gives additional capital investment for housing that remains in local authority ownership ‘for authorities which have set up arm’s-length arrangements, demonstrated excellence in their performance under the new Best Value regime and met certain other criteria’ (paragraph 4.7 (ii), Green Paper Implementation Plan).

9. To access this additional funding an authority must:
   - have established an arm’s-length management organisation to manage its housing stock and associated investment;
   - have demonstrated a high level of performance as measured against the Best Value national housing indicators, and an ‘excellent’ rating following a Best Value housing inspection (but see paragraph 12 for details of interim arrangements for 2002/03);
   - have demonstrated sound financial planning and management and long-term financial viability through a high-quality business plan; and
   - have provided a clear plan showing how it proposes to move to a structure of rents and a lettings scheme that is in line with the reforms agreed following the Housing Green Paper (paragraph 7.40, Green Paper).

10. In July 2000, following the Comprehensive Spending Review, the Government announced the resources it would make available to authorities that set up arm’s-length management arrangements and achieved the highest standards of performance. To secure improvements to around 90,000 homes, £160 million is available in 2002/03 and a further £300 million in 2003/04.
The former Department for the Environment, Transport and the Regions (now the DTLR) confirmed in its Green Paper Implementation Plan that these sums will be available to authorities that have retained their stock and established arm's-length arrangements to manage all or part of it. Additionally, these new organisations will need to have demonstrated excellence in the delivery of housing management services to their tenants. The funding will be obtainable through additional Housing Revenue Account subsidy that will be available to support borrowing.

As promised in the Green Paper, the DTLR consulted local authorities and other interested parties on a range of matters linked to the creation of arm's-length management organisations in local authority housing. Following this consultation exercise, the Department published its guidance on the arm's-length management of local authority housing in March 2001. This guidance sets out the special conditions for accessing a proportion of the available funds during 2002/03. As long as all other conditions are met (see paragraph 9 above), the Department will pay 50 per cent of the amount that has been conditionally allocated to an authority if the ALMO has obtained a rating of two-star (or 'good') and either a 'probably will improve' or 'will improve' score. An authority would also have submitted an agreed plan to the Department to reach a three-star (or 'excellent') level of performance. In such cases an ALMO would be required to prepare an improvement plan that addressed performance and other relevant issues raised in the Inspectorate's initial report. Plans should be prepared under the Best Value framework and must demonstrate that three-star performance is achievable within a reasonable period. The Housing Inspectorate would have to agree these plans before their submission to the DTLR.

The Commission is proposing to consult on changes to the methodology for inspecting local authority services under Best Value. The outcome of this review may involve altering the wording of the judgement on the prospects for improvement of local authority services after a Commission inspection. There are also proposals for the Commission to offer local authorities assistance with their Best Value Reviews and to advise on the delivery of service improvements. Any changes like these would apply to local authority housing services or ALMOs, as they would to other council services.

Throughout this paper the term arm’s-length management organisation (shortened to ALMO) will be used as a designation for bodies set up by local housing authorities to deliver arm’s-length housing management services in their areas.
Achieving excellence in housing management: the Housing Inspectorate's framework

Introduction

14. Below we set out the techniques used to assess the performance of inspected bodies in delivering housing management services. We are not concerned here with the other housing services delivered by a local housing authority (LHA) such as those linked to the strategic/enabling role, homelessness, housing advice and private sector renovation.

15. Essentially, we judge that a housing management service is excellent if an LHA’s/ALMO’s stock is well managed, its tenants are treated well and receiving value for money, and there is a reasonable strategy to tackle disrepair in its housing stock over a ten-year period. However, we have not produced a highly prescriptive and detailed set of conditions that housing authorities and ALMOs must meet to achieve excellence. This is partly because our framework for assessing excellence will evolve over time as our experience develops and the performance of inspected bodies improves. Also, we do not want to stifle innovation in the sector or see a ‘tick box’ approach develop for both Best Value Reviews and the associated inspection process. We believe these are real possibilities if precise conditions are set for achieving excellence in housing management.

16. Our housing inspectors assess the housing management services provided by a LHA or ALMO using the approach set out in Seeing is Believing. (Ref. 5) They examine current service delivery and assess whether that service will probably improve. They look for confirmation that the organisation (working with the LHA in the case of an ALMO) has established a rigorous programme for reviewing services under Best Value. They seek evidence of improvement in both the quality and value for money of services as a result of these reviews. They look for validated self-assessment that has been robust and accurate and that the four Cs of Best Value (Challenge, Consult, Compare and Compete) have been rigorously applied.

Putten tenants first

17. Under the Best Value framework set out in Seeing is Believing, inspectors reach their judgements by addressing two key questions:

- how good are the services being inspected?
- will those services improve?

18. Underpinning those judgements we ask inspected organisations six key questions to help us reach our judgements on current and prospective performance under the Best Value framework (as outlined in Seeing is Believing). On current performance we ask:

- are the organisation’s aims clear and challenging?
- does the service meet the aims?
- how does its performance compare?
There is a range of subordinate questions that we ask of housing management organisations. Appendices 1 and 2 give examples for some of the most important housing management services.

19. We ask three other questions on the prospects for service improvement. These are:
   • does the Best Value Review drive improvement?
   • how good is the improvement plan?
   • will the [organisation] deliver the improvements?

Appendix 3 gives examples of questions we ask housing management organisations about their prospects for improving service delivery, and questions they may want to ask themselves as part of the review process.

20. These six questions are structured to establish the policy framework for the services received by local people. This framework should address the use of resources, both now and in the future, that will underpin the delivery of improved services.

21. When we review standards of service and performance in local authorities, the experience and perception of service users is critical. Inspectors are required, and trained, to take a user perspective when evaluating the performance of inspected bodies. Our housing inspectors therefore spend much of their time reviewing the performance of landlords as experienced by tenants.\(^1\) All housing inspections of landlord services involve tenant inspection advisers who are employed by the Inspectorate to help assess services from a user perspective. Tenant inspection advisers are local authority tenants who have direct experience of living in council accommodation and of receiving housing services from a local authority landlord. Their understanding of the conditions affecting the delivery of services 'on the ground' has been invaluable during housing inspections. Our tenant inspection advisers receive appropriate training and guidance to undertake the inspection of local authority housing services.

22. Tenants' views of the housing services they receive have a critical influence over our assessments of a housing organisation’s performance. But we are aware that tenants' expectations can be influenced by the past performance of their landlords as well as other factors. We therefore ensure that our inspection teams objectively assess the performance of a housing organisation while still giving full consideration to the views of tenants on the performance of their landlord.

\(^1\) Throughout this paper the term tenants is used (unless stated otherwise) to cover tenants, leaseholders, other service users and other relevant stakeholders.
23. Housing inspectors mainly use ‘reality checks’ to assess the quality of service delivered by local authority landlords. This is the most visible part of the process to members, staff and tenants in an inspected organisation, and is when the inspection will seem to have started in earnest. The inspection team uses its skills and experience to select and tailor reality checks to the local context and the six key questions. A good reality check enables inspectors to gather evidence that helps them answer several questions at the same time. It may help them work back from the outcomes of a service into the organisation to diagnose why a service does (or does not) perform. Additionally, a reality check can be used to work through a system to illustrate the effect of a particular decision-making process at the point of service delivery.

24. Reality checks enable inspectors to link strategic plans and policies and performance indicators to outputs and outcomes on the ground. Housing inspectors use a range of reality checks to make the connections that inform their judgements. These include:

- interviews with key politicians/board members;
- observation of decision-making meetings;
- interviews with key managers;
- meetings with service users in focus groups or on a one-to-one basis;
- observations of service delivery in offices or on site;
- case sampling of repairs, rehousing and transfers;
- inspection of estates;
- visits to properties;
- focus groups with staff;
- discussions with external stakeholders;
- mystery shopping including the testing of complaint systems; and
- surveys of customer satisfaction.

25. Reality checks are used in conjunction with a wide range of techniques to feed into the report that sets out our judgement on the performance of an inspected body [EXHIBIT 1].
26. The qualitative data generated by these techniques are the key components that help us judge the quality of current services as well as inform inspectors of the likelihood of an organisation achieving further service improvement.

27. An excellent housing management service is user focused and responsive to tenants’ needs. Such housing services can only receive an excellent rating from the Housing Inspectorate if they demonstrate that tenants have been involved in setting, monitoring and reviewing service standards. Tenants would also have shown, through surveys or other means, that they are satisfied with the services being delivered for the rent paid and that they believe service quality will probably improve further still.
28. Under the Best Value framework the DTLR has emphasised the importance of measuring tenant satisfaction with services delivered by local authorities and RSLs (Ref 6). The department has recommended that social housing providers use the Housing Corporation/National Housing Federation STATUS survey (Ref. 7) to gauge tenant satisfaction in this way. Indeed two Best Value Performance Indicators (BVPIs) have been established based on the STATUS survey - these are the PIs covering satisfaction with the landlord’s overall service (BVPI 74) and satisfaction with the opportunities for participation (BVPI 75). The full STATUS survey covers the areas set out below (TABLE 1).

29. Estimates published by the DTLR for performance in 2000/01 shows that tenant satisfaction with services provided by landlords was 77 per cent and that average satisfaction levels with participation in decision making was 60 per cent.

30. Both local authorities and housing associations are being encouraged to use STATUS to gauge satisfaction rates among their tenants. Widespread use of STATUS would help landlords measure their relative performance in enhancing (or at least maintaining) levels of tenant satisfaction. If necessary, landlords can supplement the questions posed under the STATUS framework with ones tailored to local conditions.

### TABLE 1

**Tenant satisfaction: Issues covered in the STATUS survey**

<table>
<thead>
<tr>
<th>Issue</th>
<th>BVPI</th>
</tr>
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<tbody>
<tr>
<td>Overall service provided by landlord</td>
<td>74</td>
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<tr>
<td>Value for money of landlord services</td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td></td>
</tr>
<tr>
<td>Size of property/number of rooms</td>
<td></td>
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<tr>
<td>Condition of property</td>
<td></td>
</tr>
<tr>
<td>The area as a place to live (including questions on vandalism, litter, racial harassment and nuisance)</td>
<td></td>
</tr>
<tr>
<td>Contact arrangements with staff (including ease of contact, helpfulness of staff and satisfaction with outcome)</td>
<td></td>
</tr>
<tr>
<td>Repairs service (including appointment arrangements, attitude of workers and speed and quality of work)</td>
<td></td>
</tr>
<tr>
<td>Communications (including satisfaction with participation arrangements – BVPI 75)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Housing Corporation/National Housing Federation
31. STATUS does not cover all housing management functions, and even where services are included in the standardised satisfaction survey some issues may need to be explored in more depth. In particular, landlords may want to examine tenant satisfaction in the following service areas:

- allocations and lettings;
- advice on housing benefit and debt counselling;
- arrangements for paying rent and service charges;
- management of void property;
- caretaking; and
- major investment programmes.

Further guidance for local authorities on using STATUS is contained in the letter to all Housing Directors from the DETR’s Divisional Manager, Homelessness and Housing Management Policy, dated 24 May 2000.

32. But surveys are not the only way of gauging the reaction of tenants to landlords’ services [TABLE 2].

33. Excellent housing management services can only be delivered if there are effective consultation procedures. During inspections, landlords need to demonstrate that consultation has informed their decision making, as well as helped to shape policy and deliver service improvements. Results from consultation exercises should have also been used to set local performance standards and targets. Such

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**TABLE 2**

Examples of methods for collecting tenant views

<table>
<thead>
<tr>
<th>Method</th>
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<tbody>
<tr>
<td>Face-to-face interviews</td>
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<tr>
<td>Mystery shopping</td>
</tr>
<tr>
<td>Focus groups - by neighbourhood</td>
</tr>
<tr>
<td>Focus groups - by service area</td>
</tr>
<tr>
<td>Interviews of housing applicants</td>
</tr>
<tr>
<td>Telephone interviews/surveys</td>
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<tr>
<td>Specific exercises for ‘hard to reach’ groups (e.g., some ethnic minorities)</td>
</tr>
<tr>
<td>Interviews for tenants using specific services (e.g., transfers)</td>
</tr>
<tr>
<td>‘Planning for Real’ exercises</td>
</tr>
</tbody>
</table>

Source: *Listen Up! Effective Community Consultation*, Audit Commission, 1999
exercises should have helped to improve a service’s cost effectiveness and ensured the service more closely matches tenants’ needs, given available resources.

Tenants should also have had the opportunity to play their part in the housing service’s decision-making processes [EXHIBIT 2]. The Tenant Participation Compact in place would have been agreed with the organisation’s tenants and, in the case of an ALMO, the LHA.

EXHIBIT 2
The user perspective: setting and reviewing service standards

Complaints procedures are well developed, and data gathered through this means are used to review service standards

Users are involved in setting service standards

Services are monitored by users, and feedback from users helps the organisation to develop new and improved services

Service standards are publicised through newsletters and other means

Users can access services through the most appropriate means

Source: Housing Inspectorate
Delivering excellent housing management services

35. Housing managers in the local authority sector tailor their services to local circumstances within the national framework set by Government. A housing management organisation providing excellent services therefore meets its statutory obligations and complies with relevant regulations and guidance, including the latest policy initiatives. Relevant priorities set by Government would mean that organisations providing excellent housing management services would have the following in place:

- plans to bring all their housing stock up to the Government’s decency standard by 2010 (Ref. 8);
- housing management services delivered within a business planning context under the new financial regime;
- rents set to comply with the DTLR restructuring framework and show that convergence is possible by 2012 (Ref. 9);
- choice-based lettings system established or under consideration;
- tenant Participation Compacts that give tenants a real opportunity to influence their landlord’s decision-making processes in place;
- cost-effectiveness targets of at least 2 per cent a year set are being (or close to being) achieved;
- measures to ensure e-government targets are achieved by 2005; and
- policies and practices that address relevant equality and diversity issues (including the implementation of relevant codes of practice).

36. During inspections we would look for evidence that housing management organisations have addressed the needs of various vulnerable groups in local communities including older people, people with disabilities, those fleeing domestic violence and asylum seekers. We would also expect to see policies and practices in place that meet the needs of people from any minority ethnic groups in a local authority area.

37. National priorities are important but tenants are usually more concerned about the standard of service they receive, day in day out, from their landlords. Many of these services should be delivered to the highest standard irrespective of local conditions:

- advising secure tenants of their rights and responsibilities;
- ensuring all legal processes (such as those associated with the rights to buy, manage and repair) are completed within appropriate timescales;
- handling complaints efficiently and sensitively, and offering redress (where appropriate);
- dealing with correspondence, e-mails and telephone calls to standards agreed by tenants and their representatives;
- ensuring easy and equal access for all members of the local community, paying particular attention for those whose first language is not English, people with disabilities and older people;
• using plain language in all communications with tenants;
• dealing with tenants in a courteous and open way on all occasions;
• producing clear, well-publicised service standards for each element of the housing service;
• involving tenants in discussions on rent and service charge levels and priorities for spending during a period of rent re-structuring;
• informing tenants in good time of changes in rent levels and informing them of the range and scope of services provided through rent and other income; and
• operating an appointments system for repairs and other visits to tenanted properties within an agreed time frame.

38. But we are also aware that local conditions can vary significantly and we make sure that these are recognised when we are reviewing service delivery on the ground. It is therefore important that our inspectors are familiar with local factors that can influence performance. We recognise, for instance, that stock type, stock condition and demand for social housing will vary from area to area. Past investment and procurement decisions by a local authority (and, in some cases, its predecessors) can have a particular bearing on the type and condition of housing stock available to current and future tenants in an area. Housing inspectors take these factors into account when judging the overall performance of a housing management service. In part, we look to inspected bodies to inform us of the local factors that can influence housing management performance on the ground.

39. Local authorities also deliver services within a democratic framework where elected representatives make decisions based on a wide range of factors. Within this context, local authorities have considerable flexibility over how they deliver Best Value services to their communities. Additionally, local social and economic conditions have a major bearing on the approaches adopted by local authorities to deliver improved services in their areas. These issues are understood by our staff and are taken into account during inspections of housing management services, whether provided by local authorities themselves or ALMOs.

40. Governance and management issues cannot be ignored either. Excellent housing management organisations are led by people who offer vision for the housing management service and enable staff to do their jobs efficiently and effectively. Governance arrangements (whether in the form of a Committee, a Board or an executive member) set a clear strategic direction for the housing service. We also look for clear strategies with timescales and identified financial resources to meet the organisation’s housing management objectives.

41. Staff training and development is also critical. Best Value is introducing new approaches to working methods throughout local government and other public services. Practices and procedures within inspected bodies are changing and this, inevitably, requires investment in the recruitment, training and development of staff.
42. Although local authorities are primarily responsible for ensuring the well-being of local communities, excellent housing management organisations (be they LHAs or ALMOs) actively participate in regeneration activity to tackle the problems of deprived neighbourhoods, including crime and social exclusion (Ref. 10). Such organisations work with other housing providers and local social services, education, health and police authorities to further the interests and improve the quality of life of their tenants. Partnership working with community and voluntary groups would be well developed.

43. Checks on service quality are critically important. Our inspectors therefore expect to see quality assurance measures in place that set out clearly the aims and objectives of each service area. They also look for quality standards that are both measurable and made explicit to tenants, and which build on feedback from tenants (including their complaints). Inspectors look for evidence that service providers have systems in place that monitor and review the level and quality of services delivered to users.

44. Our primary concern centres on the quality and value of services delivered to tenants and leaseholders living in housing estates throughout the country. Essentially, we aim to evaluate the outcomes of a housing organisation’s efforts - not the detailed processes that generate those outcomes.

Using performance information and plans

45. If an LHA or an ALMO operating on behalf of an LHA meets the criteria set out in this framework, it is likely to receive an 'excellent' (or three-star) rating from the Housing Inspectorate. In forming a view on a housing organisation’s performance, we use, as we do with all inspections, contextual information to help assess whether excellent services are being delivered to tenants. The contextual information we use includes:

- community strategies;
- Best Value Performance Plans (BVPPs);
- corporate, neighbourhood or service plans;
- performance indicators (PIs) including Best Value PIs (housing and relevant corporate BVPIs) and, importantly, PIs developed locally;
- DTLR assessments of local housing authorities in respect of their housing strategy;
- Local Public Service Agreements in relevant service areas;
- inspection reports that have a direct bearing on the delivery of housing management services;
- relevant assessments by external auditors;
- Ombudsman reports in respect of housing services; and
- successful applications for 'Beacon Council' status in directly relevant service areas.

46. The Modernising Government White Paper (Ref. 11), published in March 1999, encourages all public sector organisations to use one of the four main quality schemes. These are the European Foundation for Quality
Management Excellence Model, Investors in People, Charter Mark and ISO 9000. All these schemes are useful tools that could be employed in a local authority’s Best Value strategy. Other quality schemes could also help housing organisations deliver better services to their tenants (Ref. 12). Landlord organisations may find it helpful to use these accreditation schemes to improve service delivery, but the Inspectorate does not see these as a necessary condition for enhanced performance. Our primary role is to judge the quality of service delivery on the ground and the prospects for further improvement.

47. **Performance indicators** are used to draw comparisons between housing services and to measure trends over time. They are treated as a way of opening up an analysis and gaining an understanding of the reasons for performance variations. They can also point to areas that require management attention. PIs are not sufficient evidence on which to base our judgements, but a useful starting point. They are used in conjunction with evidence from ‘reality checks’ from on-site inspections. The key purposes for collecting and publishing the BVPIs for housing management services are described below in **TABLE 3**. The Government consults each year on the content and definitions of BVPIs.

**TABLE 3**

<table>
<thead>
<tr>
<th>Best Value Performance Indicators and the delivery of quality housing management services</th>
</tr>
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<tbody>
<tr>
<td><strong>Energy efficiency in local authority housing (BVPI 63)</strong></td>
</tr>
<tr>
<td><strong>Average weekly costs (for management and repairs) (two PIs) (BVPI 65a and b)</strong></td>
</tr>
<tr>
<td><strong>Rent not collected, rent arrears, rent written off and rent loss through voids (four PIs) (BVPI 66a, b and c; BVPI 69)</strong></td>
</tr>
</tbody>
</table>
consequences if homes are left empty for any length of time (for households living next to voids and community sustainability, for instance). Failure to collect rent due will also affect a landlord’s business plan.

**Average re-let times (BVPI 68)**

This indicator is an efficiency measure that records the time taken by a landlord to let properties which have not been subject to major repairs. If properties are let quickly, rent losses are minimised and households in need gain access to accommodation sooner.

**Proportion of local authority-owned dwellings renovated (BVPI 71)**

This indicator records the proportion of local authority-owned homes that have been renovated in a particular year compared to the total number judged by the local authority as requiring such work. Through this PI, tenants and others can monitor the efficiency of a local authority (or ALMO) in carrying out its renovation programme. This measure can also be used to assess progress with the Government objective of raising all social housing to a reasonable standard by 2010, with a third of the backlog of disrepair tackled by March 2004.

**Urgent repairs completed within time limits and average time to complete non-urgent repairs (two PIs) (BVPI 72 and 73)**

These indicators show how local authorities (or ALMOs) are performing in a service area which tenants always rate as one of the most significant delivered by a landlord. If a landlord is not meeting time limits on urgent repairs, health and safety issues may be involved. The defects classed as needing urgent repairs under the Government definition include loss of electric, water and gas supply as well as total or partial loss of water and space heating.

**Commission of Racial Equality code of practice on rented housing (BVPI 164)**

The code includes procedures for dealing with the service outcomes from the results of ethnic monitoring. By implementing the code fully, landlords demonstrate their commitment to tackling discrimination in their practices and procedures. Additionally there are the two BVPI’s on tenant satisfaction – BVPI 7x covering satisfaction with the service provided by the landlord and BVPI 75 covering satisfaction with participation arrangements.

48. Locally developed PIs also have an important role in helping organisations tailor their housing management services to local conditions. The Audit Commission has been developing a library of local PIs with the Improvement and Development Agency following an analysis of the indicators used by local authorities under the Best Value framework. Some of the housing management PIs identified in this exercise are reproduced in Table 4. Unlike the BVPIs, these performance indicators are not mandatory but we would, nonetheless, encourage housing management organisations to make use of this type (or other) indicators according to their local needs and priorities.

Table 4

<table>
<thead>
<tr>
<th>Local Performance Indicators</th>
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<tbody>
<tr>
<td>Percentage of local authority-owned housing judged unfit to live in</td>
</tr>
<tr>
<td>This indicator provides data that helps landlords plan their investment strategies. The information is also useful for business planning purposes. Tenants can use the data to monitor year-on-year performance of their landlord in tackling disrepair and unfitness.</td>
</tr>
<tr>
<td>Percentage of new tenancies that fail in first six months through eviction, abandonment or notice</td>
</tr>
<tr>
<td>Data of this kind reveal ‘turnover’ trends in the housing stock. If turnover is high, this often indicates that the housing and/or an area is unpopular with tenants. This information is particularly valuable for landlords seeking to tackle low demand in particular areas/estates. Solutions to high turnover could include changes in allocation policies, selective stock demolition, property sales to the private sector or different management practices.</td>
</tr>
<tr>
<td>Percentage of housing available for letting which is accepted on first offer</td>
</tr>
<tr>
<td>This indicator in part measures the popularity of housing stock. It can also reflect the sensitivity of a landlord’s letting procedures by ensuring that homes offered for rent meet the needs of households offered them.</td>
</tr>
<tr>
<td>Average waiting time for adaptations for people with disabilities</td>
</tr>
<tr>
<td>People with disabilities should not have to wait inordinate periods to have adaptations fitted to their properties so that they can lead fuller lives. This indicator can reveal a landlord’s commitment to addressing this inequality. The data can also be used to compare the performance of the social landlord in providing facilities for disabled tenants with performance in the private sector where Disabled Facilities Grants are available for households in need.</td>
</tr>
</tbody>
</table>

1 See www.local-pi-library.gov.uk for more details of this joint venture.
The Best Value framework under Section 5 of the Local Government Act 1999 sets out the targets Best Value authorities should achieve over a five-year period. Under this legislation, the Government sets the targets that local authorities are expected to meet. Performance targets indicate to local people how an organisation intends to improve its performance in future. Targets need to be challenging yet realistic, and need to take into account formal guidance.

49. The Best Value framework under Section 5 of the Local Government Act 1999 sets out the targets Best Value authorities should achieve over a five-year period. Under this legislation, the Government sets the targets that local authorities are expected to meet. Performance targets indicate to local people how an organisation intends to improve its performance in future. Targets need to be challenging yet realistic, and need to take into account formal guidance.

50. The Government expects Best Value authorities (and, by extension, ALMOs) to set targets that are consistent with reaching, by the financial year ending 31 March 2005, the performance level of the top 25 per cent of authorities. The means of hitting the upper-quartile targets should have been set out in the Best Value Performance Plans (BVPPs) prepared in March 2000. Further milestone targets should feature in BVPPs and Business Plans from 2001 to 2005. We expect organisations delivering excellent housing management services to have at least some of their PIs in the top quartile of the performance range at the time of their inspection. Plans should be in place to ensure top-quartile performance is achieved by 2005 in all relevant service areas.

51. In setting their targets, LHAs and ALMOs need to have regard to their duty to achieve continuous improvement. They need to take an approach to target setting that balances the cost and quality of improvements with the wishes of local people.

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**Percentage of racial harassment/anti-social behaviour cases dealt with to the satisfaction of the victim**

This indicator could complement the Best Value PI that asks landlords if they are implementing the Commission of Racial Equality's Code of Practice on rented housing. This indicator records incidents of racial harassment/antisocial behaviour and measures outcomes by asking if cases have been resolved to the victim's satisfaction. Racist and antisocial behaviour are increasing and are a major concern to many tenants. Landlords could use this indicator to monitor their performance in dealing with such problems.

**Percentage of open spaces on housing estates seen by tenants as acceptable or better**

Tenants want to live in comfortable and affordable homes that meet their needs. They also want to live in neighbourhoods where the common parts are clean and well maintained. The indicator gives landlords a good understanding of the views of tenants on an important service delivered to an estate's open spaces. If there is evidence that tenants are dissatisfied with these conditions, landlords should take action to ensure that open spaces are better managed and maintained.

Source: Audit Commission
52. It is reasonable for people to expect comparable service quality no matter where they live. But national comparisons will not always be appropriate, particularly if there are good reasons for cost variations between types of authority. The DTLR has therefore grouped local authorities according to type (that is: district, unitary, metropolitan councils and London boroughs) in order to set top-quartile targets for cost and efficiency indicators. These groupings have traditionally been used by the Audit Commission to show comparative performance of local authorities. The Housing Inspectorate uses this approach when assessing the performance of local authority housing services and, where appropriate, ALMOs, while recognising that local market conditions operate differently both between and within regions. Nonetheless, housing management organisations can select their own peer groupings to help them analyse their relative performance. In such circumstances they need to demonstrate to inspection staff that their choice of peers is suitable.

53. There is one housing BVPI for which the DTLR has set national targets for English local authorities that would apply to ALMOs. This is specifically linked to performance in re-letting homes. The targets to be reached by March 2005 for different types of authority are shown in [TABLE 5].

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>42</td>
<td>29</td>
<td>28</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BVPI 68 Median performance based on 2000/2001 estimates</th>
<th>London Boroughs</th>
<th>Metropolitan Boroughs</th>
<th>Unitary Authorities</th>
<th>District Councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>42</td>
<td>52</td>
<td>40</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>

Source: DTLR
54. The Housing Inspectorate is also interested in assessing the progress made by LHAs and ALMOs in hitting upper-quartile performance in housing activities where national targets have not been set. Table 6 shows upper-quartile targets that local authorities in different groups should be achieving by 2005 for PIs covering rent collection, rent losses and repairs services based on performance in 1999/2000.

55. Several BVPIs gauge performance on equal opportunity issues. We review the performance of housing organisations against those PIs. In particular we would expect all excellent social housing organisations to follow the Commission for Racial Equality Code of Practice on Rented Housing (Public Sector).

**Table 6**

Upper quartile targets for key PIs

<table>
<thead>
<tr>
<th></th>
<th>London Boroughs</th>
<th>Metropolitan Boroughs</th>
<th>Unitary Authorities</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage rent collected</td>
<td>99.3</td>
<td>98.6</td>
<td>99.2</td>
<td>99.8</td>
</tr>
<tr>
<td>Rent loss through voids</td>
<td>1.1%</td>
<td>2.6%</td>
<td>1.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Repairs within Government targets</td>
<td>91%</td>
<td>93%</td>
<td>94%</td>
<td>96%</td>
</tr>
</tbody>
</table>

*Source: DTLR*
56. Inspectors are mindful of DTLR ratings when forming their views on the performance of organisations delivering housing management services. The DTLR primarily scores local authorities for their business planning and housing strategy performance to determine, in part, the allocation of resources under the Housing Investment Programme (HIP) process. However, some elements of the scoring system focus on housing management functions (such as tenant participation) and inspectors take these into account when reviewing relevant elements of the performance of an LHA or ALMO.

57. Local Public Service Agreements (LPSAs), being developed under the Best Value framework, also influence our judgement of performance. Some of these agreements feature the performance of the relevant authority’s housing service, whether provided directly or through an ALMO. If an LPSA (which involves housing) has been agreed, the Housing Inspectorate takes into account progress in meeting the agreed LPSA targets when assessing housing excellence.

58. We review past inspection reports that have a direct effect on the delivery of an LHA’s and ALMO’s housing service to tenants on their estates and in their homes.

59. Each year external auditors undertake reviews of local authority Best Value Performance Plans. Housing inspectors use the reports of external auditors in reaching their judgements on the overall performance of ALMOs and other providers of local authority housing services.

60. Inspectors review the reports prepared by the Local Government Ombudsman that comment on the quality of the local housing service. Although Ombudsman cases invariably examine service failure from an individual’s perspective, they may reveal service-wide problems as well. Our inspectors review the nature of recent complaints upheld by the Ombudsman in assessing an organisation’s housing performance.
Inspecting arm's-length management organisations

The ALMO’s relationship with the ‘parent’ authority

61. If an ALMO has been established, inspectors will look specifically at two elements of its operations (as well as the nature and quality of its service delivery); namely the ongoing relationship with the parent authority and the ALMO’s strategic management.

62. A local authority that chooses to create an ALMO (or ALMOs) will retain several functions centrally while delegating others to the ALMO. Following the lead given in the Green Paper, the DTLR has proposed a range of functions for the LHA and those of the ALMO in its guidance on arm's-length housing management.

Even though an LHA may delegate the delivery of many of its housing services to an ALMO, under Best Value the inspected body remains the local authority. In effect the ALMO becomes the agent of the local authority and the authority is accountable for the ALMO’s performance (EXHIBIT 3).

EXHIBIT 3

The relationship between LHA and ALMO

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Arm’s-length management organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community plan</td>
<td>Board governance</td>
</tr>
<tr>
<td>Housing strategy</td>
<td>Agent of local housing authority</td>
</tr>
<tr>
<td>Revenue/capital finance strategy</td>
<td>Business planning</td>
</tr>
<tr>
<td>Housing Revenue Account responsibility</td>
<td>Service standards</td>
</tr>
<tr>
<td>Borrowing authority</td>
<td>Operational management and delivery agent</td>
</tr>
<tr>
<td>Landlord of tenants</td>
<td>Regeneration vehicle</td>
</tr>
<tr>
<td>Best Value accountability</td>
<td></td>
</tr>
<tr>
<td>Service plans and policies</td>
<td></td>
</tr>
</tbody>
</table>

Source: Housing Inspectorate
When assessing the quality of the services delivered by an ALMO to its tenants, leaseholders and other stakeholders, we will review the effectiveness of the relationship between the ALMO and the LHA, which remains (in law) the landlord of the ALMO’s tenants and leaseholders. At the time the ALMO is set up, the DTLR will have an interest in assessing the nature of the relationship between the LHA and any ALMOs to which housing management functions have been delegated. We will work closely with the DTLR to ensure that our roles are complementary.

We will ask questions about the following elements of the relationship between the LHA and the ALMO:

- Are the LHA’s corporate strategies being refined in recognition of the creation of this new body? In particular, have the arrangements for supporting vulnerable tenants been clearly identified (usually following discussions with local social services providers)?
- Are the links between the LHA’s housing strategy, its housing revenue account (HRA) business plan and the ALMO’s business plan consistent and transparent, and have they been fed into a clear set of outcomes agreed with tenants in advance?
- Have the LHA and ALMO secured agreement on the responsibilities of each party on a range of strategic matters (such as those associated with the sale of land and the development of new homes and the demolition of existing unfit or redundant properties)?
- Does the LHA agree with the ALMO about the respective responsibilities for preparing and maintaining the HRA?
- Is the LHA’s role of reviewing the performance of the ALMO against the business plan clear, and are there procedures for dealing with poor performance or non-performance by either party?
- If there is more than one ALMO in a local authority area or a combination of service delivery arrangements including direct management, has the LHA established a framework for the apportionment of resources and costs to ensure a fair and transparent approach?

The strategic management of the ALMO

The DTLR’s guidance describes the governance arrangements that ALMOs are likely to follow and makes it clear that ALMOs should be genuinely distinct from the LHA.

An inspection will examine evidence that these arrangements are both established and operating effectively to provide the ALMO with the necessary leadership and stewardship, as well as ensuring that the ALMO has sufficient authority to discharge its responsibilities. Again we will ensure that, as far as possible, our role here complements that of the DTLR in evaluating the strategic management of ALMOs.

An ALMO will want to ensure its affairs are properly run and is likely to have put the following arrangements in place:

- Delegations have been established that give the ALMO clear authority and responsibility to fulfill the relevant functions on the LHA’s behalf.
Appropriate authority has been retained by the ALMO's board and has been differentiated from those delegated to the organisation's officers.

A comprehensive business plan, which delivers the LHA's own business plan (or part of it where there is more than one service provider) has been prepared, with regular and robust reporting arrangements to the LHA and the ALMO's tenants.

A formal review process for its business plan (linked to the LHA business plan) has been set up.

There are effective arrangements for securing Best Value including continuous improvement in services.

A range of opportunities for tenants and leaseholders to participate in the management, development and review processes of the ALMO has been established.
69. This section of the framework sets out the broad approach to be used when we inspect ALMOs, whether or not they are hoping to receive an excellent rating. Given that LHAs will be at different stages in their Best Value Review (BVR) programme, we will be as flexible as possible to facilitate relevant and timely inspections. Circumstances for particular local authorities and their ALMOs will differ and we will review the conditions associated with each case on an individual basis.

70. First, we would encourage local authorities seeking to set up an ALMO (or ALMOs) to request inspections of their housing management functions before the transfer of this role to an arm’s-length body following the completion of the BVRs of these functions. The inspection would assess the service, score its performance and identify areas requiring improvement.

71. At this stage, if a local authority’s housing management service is judged ‘excellent’ (and at least ‘probably will improve’) and a transfer to an ALMO follows, our inspection of the ALMO is likely to concentrate on the new organisation’s governance arrangements and the quality of its strategic leadership. If the service was excellent before transfer, we would undertake a less intensive inspection of the housing management service to ensure that standards have been maintained.

72. In some cases, particular elements of the local authority’s housing management service (e.g. repairs) may have been reviewed, inspected and then awarded an excellent rating. A subsequent inspection by the Inspectorate would be less intensive although services not covered by the initial inspection (in this case, every other housing management service except repairs) would be subject to a full inspection.

73. An inspection would be carried out across the range of housing management services delivered by an ALMO to assess the standard of services delivered. Some ALMOs may undertake activities that are not linked to the delivery of housing management services to tenants. These services could include those associated with the management of the housing register, the assessment of housing need or the management of private sector housing grants. In assessing the performance of ALMOs under this DTLR initiative, the Inspectorate would not be concerned with the delivery of these ‘non-landlord services’. However, under the Best Value framework these services would need to be reviewed and then inspected by the Inspectorate every five years.

74. Some local authorities may want to create ALMOs covering only a proportion of their stock - represented, say, by a district or area office. The Inspectorate would review the services of ALMOs delivered on that basis. Each ALMO created would be inspected separately. Even where services are delivered locally (and those services are subject to a BVR and subsequent inspection), some housing management functions might be delivered from a central base (e.g. a Departmental headquarters). If so, inspectors would review both the relevant services delivered locally and those supplied from the central office.

75. If a BVR of relevant services has been completed before the transfer to an ALMO and the Inspectorate has judged the services to be excellent, we would not necessarily
expect the new organisation to fully review the same services. Rather we would look for the ALMO to have tackled issues raised in the original Review and subsequent inspection report that had called for service improvements or had identified particular problems in service delivery. This should minimise the work associated with the Review process in such circumstances for both ALMOs and their local authorities.

76. Inspections only take place after the conclusion of relevant BVRs, which themselves take some time to complete. Our experience suggests that a full BVR usually takes about six months. During this period the ALMO would have been able to demonstrate a record of its own performance against which an inspection could take place. We estimate that if an ALMO is established in April 2002, the earliest possible inspection (following a full BVR) is likely to be six months later (i.e. October 2002). Where full BVRs are not necessary (see paragraph 75), inspections could take place earlier than October next year.

77. An ALMO can expect an inspection of their housing services to take about 16 weeks of elapsed time once an on-site inspection has started, although a less intensive inspection is likely to be shorter. This includes the time required for the on-site inspection, the interim challenge and the preparation of the final report. Local authorities and their ALMO partners will need to factor these time-scales into their planning.

78. Local authorities intending to set up ALMOs in the near future and seeking an inspection before the end of 2002 of their housing management services need to discuss their plans with their Lead Housing Inspector as soon as possible. Early notification of local authority intentions will help us prepare our overall inspection programme for 2001/02 (and beyond) and will aid the planning of inspections of prospective ALMOs. Any inspections additional to those already programmed will inevitably generate more work for the Inspectorate. Potentially, this cost may have to be passed to LHAs or their ALMOs requesting these specific inspections aimed at seeking an excellent rating. These issues can be discussed with Lead Housing Inspectors during negotiations on the inspection programme.
## APPENDIX 1

### How good is the service?

Questions that housing inspectors will be asking on stock investment and rent collection

<table>
<thead>
<tr>
<th></th>
<th>Stock investment</th>
<th>Rent collection, dealing with arrears recovery, debt counselling</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Are the organisation’s aims clear and challenging?</strong></td>
<td>Are national priorities taken into account?</td>
<td>Has the organisation a clear rent-setting policy?</td>
</tr>
<tr>
<td></td>
<td>Is there a local vision for the service?</td>
<td>What targets have been set?</td>
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<tr>
<td></td>
<td>Are resources being maximised?</td>
<td>Has the organisation challenged the way the service is organised?</td>
</tr>
<tr>
<td></td>
<td>Has the organisation challenged the way it plans, delivers and reviews all its investment decisions?</td>
<td>Is there an appropriate balance between collection services and arrears receiving?</td>
</tr>
<tr>
<td></td>
<td>Is there a clear and real connection between the HRA Business Plan and what actually happens on the ground?</td>
<td>Is it clear to service users how the service works?</td>
</tr>
<tr>
<td></td>
<td>Will the organisation be able to rehabilitate its stock within ten years?</td>
<td>Have members of council/board members, tenants and other stakeholders been involved in shaping the service?</td>
</tr>
<tr>
<td></td>
<td>Is the split between emergency and other response repairs appropriate?</td>
<td>Has the organisation considered whether other suppliers should provide the service?</td>
</tr>
<tr>
<td></td>
<td>Is the balance between planned and response repairs likely to secure maximum value for money?</td>
<td></td>
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<tr>
<td></td>
<td>Have partnering arrangements been fully explored?</td>
<td></td>
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<tr>
<td></td>
<td>Is it clear to tenants how to order repairs and what service standards they can expect?</td>
<td></td>
</tr>
<tr>
<td><strong>Does the service support corporate aims and the community plan?</strong></td>
<td>Does the organisation’s investment approach contribute to the Home Energy Conservation Act Strategy? (HECA)</td>
<td>Does the service reflect corporate aims?</td>
</tr>
<tr>
<td></td>
<td>What is the effect on the environment of product purchasing decisions?</td>
<td>Is there an appropriate balance between supporting the business and the way the organisation treats its tenants?</td>
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<tr>
<td></td>
<td>What contribution is made to local economy and employment issues?</td>
<td>Are there links to a broader advice service for those on low incomes?</td>
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<td></td>
<td>How much value is placed on investment that improves community safety?</td>
<td></td>
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<tr>
<td>Does the service meet these aims?</td>
<td>Stock investment</td>
<td>Rent collection, dealing with arrears recovery, debt counselling</td>
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<tr>
<td>-----------------------------------</td>
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<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Is there effective performance management?</strong></td>
<td>How does the organisation track its investment in terms of benefits to customers, impact on its stock condition data, its energy rating information, future lettability and therefore its business plan? What targets have been set against BVPIs? Are local performance indicators in use? Do staff, partners and suppliers know their role and how the overall service fits together? How well is the organisation geared towards continuous improvement?</td>
<td>Has the organisation defined national targets (related to BVPI 66 and 69)? Are there local performance indicators? Do the organisation’s plans for improvement set out how it is going to turn aims into actions? What outcomes is it seeking in maintaining and enhancing its income flow? Have service aims been clearly communicated to staff? Are staff geared to deliver the service and meet the targets? Do staff have personal collection/arrears recovery targets?</td>
</tr>
<tr>
<td><strong>Is the organisation delivering?</strong></td>
<td>What is the performance? What are the tenants’ views of the investment decisions taken by the organisation and the quality of services it provides to their homes? How does the organisation deal with service failure? Is the organisation meeting its business plan requirements on the ground? Are all gas appliances serviced every year? What are the trends in customer satisfaction in the key service areas of repairs, voids, planned maintenance and major renewals? How are tenants’ views recorded? How are they used?</td>
<td>Can the organisation demonstrate to users that it is implementing its actions, achieving its targets and delivering its services? Is performance improving? Is the organisation delivering its policy on rent arrears recovery? Do customers feel that its actions are consistent with its policy? How does the organisation seek out, record and use tenants’ views? How does customer satisfaction for this service compare with others internally and with the same service area in other housing organisations?</td>
</tr>
<tr>
<td>Question</td>
<td>Stock investment</td>
<td>Rent collection, dealing with arrears recovery, debt counselling</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
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<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>How does performance compare?</strong></td>
<td></td>
<td></td>
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</tbody>
</table>
| **How does the service compare with the top 25 per cent?**               | What is the organisation’s performance compared with the top 25 per cent (upper quartile)?  
Are the targets on repairs, voids and appointments likely to deliver upper-quartile performance by 2005? | How does the organisation currently compare with the upper quartile? 
Are its targets on rent collection and arrears recovery likely to deliver upper-quartile performance by 2005? |
| **Has the organisation demonstrated cost effectiveness?**                | Does the organisation know how much the commissioning of this service costs? 
Has it secured discounts for work that has a long lead time or involves empty properties? 
How can it demonstrate value for money? 
How are extras controlled? 
What inspection regimes does it have before and after works are undertaken? 
How has competition in service delivery been demonstrated? | Does the organisation know how much this service costs? 
Does it know the split between collection, recovery of arrears and debt counselling? 
Has there been any external competition for this service in part or in whole? |
## APPENDIX 2

### How good is the service?

Questions that housing inspectors will be asking on tenant participation and estate management and allocations

<table>
<thead>
<tr>
<th>Tenant participation</th>
<th>Estate management and allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Are the organisation’s aims clear and challenging?</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Has the organisation challenged the need for the service?</strong></td>
<td>Does the organisation value tenants’ input? Are national requirements being addressed? In establishing Tenant Participation Compact(s), has the dialogue between the organisation and its tenants challenged the current arrangements? Is the relationship between the organisation and the tenants one of sharing information, promoting consultation and enabling participation? How are tenants best supported? How are tenants and prospective tenants involved in shaping the service? How are service standards communicated to tenants? Have tenants and their representatives been effectively trained to enable them to fully participate in the Best Value process?</td>
</tr>
<tr>
<td><strong>Does the service support corporate aims and the community plan?</strong></td>
<td>Does the organisation have a clear policy on allocations? Does it meet national expectations? How and the constituent parts of the housing management service best provided? What are the priorities for action from a tenant’s perspective? Are tenants’ views taken seriously? Who are the best suppliers of these services and have they been considered? How is the service best delivered - through estate-based services, locally or from the centre? Are the service standards clearly explained and understood both internally and externally? Are the services linked to the business plan?</td>
</tr>
<tr>
<td>Are there links between the arrangements within the organisation and others that take a broader neighbourhood/community view? How are hard-to-reach groups dealt with? Does the Tenant Participation Compact promote an inclusive view of diversity? Are key service standards available in appropriate ethnic languages?</td>
<td>What are the links within a neighbourhood between housing management and other service providers such as education, social services, health and welfare benefits? Are the connections in relation to community safety strong enough? What actions effectively combat racial harassment?</td>
</tr>
<tr>
<td>Tenant participation</td>
<td>Estate management and allocations</td>
</tr>
<tr>
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</tr>
<tr>
<td>Does the service meet these aims?</td>
<td></td>
</tr>
<tr>
<td>Is there effective performance management?</td>
<td>What are the performance expectations for lettings, caretaking, grounds maintenance and estate management? What targets have been set? Who takes part in performance measurement? Are tenants involved? Who receives the feedback on performance? Does the organisation comply with the Commission for Racial Equality code of practice on managing housing (BVPI 164)?</td>
</tr>
<tr>
<td>Is the organisation delivering?</td>
<td>Does the tenant compact deliver what the organisation has said it should? What do tenants think the compact has delivered for them? What are the monitoring and reporting arrangements for the compact? How are tenants involved in promoting improvements in each service area? What do tenants think about the services they receive? Are they getting better or worse? What benchmarks have been set for measuring improvements? How are policies turned into practice? Do tenants feel safer? Are homes let easier? Do tenants stay longer? What are the trends in demand?</td>
</tr>
<tr>
<td>How does performance compare?</td>
<td></td>
</tr>
<tr>
<td>How does the service compare with the top 25 per cent?</td>
<td>Where does the organisation fit with others in delivering good practice in this area? What discussions have taken place with other organisations on the involvement of tenants in service improvements? Will the organisation reach the upper quartile on relevant BVPIs? What local performance indicators exist and what are their trends?</td>
</tr>
<tr>
<td>Has the organisation demonstrated cost effectiveness?</td>
<td>What is the level of resources overall for tenant participation? How much of this is controlled by tenants and how much by the organisation? How are outcomes measured by the organisation and by the tenants? How do the costs/service standards compare with the best in the field? What overheads are being levied? What degree of competition is in place?</td>
</tr>
</tbody>
</table>
APPENDIX 3

Is the service likely to improve?
Questions that housing inspectors will be asking about prospects for service improvements.

Key Question
Does the Best Value Review drive improvement?

Has the organisation fundamentally challenged what it does?
- How did the organisation demonstrate that it has openly challenged the form of its housing management services and who should be responsible for delivering them?
- Have the objectives, policies and practices been challenged?
- Has the Best Value Review identified the main issues facing the organisation that require action?
- Has the organisation recognised the need for a ‘step’ change in the service (not the processes for delivering it) and have the 4Cs been applied thoroughly in the Best Value Review?
- Have the levels of resources available now and in the future been examined realistically, and is the service sustainable given projected resource availability?
- What evidence is there that the organisation wants to do things differently and better?
- Has the organisation thought seriously about discontinuing the service or looking at different ways of delivering the service that save money/improve quality/both?

- Has the organisation acted on the results of the challenge element of the Best Value Review? If not, why not? How has the organisation justified maintaining the status quo?
- Did the effect of the challenge make a real difference to the way the authority seeks to deliver services?

Has the organisation made good use of consultation?
- What has the organisation done to talk to tenants and other local people and stakeholders?
- What about those people that might want the service? What did they tell the organisation about its value and purpose?
- Did the results of the consultation process make a difference to what the organisation decided to do?
- How has the organisation balanced the needs of tenants and other service users with political or service objectives?

How competitive is the organisation’s choice of procurement?
- What has the organisation done to test whether anyone else provides housing management services cheaper and/or better in the public, voluntary or private sectors?
- Has the organisation been convincing about why it provides the service directly? If it can be justified, what is that based on?
- Has the organisation acted on the results of the Review of its competitiveness, and if not can it justify its conclusion not to act?
- Has the organisation examined the market for these
services, and has it looked into creating a market for these services? If not, why not?

- Has the organisation explored a range of procurement methods – not just traditional tendering, but partnerships with other sectors, or joint provision with other authorities or agencies, or joint ventures, or negotiated tendering?
- Has the organisation looked creatively at ways the service could be best organised to attract interest from other providers?
- If the service is contracted out currently, has it examined its competitive performance and attempted to negotiate improvement clauses to reflect the organisation’s Best Value duty?

Has the organisation made rigorous comparisons throughout the review?

- How does the organisation’s housing management performance compare to others in terms of inputs (including costs), outputs and effective outcomes?
- What has been done to learn from others? What sort of benchmarking has been undertaken? Has there been any effort to analyse and learn from the performance of the ‘best in class’?
- Did the comparisons conducted by the organisation tell it how its performance compared with that of other similar bodies?
- Has the organisation acted on the results of this; if not, why not? If it has, what difference will it make?

Key Question
How good is the improvement plan?

Are the planned improvements ambitious?

- Has the organisation established an ambitious and timely improvement plan that flows directly from the Best Value Review?
- Will the full implementation of the plan deliver substantial improvements from the current service?
- Are the areas requiring improvement reflected in the Improvement Plan?
- Does the plan:
  outline clear responsibilities and accountability for actions?
  outline the financial, human, and physical resource implications?
  set out clear and feasible timescales for improvement?
  outline the performance management arrangements for the Plan?

Key Question
Will the organisation deliver the improvements?

Does the plan have the commitment it needs from members and others?

- Is there clear commitment among the organisation’s members to deliver improvements?
- Is there clear commitment among staff to deliver the planned improvements?
- Are members and staff capable of overseeing a ‘change management’ process?
- Is there support for change from key players and stakeholders, and is this reflected in terms of
commitment and accountability?

Does the organisation have the capacity and capability for managing both change and performance?

- Do key individuals understand how to drive improvement?
- What changes have taken place since the Best Value Review?
- What plans are there for future improvement? Are they achievable? What is the timetable for these plans?
- What evidence is there that the organisation has the capacity to deliver the change?
- Has the organisation any monitoring processes to track progress in implementing change?
- What evidence is there that performance has improved where this has been identified as necessary?

References

1. Quality and Choice: A Decent Home for All, DETR/DSS, April 2000.
2. Quality and Choice: A Decent Home for All - the way forward for housing, DETR/DSS, December 2000.