Housing after transfer

The local authority role
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Housing after transfer: The local authority role

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Introduction

1 Many people think that what a local authority does in housing is just to provide ‘council housing’ for rent. But over the past 14 years, more and more councils have sold all the houses they used to own to one or more housing associations (HA), through a process known as stock transfer. By March 2002 650,000 homes had been sold through transfer, and one quarter of local housing authorities are no longer landlords. These councils have neither the resources nor the specific responsibilities of a landlord, but remain, in law, the local housing authority, with associated responsibilities [Exhibit 1]. The majority of social homes in their area are now owned by a new local agency with its own priorities, aims and focus, accountable to different stakeholders. Its decisions and actions will have a direct effect on many local people in housing and other services.

The transfer debate

2 Selling council-owned homes is an emotive issue. Those who oppose transfer may blame it for weaknesses in housing authorities or associations after transfer, rather than unrelated legal or market changes or management deficiencies. Equally, supporters attribute improvements to transfer that could be due to a new management team or extra money. The new finance available to transfer areas, different local aims and a lack of consistent outcome measures prevent any objective comparison. The Housing Inspectorate may provide more evidence for comparisons in the future.

Exhibit 1
The roles of a local housing authority
Councils are still the local housing authority with associated responsibilities.

Source: Audit Commission
New questions

3 The pattern of transfers is changing. Early full transfers were mainly shire districts where the value of the council houses sold was relatively high, so the authority ended up with a receipt. More recently there have been more transfers in urban areas, some with less valuable homes, where authorities will receive little or no receipt; this will reduce local opportunities and options and leave the local authority a smaller financial cushion to cope with unexpected costs or problems. Some are also areas of higher deprivation, and in some, social landlords own proportionately more of the local homes and are major players in the overall local housing market, the environment and the local economy. Relationships between new housing associations and these local councils will be critical across a range of local issues and services; they may develop in different ways to earlier transfers.

4 In the Housing White Paper (Ref. 2), the Homelessness Act (Ref. 3) and changes to powers in relation to the private sector (Ref. 4) the Government has emphasised the strategic role of local housing authorities. The wider agenda of neighbourhood management, regeneration, social inclusion and the introduction of ‘Supporting People’ mean housing authorities should be involved in cross-service and cross-agency work. Councils are developing Local Strategic Partnerships and local priorities for housing should be part of these. The role of councillors is changing with the introduction of new democratic arrangements. The scrutiny role may require new arrangements with housing partners. New transfers should be planned against this background, while councils in areas that have transferred should review local arrangements and the skills needed by officers and members.

The focus of this report

5 This report looks at the results of transfer locally, and concentrates on how well local authorities carry out their responsibilities and what this means for people who depend on them for services. Transfer highlights an authority’s strategic and enabling role and the non-landlord housing services that it provides. The report concentrates on areas where changes are most common after transfer and on those issues which officers, members and other stakeholders raised most often as concerns. However, local housing markets and the resources available to different authorities vary significantly and transfer will bring different issues to the fore in different local areas.

6 Transfer is not just about housing. The first chapter summarises the broader impact it can have and the critical impact of the current financial systems. Chapters 2 and 3 look at the continuing housing role of the local authority; first at the council’s strategic role and then at frontline services most often affected – housing benefit, information, homelessness and adaptations. Those involved in delivering relevant housing services locally may be most interested in these. Chapter 4 looks at how transfer can change the location of rights, responsibilities and resources locally, that extend beyond housing. Chapters 1 and 4 may be of particular interest to people involved
more broadly in local government who want a general understanding of the changes transfer can bring. Councillors, local housing providers and other stakeholders (including individual service users and groups who represent them) need to be clear about how changes are managed in their area; questions of accountability, leadership, wider partnership work and the roles of councillors are also discussed in chapter 4.

The last chapter summarises concerns and possible areas for change at a national level, and suggests questions to ask locally before and after transfer to help people focus on improving services and relationships rather than on structures.

A short report cannot comprehensively cover all aspects of transfer or provide complete checklists for those involved. There is a wide range of specialist literature available from the Government, the Housing Corporation, the Chartered Institute of Housing, the Chartered Institute of Public Finance and others; particularly relevant publications are referred to and listed in the references. Additional case study material and evidence to support this report will be available where the symbol appears, on the Commission’s website (www.audit-commission.gov.uk).
A changing background and context

When a council sells most or all of its homes, this is not just a matter for existing tenants and staff providing a landlord service; it affects the way the whole council works and all its housing services. Since 2000 more authorities – some with higher levels of social need – have been able to transfer and some no longer receive any capital receipt. The money that transfer can bring to an area is not directly linked to authority need or performance. Some of the money is nationally funded, but it is left to local authorities to decide how or if they wish to spend receipts.
What ‘large scale voluntary transfer’ means and how it has developed

In a large scale voluntary transfer, a council sells 500 or more of its tenanted homes in a single transaction. In a full transfer, a council sells all of its homes, whilst a partial transfer usually covers the homes in one area or estate or of one type (for example, sheltered homes). Large scale transfers can only go ahead after a ballot of existing tenants; a majority of those who vote have to agree. The price paid for the properties by the new landlord is known as the Tenanted Market Value (TMV). This is worked out according to a Government formula but affected by local assumptions and agreements. Money needed to buy the homes and carry out repairs and improvements is borrowed from private institutions against the security of future rental income. Councils do not have this freedom to borrow. Between the first transfer in 1988 and March 2002 about 650,000 homes have been sold. The number of homes sold per year through transfer has risen rapidly in the past few years, peaking at 134,000 in 2000/01, and since 1998 more homes have been sold per year through transfer than to individual tenants through the right to buy.

What transfer changes

“Downsizing is never as easy as everyone thinks…”
Treasurer, transfer authority

The impact of transfer on service users and the way an authority works can be substantial but varies according to local circumstances and the way in which the change is managed [Exhibit 2]. Relationships between councillors, housing officers, other council staff and former council tenants change. The new association will be an important new employer and a strategic partner in more than housing. It will make its own links with health agencies, social services, local voluntary groups and other agencies; existing arrangements for joint work and leadership may change. Relationships between all local housing associations will also be affected by the arrival of a large new player.

Councillors’ roles change and some become board members of the new association. Most lose direct involvement in housing management issues and decision making. Responsibility for dealing with complaints, consulting with tenants on some issues, monitoring promises and leading on housing-linked issues is now different. Local people need to know who is accountable for what.

The council’s resource base and internal organisation change. Before 2000, most transfers involved a capital receipt for the selling council, giving the council extra local options. Total revenue spending by district councils can be halved as staff, rental income and repairs money moves to the association(s). Councils lose expertise and skills; landlord staff may have been more involved in community safety, social
inclusion or community development than others, while experienced finance, legal and policy staff who contributed to cross authority policies and services may have been partly or mainly funded from the Housing Revenue Account (HRA). Some posts may have to change or cease.

Exhibit 2
What transfer changes
Transfer can have a major effect on residents and the whole of a council’s services, as well as on local housing services.

12 Transferring out so many staff and responsibilities means organisational change. There will be changes to the office space needed, local access points and size of back-up services such as payroll or personnel. Direct service staff that shared overheads with housing staff for depots, vehicles and other equipment, or got income from work on housing estates, are affected. Poor planning can mean a relative increase in overheads and unit costs as economies of scale are reduced. Many authorities find streamlining the new council takes longer, and costs more, than expected.
The reasons for transfer

13 Transfers happen as a result of local concerns, circumstances and decisions [Exhibit 3], but within a national framework that has developed over time – especially since 1997. The main reason councils transfer is to bring in extra money to improve tenants’ homes and regenerate estates, and to spend on new houses or other services. Other reasons given include management preferences, political belief, personal ambition and the desire to retain money locally; future rental income remains with the landlord, and any receipt remains local.

14 The need for tenant support for transfer means authorities tend to concentrate on existing tenants’ aspirations and the opportunity to invest in repairs and improvements, while downplaying other changes. Generally the only ‘outcomes’ discussed are those set out in ‘promises’ for existing tenants, covering improvements and rents. Promises of management change or environmental improvement are rarely specific; and promises on the use of any receipt vary and are rarely monitored.

15 Government reasons for supporting transfer have evolved. Initially they included an emphasis on preventing the establishment of large new social landlords through limiting the number of homes per transfer and preventing mergers with neighbouring authority transfers. This limit has subsequently been relaxed. Currently transfer is seen as an essential contributor to the Government’s target of ‘decent homes’ for all social housing tenants in England and Wales by 2010. Using private loan finance for transfer does not have the same immediate impact on public sector borrowing as direct funding. To help authorities, the Government made full transfer a viable option for more authorities by agreeing to write off overhanging housing debt in December 1999. It also set up the Community Housing Task Force to support councils interested in transfer. But transfer is still a local decision for an authority and its tenants; the Government does not insist on transfer nor refuse transfers where there may be alternative ways of meeting the decent homes standard.

The financial framework benefits many local areas that transfer

16 The financial framework means that transfer brings money in to local areas. In 2000/01, almost £230 million remained with authorities after they had paid for the costs of the transfer, local housing debts and the Government’s levy [Exhibit 4]. The local circumstances of each authority determine whether or not transfer is financially possible and advantageous for that council. The local financial questions were outlined in a previous Audit Commission report, Who Wins [Ref. 5]. In some areas, transfer is still not a viable option because the homes are not worth much and the anticipated costs of improving or redeveloping them cannot be met without additional public subsidy.
Exhibit 3  
**Why councils transfer stock**

Transfers are not nationally planned; they happen when local concerns and decisions mean a council decides to apply for a place on the national transfer programme.

<table>
<thead>
<tr>
<th>Driver</th>
<th>Outcome wanted</th>
<th>Impact</th>
<th>Comment</th>
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<tbody>
<tr>
<td><strong>Government policy</strong></td>
<td>capital for housing repairs and improvement</td>
<td>£10 billion in loans by March 2002; about half retained for repairs and improvement.</td>
<td>Not financially viable for all areas. The NAO report discusses value for money issues at a national level.</td>
</tr>
<tr>
<td><strong>local pressure</strong></td>
<td>improved homes, better services</td>
<td>Most promises delivered so far.</td>
<td></td>
</tr>
<tr>
<td><strong>service improvement for tenants</strong></td>
<td>limit impact of right to buy</td>
<td>Small increase in tenant satisfaction.</td>
<td></td>
</tr>
<tr>
<td><strong>availability of new lettings</strong></td>
<td>limit impact of right to buy</td>
<td>The right to buy does not extend to new tenants.</td>
<td></td>
</tr>
<tr>
<td><strong>financial framework</strong></td>
<td>usable capital for:</td>
<td>On average, council spending on new social housing triples. Many other local projects.</td>
<td></td>
</tr>
<tr>
<td><strong>profits</strong></td>
<td>• new homes</td>
<td>In debt-free areas, receipts can be spent twice – on housing, then non-housing.</td>
<td></td>
</tr>
<tr>
<td><strong>independence</strong></td>
<td>• locally agreed projects</td>
<td>Matched grants more accessible.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• rent revenue to stay with landlord, no loading of council costs onto HRA</td>
<td>Revenue stays with HA.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>General fund has to pick up full costs of non-HRA services.</td>
<td></td>
</tr>
<tr>
<td><strong>theories and beliefs</strong></td>
<td>more commercial &amp; focused approach, less political control</td>
<td>Not proven.</td>
<td>Difficult to separate the issues of service improvement from increased investment.</td>
</tr>
<tr>
<td></td>
<td>not distracted by landlord issues = better strategy</td>
<td>Not proven – see chapters 2&amp;3</td>
<td>Change common, but strategy and services are as likely to get worse as better.</td>
</tr>
<tr>
<td></td>
<td>more ‘choice’ for tenants</td>
<td>tenants balloted before transfer.</td>
<td>No requirement to ballot tenants if associations merge or move into a group.</td>
</tr>
<tr>
<td><strong>personal ambition &amp; drive</strong></td>
<td>wider range of services and geographical expansion</td>
<td>Most transfer HAs grow and/or diversify.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Top salaries increase.</td>
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Source: Audit Commission
The total financial benefit of transfer to a local area can be greater than the headline receipt, although the system is not very transparent. Loan finance pays for repairs and improvement, funded in part through increases to rents. Extra rent stays more local as there is no national rent pooling for housing associations. Where there is a usable capital receipt for the authority:

- interest is received on investments, which can be used to support revenue, reinvested or used for capital expenditure;
- more options are available for asset management, land purchase, sales and reinvestment;
- the current Local Authority Social Housing Grant system reimburses authorities for approved capital expenditure granted to housing associations; in debt-free authorities this money can be spent twice, first on social housing and then on other areas; and
- associations and authorities can make the money go further by using it to ‘match fund’, for example from the National Lottery and EU-Funds.

Receipts are spent on local priorities. There is no requirement for these to be spent on housing, but on average, spending on housing through Local Authority Social Housing Grant (LASHG) triples after transfer [Exhibit 5]. A number of transfer councils now have a capital reserve large enough to support a long-term programme of local housing development and non-housing spend. They do not have to rely on government or Housing Corporation allocations.
Exhibit 5
Spending on Social Housing Grant (SHG)

On average spending on Local Authority Social Housing Grant (LASHG) triples after transfer.

Based on Net Present Value (NPV) in 2000 (6% discount rate). Grant allocated through the Housing Corporation’s Approved Development Plan (ADP), based on the Housing Need Index, remained relatively constant during the period and is included for comparison.

A national interest in how the money is spent

The majority of this extra local finance is paid for nationally. To date, loans have been financed by generally higher rents than councils charge, especially for new tenants and after the end of rent guarantee periods. Some of this money comes from individual tenants, but around 70 per cent of rents are covered by national housing benefit. And the LASHG system, which allows debt-free authorities to spend, in effect, capital twice, comes from an annual parliamentary vote to the Housing Corporation. These financial systems mean that more public money flows into transfer areas. There is a national as well as a local interest in ensuring that this money is used economically, efficiently and effectively.

The amount of usable receipt received varies according to:

- the cost of work needed to repair and improve the homes;
- the local market (which affects the value of homes and land transferred); and
- the level of local housing debt.
Thus capital investment is not directly linked to the level of housing or social need in the area. For example, full transfers resulting in significant receipts have been concentrated in district councils in the south and east. Homeless acceptances per thousand population are highest in London and the West Midlands, and local authorities with the highest level of poor housing are London boroughs, older resort and university towns and large urban districts (Ref. 6). The LASHG system as it stands means extra capital is available for areas that are debt free, not areas in most need.

21 Only some of the funding released by transfer targets national priorities, such as achieving decent homes. The ‘levy’ helps compensate nationally for the extra housing benefit costs that fall on the Department of Work and Pensions (DWP) because of the loss of rent pooling, but the remaining usable receipt can be spent on local priorities. Transfer receipts are excluded from current proposals to claw back a higher percentage of other local receipts and redistribute these to areas in most need (Ref. 7).

22 The amount of money that transfer brings to an area is not directly linked to current management or financial performance by the council or the proposed transfer association. But, in other areas of housing finance, the Government links extra housing funds more closely to performance or need. Arms Length Management Organisations (ALMOs), for example, are an alternative way for authorities to split landlord and non-landlord roles, and they must receive a ‘good’ rating in a housing inspection to be eligible for extra funds. Other government support such as the major repairs allowance (MRA), or subsidy for Disabled Facilities Grants, is linked to relative local need.

23 This financial framework will partly change with moves to standardised rents, which will limit some rent increases (and hence extra housing benefit payments) and by proposals to change LASHG from 2004 (Ref. 7). However, there will still be no link between extra finance and comparative local need or performance. A closer link to performance should promote efficiency and effectiveness in using the large sums of public money involved. (Proposals for looking more closely at performance are made in Chapter 5).

24 Whether they receive a significant receipt or not, councils remain the local housing authority after transfer. They need a vision for housing in their area after transfer, and strategies to achieve this given the resource and responsibility changes transfer brings. The next chapter looks at what this means in practice.
The wider housing agenda; the strategic role of councils

Some authorities have taken the opportunity of transfer to refocus on different housing issues across tenures, aligning housing with other services to address local priorities. But transfer does not automatically widen thinking or mean that staff can deliver more. Some councils have lost interest in housing, maintaining only a minimal presence to fulfil statutory requirements.
We don’t do housing any more.
Council receptionist

It is a struggle to maintain the profile of housing
Lead member, transfer LA

Underpinning housing strategy

Before transfer, strategy is always the poor relation in housing departments. After transfer, housing is fighting to stay on the agenda.
Housing officer, transfer authority

25 Decent, affordable and sustainable homes are critical to the health and welfare of individuals and communities. Housing authorities have a duty to evaluate local housing requirements each year (Ref. 8). They are required to set out policies and programmes to help address local housing problems in a formal housing strategy statement.¹ The quality of these is assessed by the Government as part of its overall assessment of the comparative performance of local housing authorities. To be effective, authorities must understand their local housing market and develop and implement strategies to address local concerns, especially imbalance between supply and demand (Ref. 9). This requires:

• knowing where you are – good information on needs, demands, trends, gaps and current service effectiveness;
• being clear about where you want to go – clarity about the outcomes wanted, and local housing policies that link to whole council priorities, such as regeneration, and to other policies such as Supporting People strategies;
• being clear about what you will do to get there – using the best available levers including capital investment, grants and loans, planning policies, co-ordination of services and providers, and monitoring and enforcement powers; and effective delivery mechanisms – including relationships and formal partnerships that link strategic and operational staff in addressing gaps and problems for service users;
• being clear about how others will be involved – forums where local stakeholders have the opportunity to discuss and influence policies, priorities, outcomes and ways of delivering; and
• methods for monitoring success.

Transfer does not change these responsibilities but does affect the way they are carried out, especially in full transfer areas. II Transfer authorities need to ensure that they still involve residents and service users in strategy as well as service development, and still have access to good market and operational information. It can be harder to keep senior managers and members engaged in housing issues, and to ensure that there are still clear links between housing and council priorities.
Post transfer, there needs to be a clear vision about what the council now sees as the
priorities – to help partners as well as housing staff. Levers of influence are likely to
change – there may be more capital; there are always fewer staff, so capacity issues
affect delivery. This is a particular problem when any receipt from transfer has all been
used. And the council must build a new set of relationships and formal partnerships
involving the new association(s) as well as other local stakeholders.

Involving residents and service users in services and strategy

Landlord authorities often have consultation arrangements with their own tenants that
cover strategy and non-housing issues as well as landlord services; they may have
less formal arrangements with other users of housing services, or may rely on those
primarily involved in tenant participation to run other consultation. So after transfer,
many need to review how they engage with users. Tenants are still residents, and the
end users of many authority services and strategies. They have a user’s interest and
insight in the design, management and location of new social housing; while new
tenants will often be recent users of retained authority services such as lettings,
homelessness services or advice. Alternative links with all social housing tenants
should be set up where these are needed. Contracting out services can also distance
the council from the views of users of those services.

Some housing authorities are actively addressing these issues [Case Study 1];
illustrated by the following examples:

- views on quality and management performance from a tenants’ panel for all
  principal associations, feed in to policy and the selection of development partners
  – Eastleigh Borough Council;
- new tenant feedback on newly built homes, to help improve future design and
  commissioning choices – East Hampshire District Council and Bath and NE
  Somerset unitary authority;
- satisfaction questionnaires used in the specification for homelessness and advice
  services – West Dorset District Council; and
- employing consultants to research the views and experiences of specific groups
  such as older people to underpin local strategies – Elmbridge District Council.

Case Study 1
West Berkshire
Residents’ Participation Agreement

The council has been a key partner in the production of an innovative
Residents’ Participation Agreement in 2000. This has already produced
some important outcomes: for example, working together with
Sovereign Housing Association to
remove abandoned cars, co-
ordinating grass cutting on areas of
land with mixed ownership, and
joint consultation on new
developments. The agreement
includes commitments from the
council for joint newsletters,
improved access, attendance at
residents groups and the
availability of a budget for tenant
training.

Source: Audit Commission
Direct access to market and operational information

“...the association didn’t want to do a new tenant survey for us”

Housing officer

“...they get more than their agreed share of nominations, but they have no way of knowing that – they (the council) don’t monitor”

HA Chief Executive

Information helps target resources effectively. It is essential to underpin local ‘affordable housing’ policies and other joint work with planners and other agencies (including Supporting People strategies). New policies for supporting private sector work must be underpinned by local information to justify priority access to grants or loans (Ref. 4).

The cost of surveys of housing needs and stock condition account for a much greater proportion of an authority’s housing budget after transfer – and is likely to be competing against non-housing priorities. Authorities can also lose expertise in commissioning surveys. Operational and frontline information may be harder to access because IT systems often diverge, and association staff may not collect or report information the council needs for its strategy. Authorities are increasingly looking to:

• share the costs of surveys between neighbours and with partner agencies – including associations. Joint analysis is especially appropriate with markets that clearly cross borough boundaries; and

• commission market surveys at, or before, transfer to inform housing strategies.

Arrangements for collecting and sharing information from frontline providers should be a contractual requirement in outsourced services. Information sharing should include both ‘hard’ data (such as trends in reasons for people becoming homeless, or checks on how many offers are going to homeless people) and the experiences of frontline staff. Housing managers may know why tenancies are failing, often leading to repeat homelessness, and may identify early warnings about demand changes, such as more refusals to take on tenancies in certain areas or a rise in local complaints about environmental or community safety issues.

Housing policies that link to the local market and wider council priorities

All councils should have a long-term vision and strategy for housing and wider work, whether or not they transfer. Transfer should be clearly linked to this wider framework. Low demand, run-down neighbourhoods or a lack of affordable housing will not be ‘solved’ by transfer, but the money and opportunity for refocus that transfer brings
can be directed to strategies that seek to address those problems. Stock improvement often needs to be linked to wider regeneration plans for estates or areas and the council, as well as the association, will have a continuing role here. For example, low demand and disrepair problems relate to owner-occupied as well as association stock, mixed tenure developments on estates often help reduce unpopularity and associated high turnover, and environmental improvements planned alongside wider housing association redevelopment may be necessary. An often neglected area is a strategy for older people’s housing. New guidance is due from the ODPM and CIH shortly; it will provide a ‘tool-kit’ for developing specific and general strategies.

Some authorities have set out to refocus their housing strategy on areas of poor private sector stock; in areas of high demand they may concentrate more on identifying resources for development and on influencing the location and mix of new homes [Case study 2].

**Case Study 2**

**Huntingdonshire – an area of high housing demand**

Housing strategy is as much about the importance of a balanced housing stock for the long-term prosperity of Huntingdonshire as it is about the immediate need for social housing. There are links between the sub-regional economy, shortages of local homes for key workers and the influence of London and Cambridge commuters on the local market.

Housing is one of eight corporate priorities; with social and healthcare it is one of the strategic groups feeding into the Local Strategic Partnership (LSP). Huntingdonshire is consulting on scenarios for the future of the area; housing features in all of them and is likely to be a key issue in the Community Plan when it is agreed.

The Council has almost no land available for housing and relies on Section 106 agreements to deliver social rented housing through a small number of approved housing associations. Social Housing Grant is important, and the Council has taken an active role in developing a Cambridge sub-regional housing strategy, in consultation with other authorities, the local Government Office and Housing Corporation. It is hoped that this strategy may bring more investment into the sub-region through the Housing Corporation’s Approved Development Programme.

*Source: Audit Commission*
Keeping senior managers and members engaged in housing

Councillors are given the impression that as the council is no longer a housing authority, they do not need to be kept informed

Opposition lead on housing

A housing-only spokesperson is virtually a non-job

Leader, transfer council

Member and management interest matters. Some reduction in time spent by councillors on housing issues is to be expected as detailed management is no longer the council’s concern. Councillors on boards believe interest goes down; lead members for housing in transfer areas often spend less than half of their time on housing. To compete for resources, housing needs champions in the cabinet and on the management team.

Before I arrived there had been no reports to members on housing matters since transfer – it was not surprising that members were losing interest

Housing officer, transfer council

Housing officers can influence the profile of housing within an authority. An apparent lack of interest may be related to a lack of training or information, especially if the housing department was landlord-focused before transfer. Much is made of the need to train councillors nominated to the boards of new associations; but other councillors also need to be made aware of the impact on their ongoing role – the policies they still set, the resources they ultimately still control – and of how housing-linked work can contribute to agreed local priorities [Case study 3]. Raising the profile helps; housing matters are covered well on some authority websites and in local performance plans. Specific councillor training, outcome reporting and opportunities for discussion are also needed.

There is no ‘minimum staffing’ for a transfer authority, and no model structure. Local priorities and circumstances should determine staffing arrangements, and the organisation structure after transfer should be appropriate to the needs of that authority [Case Study 4]. Links with regeneration, land use planning and social services can be locally important. Some have created relatively large new housing sections by putting together all retained housing services and housing benefit. However, there are some places where the level of housing expertise and/or the amount of time officers have to address issues is so low that it is difficult to see how these councils can effectively carry out the role expected in legislation and guidance.
Case Study 3
Keeping members informed and involved: Telford and Wrekin

Following stock transfer in March 1999, Telford and Wrekin has recognised the importance of keeping members informed and involved. Methods include:

- seminars for members with outside speakers;
- a quarterly Members Bulletin;
- regular performance monitoring reports to Cabinet and annual reports to the Overview Committee; and
- a new suite of housing advice leaflets setting out all council housing services in a common format, with clear service standards.

Members are also still involved in difficult housing issues through an appeals panel for people who are unhappy with offers made to them through the joint housing register.

New ways of working – the capacity to deliver

Fewer officers at the Council with housing expertise, less cover for vacancies, more difficulty with Section 106 in the face of doubts from other officers...

We needed different skills as much as more people

Housing officers, two transfer councils

The authority is not pro-active enough – the housing team is small and they have some staffing problems. They don’t always take advantages of new initiatives

Housing officer, transfer housing association

Brainpower tends to leave...

Housing consultant

Staffing and support arrangements after transfer need to allow for:

- a minimum base of skills and information, with access to training and external expertise if not available in-house;
- arrangements to maximise the capacity and skills of the staff who remain, and opportunities for career development;
- ways of compensating for small sections, by drawing on the skills and expertise of other departments and agency partners or by joint working, for example, on need and stock condition surveys or wider strategy; and
- a ‘champion for housing’ on the authority management team.

Case Study 4
Wider roles for staff in East Hampshire

In East Hampshire, staff working in homelessness and housing advice each have a specialist area of expertise, such as single people, mental health, domestic violence or empty homes. As well as providing high quality day-to-day services for local people, staff also work more strategically with external organisations to improve services in the longer term, working with relevant people in health, social services, police, voluntary sector and other agencies. The staff find their jobs rewarding because they have more ownership of an area of work, and they can contribute their knowledge and expertise in developing effective strategies to address local issues.
It is rarely effective to divide retained housing staff between many different sections – in particular, separating private sector staff from strategy and housing needs staff. This limits cover and makes it less likely that policies will complement each other as they should. Overall capacity of the section(s) remaining with the council should be considered as part of any review considering contracting out housing services. Capacity is a particular issue for smaller district councils [Case Study 5].

**Case Study 5**

**Havant – extending the housing team in a small district**

Havant Borough Council transferred its stock in 1994, including responsibility for managing the housing register. A new Head of Housing Partnerships was appointed with a team consisting of a manager, three advisers to cover homelessness and housing advice and 1.5 full-time equivalent support staff – too few to cover all potential initiatives. So he has developed links with three local housing providers and offered them office space and secondment opportunities.

“When a small district council stops providing housing it also loses the staff experienced in anti-poverty work and community-building. If it is not possible to replace it within the authority then you need to find other ways of making up the deficit and we have done this by working with other specialists or larger organisations.”

There are now five people employed by others, working on discrete projects but from the housing office; all are also part of an enlarged Housing Partnerships Team, which is mutually beneficial. The local authority gains influence and support; a lone worker becomes part of a team, with access to some council resources. Council premises can be represented as matched funding in kind, and sharing offices is a real symbol of effective partnership work and a clear demonstration of this for future funding bids.

Different skills will be needed after transfer – from other sections in the authority as well as housing. Transfer authorities with capital to plan development programmes for several years ahead will need expertise at working with developers and developing associations. This may need a changed attitude from planning and legal staff as well as new skills for housing officers [Case Study 6].
New ways of working – commissioning and other partnerships

The main change... has been more and better partnerships

It is all about... the management of competition.

Heads of housing, transfer areas

Internal and external relationships underpin successful strategies. The Audit Commission and others have discussed successful partnerships in the public sector (Ref. 12). Particular issues after transfer are:

1. the need for an underpinning of legal contracts, protocols and arrangements; partnerships delivering on statutory responsibilities should not rely on goodwill;
2. the need to include members as well as officers, and frontline as well as strategic staff;
3. clarifying leadership, especially in areas where more than one partner is involved as in mixed tenure areas with community safety problems, or over wider neighbourhood renewal;
4. balancing any priority for a new association with open commissioning and maintaining broader links with other providers; and
5. an understanding that aims and priorities will not be completely shared. Associations, authorities and the local housing market will change over time and relationships must evolve accordingly.

1. Underpinning relationships

Minimum arrangements focusing on the fulfilment of the authority’s statutory duties, including dispute resolution, should be agreed at transfer and reviewed regularly to take account of experience and legal changes. Other arrangements will be useful but will vary according to local arrangements. Arrangements cannot replace goodwill and good personal relationships but they provide a structure that goodwill can then improve on.

2. Building relationships between people

Member involvement maintains interest. Frontline staff in councils, voluntary organisations and local housing associations – for example, those dealing with homelessness, tenant support, allocations and housing management – will be better able to find solutions to local concerns if they understand each other’s problems and pressures. This may be achieved by joint training, secondments and, more consciously, partnership building activities including away-days, brainstorms and regular forums.

New government guidance on post-transfer arrangements for access to social housing, due in 2003, should be useful for this important area.
3. Clarifying leadership

Some issues that cut across traditional service areas have a strong housing dimension for example, local health improvement, community safety, regeneration and neighbourhood management. Many are led or supported by housing staff and need review after transfer. A transfer association can continue work previously led by a council such as liaising with other local associations [Case study 7], helping lead on housing within Local Strategic Partnerships, or leading on activity within a community safety partnership. Such sharing can help reduce ‘meeting duplication’, focus expertise and clarify responsibilities.

However, councils have to balance sharing responsibility with their role as community leaders for all. They must ensure that other housing providers are not disadvantaged if one takes the lead, and that community safety partnerships, for example, continue to look at relevant issues across tenures, not just those of interest to social housing providers.

Case Study 7
Blackburn with Darwen Council – shifting focus and sharing leadership

Housing, alongside community safety, has for some time been a clear corporate priority. Transfer to Twin Valleys in 2002 brought funds to repair and refurbish social rented homes; the authority can now refocus on the poor condition of much local private housing, and has won resources through the new Housing Market renewal fund.

At the same time, the new Unitary Authority reorganised all work around service users. The resulting focus on ‘Neighbourhoods’ means housing strategy and improvement is integrated locally with street cleansing and lighting, community development and other local services.

The Local Authority has a Housing Forum prior to transfer, to which all associations working locally were invited to discuss strategy and agree development priorities. The borough’s Local Strategic Partnership (LSP) was established and accredited in February 2002, incorporating the Housing Forum into the new partnership and consultation structures. The Forum was disbanded and a new Strategic Housing Partnership launched, as a focused partnership working group feeding into the LSP’s ‘Neighbourhoods and Environment’ Forum – the latter driving one of seven local priorities set by local people after 18 months off extensive consultation.

Housing is clearly embedded into neighbourhood improvement and the borough’s community plan; and housing priorities are understood and supported by partners in all sectors through the LSP.

Twin Valleys HA is the largest provider of social housing in the area, and its chief executive is on the LSP. Twin Valleys now represents the other local associations and has assumed responsibility for meetings of associations, to find out their opinions and secure a mandate.

Source: Audit Commission
4. Balancing partnership and competition

Councils should allocate their development money to associations with a track record of good and efficient new developments; competition can improve efficiency. New associations formed at transfer have no track record and can only learn through experience, and given their local importance councils want them to become strong. The tension between supporting the new association and rewarding other local partners is a critical one to manage, and all parties should be clear about local policy – misunderstanding about priority for grant money has caused local friction. All associations should be expected to achieve agreed local performance standards; a special relationship should not mean different standards.

Treating the largest local provider as if it is no different from others is rarely helpful; its relative size makes a good relationship vital. The authority will want principal associations’ business plans to complement council housing strategy as far as possible. One authority acknowledges this by giving its two transfer associations and another local association separate chapters in the authority’s housing strategy. Another is now developing a housing strategy in partnership with its transfer association and a second developing association [Case Study 8]. The aim is to gain agreement between the council and the associations on an area-based strategy and actions, rather than a council strategy that others are asked to back, but may not be committed to.

Case Study 8
The development of Eastleigh housing partnership

After transfer in 1996 Eastleigh Borough Council established a Housing Strategy group. All active associations were invited to discuss the housing strategy and the delivery of new housing but the council found that having too many competing associations undermined partnerships and strategy.

They set up a Social Housing Group comprising the five associations that could best comply with the local social housing agreement – a set of requirements associations must meet to receive authority backing for development. Tenants are involved in agreeing requirements.

In April 2002, Eastleigh entered a three-year joint commissioning agreement with two of the five, Eastleigh Housing Association and Swaythling Housing Society. Each was promised 40 per cent of available Local Authority Social Housing Grant. To make the partnership work better, the two associations and the authority held a ‘visioning day’.

The aim was to improve process and outcomes in the interests of housing in Eastleigh. Using a facilitator, the group worked on the strengths, weaknesses, opportunities and threats affecting the partnership and on how it could become greater than the sum of its parts. Areas for action were agreed: for improving the planning process, adding to the housing capital available to the borough, conflict resolution, developing a long-term vision, setting up a choice-based lettings scheme, standardising procurement and improving design. Leadership for each was allocated...
to one of the three partners and progress has generally been good.

A second day was held at the request of participants and this included discussion about the expectations and prejudices that each partner held about the others.

It now feels as if we are really working closely together. We are coming through the ‘norming’ phase and are beginning to perform together. Partnerships have to be more than bits of paper – visioning days have worked for us.

Head of Housing Services

Source: Audit Commission

5. Clarity on the limits to shared aims, and to changes over time

Initially, transfer associations and councils are usually closely linked, with similar aims and staff who have long known each other. Over time, both associations and councils change: aims diverge, associations diversify and start to work in other authorities, change their names and can move into groups. Strong partnerships expect, recognise and plan for such evolution [Box A].

Box A

Change patterns in transfer associations

There are common patterns in the development of new housing associations set up at transfer. In the first few years there will be new premises, separate IT, a new ‘image’, and often a refinancing and an associated revised business plan.

Once most promised improvements are complete, associations often develop outside their district or diversify, for example, into care services. Many move to or join a group and change names – some because they are successful and wish to expand, others because they need support from other group members.

All such changes can be accelerated by personnel changes and external influences such as changes in interest rates, rent restructuring, falling demand or, at worst, problems that lead to supervision by the Housing Corporation.

As transfer associations broaden their activities and geographical area of operation [Exhibit 6], their strategic aims and priorities can change. There may be less overlap with their original local authority. Relationships will change and less mutual dependence can be useful for both the authority and the association.
**Exhibit 6**

**Transfer association expansion into new service areas**

Associations broaden their activities and their geographical area of operation.

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foyer</td>
<td>10%</td>
</tr>
<tr>
<td>Care services</td>
<td>20%</td>
</tr>
<tr>
<td>Care and repair</td>
<td>20%</td>
</tr>
<tr>
<td>Training provision</td>
<td>10%</td>
</tr>
<tr>
<td>Housing development</td>
<td>30%</td>
</tr>
<tr>
<td>Shared ownership</td>
<td>30%</td>
</tr>
<tr>
<td>Services for other organisations</td>
<td>40%</td>
</tr>
<tr>
<td>Market renting</td>
<td>50%</td>
</tr>
<tr>
<td>Special needs housing</td>
<td>60%</td>
</tr>
</tbody>
</table>

*Source: Audit Commission analysis of NAO survey data*

This chapter has looked at how some transfer authorities have maintained and improved strategic performance – by involving local residents and service users, understanding local markets, and finding new ways of working in effective local housing partnerships. The next chapter looks at what transfer means for specific frontline services – housing benefit, information and advice services, homelessness and adaptations.
Learning from experience: frontline services

Stock transfer changes the way in which many local authority frontline services are delivered but they do not always improve. There are new risks and opportunities for councils after transfer so they need to work differently. They must ensure that service users are not disadvantaged by poorly coordinated services.
After transfer, delivering and improving frontline services become more dependent on third parties – particularly housing providers. Local authority retained housing services do not always improve after transfer [Exhibit 7]. Problems can occur with housing benefit, information and advice, homelessness services and adaptations arrangements. Issues that underpin effective strategy are also key to these services:

- a continuing profile for housing within the council; frontline services should help deliver council priorities;
- good communication, working relationships and partnerships, including links between frontline service staff and strategy staff;
- enough staff, with appropriate skills;
- quality control – an effective client where services are outsourced, outcome measures and user involvement where they remain in house;
- local partnerships that work together to address problems; and
- agreements underpinning partnerships that protect individual service users in the event of problems developing between the two organisations.

Exhibit 7
Inspection scores of authorities that have transferred compared to those that have not.
Local authority retained housing services do not always improve after transfer

<table>
<thead>
<tr>
<th>LSVT authorities</th>
<th>Landlord authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>A good service?</td>
<td>Prospects for improvement</td>
</tr>
<tr>
<td>Proportion of inspections</td>
<td>Proportion of inspections</td>
</tr>
<tr>
<td>Poor</td>
<td>Fair</td>
</tr>
<tr>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td>80%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: Audit Commission, all published housing inspection reports up to 1st October 2002
Housing benefit

What can transfer mean for tenants who rely on benefit?

A customer at the counter with an arrears letter is pushed from pillar to post.

Exchange of information was taken for granted before transfer. Now we have to work constantly on liaison and on information sharing...

Housing benefit officers, two different transfer councils

Housing benefit is a critical service for many vulnerable people. Recent Audit Commission publications have highlighted the complexities of the current system, which is difficult to administer and, in many areas, failing vulnerable individuals (Ref. 14). Some change is inevitable following transfer, as tenants receiving benefit move from rent rebates to rent allowances. From the perspective of users – former council tenants and their new association landlords – this means the service gets worse.

For tenants:

- rent accounts move into arrears of up to four weeks, depending on circumstances; and
- individuals have to deal with two agencies and joint arrangements may be poor. Some new landlords expect tenants to take on the role of sorting out disputes with the council.

Focus groups of citizens’ advice bureaux staff and housing advisors found that rent arrears linked to benefit delays and disputes treated unsympathetically were common concerns.

From a landlord perspective, cash flow deteriorates and managing arrears becomes harder. Stock transfer associations are heavily indebted in their early years and prompt payment of rent is important for cash flow. The level of rent arrears may increase before transfer as other work may take priority, and these arrears remain a debt to the council after transfer. Rent collection is often given a higher priority after transfer.

Disputes linked to housing benefit affect new partnerships. Associations often dispute overpayments, and may not refund them. Recovered overpayments can also be disputed. Some housing associations report that the cash flow impact of delays is not appreciated by councils. Information sharing can be a problem; there can be a failure to jointly manage change post-transfer, especially where this involves IT changes. Housing benefit administration often needs to be given more attention both at and after transfer in terms of user needs and good local relationships.
Making housing benefit arrangements work better for users

Council and association partners need to develop new working arrangements that fit the changed circumstances and place the needs of the tenant at the centre. These arrangements should help all local tenants and associations. The split into two agencies and staff turnover following transfer may weaken personal links so more formal arrangements are important. These should include:

• clear procedures and timescales to investigate benefit queries before tenants are threatened with action or are taken to court;
• sharing appropriate information so that landlords can help tenants, and tenants do not have to provide so much of the same information to two parties. Benefits staff could inform landlords which tenants have not responded to reminder letters on renewal so that landlords can follow this up; tenants may need help with forms;
• agreeing who will provide general benefit advice and specific debt counselling, and who will give independent advice on benefit and debt concerns;
• ensuring queries involving benefits and rent arrears can be dealt with via single access points, for example by sharing offices or private ‘freephone’ direct connections between offices.

The relationship on the ground is good – but it can take time to get agreements at a more senior level... for example, on computer links – the HA required a formal board agreement, data protection training, legal approval...

There has been extra work for the CAB since transfer. They are playing a mediation role where liaison breaks down.

We asked to be kept in the loop about procurement of new association IT, to ensure benefits links were there – but we found that they had gone ahead without consulting us...

Housing benefit officers

Other areas where councils and associations can work together are summarised below. The best partnerships will also involve independent advice providers such as citizens advice bureaux. Before transfer, councils should:

• check which existing systems and agreements on data and information sharing with housing departments will still be legal after transfer – and agree any new protocols necessary in the light of data protection requirements; and
• gain existing tenant consent at transfer on future sharing of information with the association landlord, and agree how to gain consent from new tenants. There is no model or standard form or agreement across areas; until the Department for Work and Pensions (DWP) and the Data Protection Registrar suggest a model, associations and authorities will need to agree on a form of words locally.
Before or after transfer councils can:

- set up arrangements for advance warnings over changes to IT providers or systems, so that the benefits of sharing information electronically can be retained wherever possible;
- agree local procedures for managing overpayment issues, and for association involvement in aspects of benefit administration to help claimants;
- collaborate on update training so that the mutual implications of change are understood and people have the opportunity to work together;
- maintain links with housing managers to help prevent fraud; and
- review funding and agreements with third parties such as CAB services for mediation and support.

*The Verification Framework knocked a hole (in our previous arrangements)... you have to keep coming back*

**Head of housing benefit**

Agreements will need to change with time. Councils and associations should plan jointly for major change events; housing benefit problems are often linked to major disruptive changes, such as IT changes, the introduction of the Verification Framework, staff reorganisation and decisions by councils to change contractors or contracting arrangements.

**National changes to housing benefit**

Housing associations are subject to public regulation and inspection, so the methods used to deter fraud by tenants of private landlords may not be appropriate for HA tenants; rent restructuring will standardise rent levels across social housing providers, and there is likely to be a single social housing tenancy. At transfer neither the tenant nor their home changes, rent remains similar – so why should benefit need to change? A more unified social housing benefit structure with earlier payment dates would benefit tenants and associations.1 If standard protocols allowed access to certain tenant records, systems could be simplified. Putting housing association tenants on the same basis as council tenants could:

- be better for service users, with earlier payment and less need to notify two agencies of issues; and
- give housing association landlords a better cash flow.

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1 See also *Closing the gap - working together to reduce rent arrears* (Ref. 16).
Information on housing services after transfer

Three years on, the public are still not clear about the role of the council and the association.

Housing inspection summary

58 Housing authorities have a statutory duty to secure the provision of housing advice. Good quality, accessible information is a part of this. Transfer brings changes to how and where people can find out about housing and related services, to what services are available, and to who provides them. Co-ordination of information becomes more important as more services are provided by different agencies.

59 Where housing offices acted as local offices before transfer, it is not always clear how and if the council will maintain a local presence. New arrangements can take several years to become established and members of the public, council staff outside housing and housing association staff – including receptionists – can be unclear about who is now responsible for certain services, and how these can be accessed. Key partners like citizens advice bureaux or social workers may lack accurate information to help clients and leaflets may be out-of-date. A website survey showed housing services as less prominent than others – and less easy to find – in some transfer authorities.

The opportunity to improve on local information

60 Transfer provides an opportunity for authorities and partners to carry out an audit of existing information services, evaluate current effectiveness, and identify gaps. This could be combined with an audit of other local advice services. Both at transfer and afterwards, councils should plan with partner agencies around user needs such as location and different languages, and should:

• ensure association and council receptionists receive relevant training;
• revise written information and agree who will keep it up to date and monitor its accuracy and quality;
• update and re-brand information on authority services;
• ensure information on housing is visible locally – for example, displays in reception areas, articles in local magazines;
• revise websites;
• develop local access points where appropriate, such as libraries, surgeries in other agency offices, free phone points; and
• build agreements on information into any contracts for outsourced services.

Part VII of the Housing Act 1996 places a duty on the authority to secure advice and information on homelessness and the prevention of homelessness free of charge to any person in their area. From July 2002 the Homelessness Act extends the duty to provide assistance to non-priority homeless households. Good housing advice is vital in the prevention of homelessness.

Guidance from the DETR on housing advice can be usefully applied to information issues – it suggests that the most effective model is one in which the authority acts as the strategic planner and enabler and provides services to complement voluntary and other providers (Ref. 17).
Homelessness, allocations and register services after transfer

I can now act as the applicant’s agent, effectively running a homeless agency as an honest broker...

Homelessness officer, transfer authority

After transfer the council retains legal responsibility for a strategy to reduce and prevent homelessness, individual determinations and for finding temporary and long-term accommodation. Authorities become dependent on arrangements with others – primarily the new transfer association – to fulfil statutory responsibilities. Regulatory guidance from the Housing Corporation sets out the expectation that associations will co-operate with councils (Ref. 18).

Where authorities increase the amount of social housing built locally there can be more homes available – and these can be tailored to specific needs. Some authorities find they can concentrate more on improving homelessness services, acting as advocates for their clients.

Three issues that affect the service homeless people receive, which are frequently raised at a local level, are:

- who is responsible for register, allocation and homelessness services;
- the availability and quality of accommodation; and
- managing conflicting priorities in housing allocations.

Responsibility for services

Around half of transfer authorities initially outsource homelessness and register responsibilities to transfer associations. Few have experience of contracting out these services, and there is rarely time during the hectic transfer process to review them, decide their best location and draw up a good contract. As a result, some contracts are poorly written or difficult to monitor. Attention can focus on ‘maintaining’ minimum service rather than improvement. Not all new associations have time to think through whether or not they really want to bid for these services. A number of councils have revised contracts later, changed contractors or opted to take services back in-house, sometimes as a result of a best value review [Box B].

There should be a scrutiny report or best value review before a decision to outsource is made. The decision needs to take account of user views and should consider more than one provider and the impact that outsourcing may have on other parts of the retained housing services. A contract should include improvement targets, quality control and workable client monitoring arrangements.

See especially section 3.6 of regulatory guidance.
Box B
Different views on outsourcing

1. Keeping services in-house after transfer
Some authorities decide to keep homelessness, register and allocations services in-house after transfer. These services are closely related and can provide valuable information on housing needs for use in developing housing strategies.

2. Reviewing the original decision to outsource at transfer
Some authorities that outsourced homelessness services at transfer have learnt from their early experiences and improved their contract specifications. Re-tendering at the end of the initial contract period gives them the opportunity to move to different service providers if necessary and redirect savings towards improving other retained housing services. Other authorities in a similar initial situation have brought services back in-house.

3. Outsourcing to improve services after a best value review
Outsourcing housing services is not confined to stock transfer authorities. One non-transfer authority that was inspected recently decided to outsource housing assessment and advice services following a best value review. Its aims included improving both customer service and cost-effectiveness. Inspectors judged the service to have excellent prospects for improvement.

Housing inspectors have not found a link between the location of the services and performance. Each requires effective management and the maintenance of links across agencies. Where services are kept in-house, the best authorities take the opportunity to review the role of the staff and integrate them with other housing services and partner agencies (for example in health or social services), to improve service to users and support the overall effectiveness of the council. Where there is no common register in operation it may be easier to develop one initially if the service remains in-house. Small in house services can become inward-looking and isolated, with poor facilities for users, staff with inadequate legal knowledge, no access to specialist advice, and poor links with strategy or preventive work if they are not well managed and integrated. More detail on the options and considerations will be available in new guidance from the ODPM in 2003.
The availability and quality of accommodation

Arrangements for more temporary accommodation would have been useful...

Lead member

...confusion on the key issue of what was happening with properties...over decanting and demolition

Inspection report

67 The Commission found several authorities which had underestimated the effects of a short-term reduction in lettings during major repairs and redevelopment. Homeless people and authority budgets are affected by longer periods in temporary accommodation and the Government would like to end the use of bed and breakfast hotels. Transfer arrangements should include agreements on the temporary use of properties emptied for major works, demolition or redevelopment. Good planning and imaginative joint work can minimise short-term problems [Case Study 9].

Case Study 9
Temporary accommodation for homeless households in the London Borough of Brent.

Brent Council’s housing strategy tries to balance the needs of existing tenants with a high level of demand from homeless households. The former need improved and less-crowded homes, with a consequential need for decanting during works and a reduced availability of larger properties for other groups. Brent has used a series of partial transfers to finance work. Following early difficulties, the council has developed effective arrangements for maximising the use of temporary accommodation on estates where associations are repairing and rebuilding. One example is in Fortunegate, a partial transfer to a subsidiary of Ealing Housing Association. There is close liaison with homelessness staff to minimise void time, while ensuring that properties are always vacated in time for building works. As of summer 2002, 90 properties in Fortunegate were being used by Brent homeless households.

68 Over the longer term, authorities are dependent on associations offering homes of appropriate size, location and quality. This means authorities must:

• develop formal nomination agreements and contracts that ensure that statutory duties can be fulfilled; changes in demand or to the housing association business plan cannot all be foreseen at transfer, and the inexperience of both parties means revisions may be necessary;

• monitor lettings agreements to pick up problems early, before disputes arise (for example, reasons for rejections or trends in the size of properties offered); and

• be aware of trends in the housing needs of homeless people as well as more general demand, and work with partners to ensure that developments reflect those specific needs (for example size of property and level of support needed).
Managing conflicting priorities in housing allocations

Local authorities are the safety net but can no longer use their own stock as that net...you don’t have the autonomy that you did before

Head of housing

Before transfer it was easy to re-house people, but there was no follow-up; afterwards, it highlights problem cases, and solves some of them.

Local authority housing officer

Although associations usually do their best to help authorities, their primary concern is the needs of their existing tenants, the management of their homes and their financial viability. This can mean new solutions take longer to find, or can lead to conflicts about individual cases. For a council, moving people out of bed and breakfast is a financial as well as a social priority but association allocation policies may not match those of the council. An Audit Commission survey of transfer authorities found that the three principal reasons for associations to refuse nominations were: the nominee had a history of rent arrears, had special needs (including difficult behaviour) or their family size was considered inappropriate for the property. More detailed research for the Housing Corporation due soon identifies similar concerns, although associations believe that the biggest problems are around size/suitability and support needs.

A landlord authority faces similar tensions but can decide internally on priorities and solutions. After transfer, two separate agencies are involved. At best, this can lead to improvements by bringing issues into the open and addressing underlying problems, for example the need for debt counselling or personal support. At worst, there can be disputes between the two agencies while people stay in expensive and unsuitable temporary accommodation.

There is no single solution to these tensions. Agreed joint appeals and arbitration procedures can help; joint registers and common allocations policies set up before transfer provide experience in developing joint solutions. Agreements on site-or estate-specific policies and individual support can also help association management problems [Case Study 10].
Case study 10

Addressing tensions in nominations

Telford and Wrekin council has difficulty finding homes with any local association for people with a history of rent arrears. Even when their joint appeals panel consider there are exceptional circumstances, associations reserve, and use, the right to refuse to house. So the council is working with associations and their credit union to put in place and incentive scheme for applications to make a commitment. Essentially, the applicant will join the credit union and save an agreed weekly amount. After a specified period of time the credit union will provide a loan equal to one-third of the debt owed – but paid to the association. The council will provide a (capped) grant equal to one-third of the debt owed and again paid direct to the association. The remaining third has to be written off by the association. Counsel’s opinion has confirmed the legality of the proposed scheme. The Wrekin Housing Partnership Board members have agreed in principle to participate. The hope is to help individuals manage debt and maintain tenancies in the longer term, as well as solving an immediate problem. The scheme is based on successful work already carried out with Telford County Court and members of the local Wrekin Housing Partnership to reduce evictions by private or social landlords.

Working together to prevent homelessness

The new requirement for authorities to produce a strategy to prevent and reduce homelessness should be used in transfer authorities as elsewhere to improve local joint work between different sections of the council and with providers. For example, work on empty homes or links with private landlords are important for prevention strategies, and can help identify properties for temporary accommodation [Case Study 11]. Links to housing management staff to help prevent evictions are also vital.

Case Study 11

Working with colleagues to find temporary accommodation

In Telford and Wrekin, renovation grants are used to assist landlords to carry out repairs and improvements to older properties (such as installing new windows or central heating) so that they can be leased to the council as temporary accommodation. This has also allowed the council to find temporary accommodation in smaller centres like Newport and the more rural parts of the district. This means homeless households can be housed closer to support networks while waiting for permanent offers.
Adaptations

The tenant profile is ageing. They should have made provision for this in the business plan but didn’t... There are no proper written agreements on anything to do with adaptations...

Housing officer on local transfer

The way adaptations are funded and managed varies across transfer authorities [Table 1]. The local authority (either social services or housing department) retains ultimate legal responsibility in many cases but responsibilities and local agreements can be confusing for those who need help. In the short term, the local situation can improve with more authority capital available from receipts and contributions from associations. Many authorities also expand local Care and Repair and Staying Put services to help older people remain in privately-owned homes.

Table 1

Some changes to how adaptations to tenants’ homes may be provided

<table>
<thead>
<tr>
<th>Before transfer</th>
<th>After transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal responsibilities on council</td>
<td>No change</td>
</tr>
<tr>
<td>Right of tenants to apply for Disabled Facilities Grant (DFG) – but subsidy rules mean funding is through HRA; DFG money is normally used for private sector.</td>
<td>Same rights but funding source changes.</td>
</tr>
<tr>
<td>Adaptations within Council homes normally paid by landlord (HRA)</td>
<td>Association usually pay some according to local agreement. Contribution from Council usually expected (often LASHG).</td>
</tr>
<tr>
<td>In unitaries can be pooled budget with social services and one team of staff.</td>
<td>Pooled budgets/joint teams require new agreements to include association.</td>
</tr>
<tr>
<td><strong>Two</strong> agencies - housing and social services</td>
<td><strong>Three</strong> agencies – housing, social services and HA</td>
</tr>
<tr>
<td>No means test for tenants if Council agrees and HRA pays.</td>
<td>Means test required if system changes so that tenants have to apply for DFG.</td>
</tr>
</tbody>
</table>

Source: Audit Commission

However, there are financial and organisational issues for authorities. These are:

- Demand for adaptations is increasing in many areas, with an ageing tenant profile;
- changing rules on LASHG may mean that there is less capital available for housing in some transfer areas; and
- ensuring cost-efficiency where associations are not responsible for assessing or funding adaptations.
New guidance on joint working is expected from the ODPM and Department of Health and will provide a good base for revisiting local arrangements before or after transfer. Authorities and associations should consider (or revisit) estimates of demand, resources and the best way to co-ordinate the provision of adaptations to disabled people.

In the longer term the ODPM may want to reconsider either the relevant needs index for DFG funding in transfer councils or consider whether it is more effective for all social landlords to be given greater responsibility for funding adaptations and the associated incentives for cost and service improvement.

Conclusion

The quality of services such as information, housing benefit and homelessness varies in all authorities. Changes brought about by transfer mean authorities must do things differently to ensure a co-ordinated and strategic approach to housing services after transfer. This means working closely with third parties – particularly housing providers. The next chapter looks at wider local relationships and partnerships.
Wider responsibilities and relationships; governance issues in transfer areas

Clarity is needed on governance issues in transfer areas to prevent gaps or duplication. Partners should look at the role of council-appointed housing association board members, lead members, officers and outside agencies in monitoring, accountability, liaison and advocacy. Maintaining and improving cross-agency partnerships is critical. Existing arrangements may need revisiting given shifting resources, new initiatives, Local Strategic Partnerships, the new scrutiny role and some associations joining group structures.
The key task is to foster partnerships.

Council leader

There is no point in doing transfer if you are not going to help the housing association.

Head of housing

78 The local position of many transfer associations means that their performance matters not only to tenants but to other service users and the wider local community, because of the influence a major landlord has on the local economy and environment. So relationships matter for the whole council; in environment, leisure, regeneration, education and social services. Effective cross-agency work such as Crime and Disorder Partnerships still need landlord involvement, especially in areas where former council housing forms a significant proportion of local housing and/or includes areas of relatively high deprivation.

79 The health of an association that is the largest social provider in an area and the housing needs of that local area are closely linked. If the association has difficulties there can be a significant impact on local people, for example, if an association has to stop any new development.\(^1\) Money, sites and schemes cannot all be switched easily; costs go up with delays, and authority strategy assessments may go down if allocated funds are not spent in the year. Given the size and often ‘preferred-partner’ status of transfer associations, the impact can be substantial locally. Development delay reduces new lettings, hitting homeless people and others in need.

80 The Housing Corporation monitors the viability of associations and their business plans. It is not responsible for considering the impact that changes to association plans and activities may have on the wider local area. It is for the council as community leader to ensure relationships and partnerships exist to help association activity complement wider community concerns.

Monitoring performance

There should have been [but was not] a formal monitoring structure agreed at transfer – to last until all promises to tenants were met...

A new political administration...changed the agreement on how much would go to housing.

Lead member for housing

81 It is not always clear who is monitoring what in transfer areas – or why. Associations report a range of different local arrangements. The association, the authority and tenants need local clarity – what are the outcomes wanted, who is doing what monitoring, where will it be reported and how will the information be used? A lack of clarity can lead to tensions, gaps and duplication among authorities, internal...
association monitoring and external Housing Corporation regulation [Exhibit 8]. Two-thirds of councillor board members who responded to an Audit Commission survey felt that monitoring of associations by all relevant bodies, including the local authority, was weaker than it should be.

**Exhibit 8**

**Who monitors what in transfer areas?**

A lack of clarity can lead to tensions, gaps and duplication among authorities, internal association monitoring and external Housing Corporation regulation.

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All councils have a moral, and in some cases a legal ‘trustee’ role in monitoring delivery of promises made to tenants, and a specific client role if services are outsourced. Clarity on monitoring promises is important for tenants who need to know where to take any concerns. Contract specification should identify standards and outcomes, ensure quality monitoring and be clear about reporting arrangements. When choosing preferred development partners, authorities should use comparative association performance against agreed criteria. Local monitoring may be needed for information not available in standard Housing Corporation indicators, for example feedback from local tenants on management or development performance. A less
clear-cut area for monitoring is the collection and publication of performance information for local people, where it is especially important that there is no unnecessary duplication of the Housing Corporation’s indicators.

**Individual advocacy and service accountability**

_The authority should be the arbiter or local friend in any tenant/housing association landlord issue… The Corporation don’t really do this_

**Lead member**

Local arrangements for advocacy and accountability need to reflect the roles of tenants’ organisations and representatives, association board members, elected councillors and external bodies. Partners should have in place:

- appropriate new or amended complaints procedures at the council and transfer housing association;
- information on respective local government and housing ombudsmen;
- arrangements for independent advice and advocacy (perhaps, a role for voluntary agencies as advocates or brokers); and
- appeals systems where individuals can challenge service decisions made. Often individual cases will cross council and association services, so joint complaints procedures and appeals committees may be appropriate.

Similar arrangements should be made with all local associations and transfer can be used as an opportunity for improving on existing local arrangements.

**The role of members**

_Conflicts of interest made housing committee very difficult when the Chair was also on the board…_

**Lead member**

_You have to remember which hat to wear…_

**Lead member and ex-chair of board**

Local councillors as individuals and as members of a democratic body must always balance roles. Transfer does not change this but can highlight the importance of understanding and avoiding potential conflicts of interest. Roles can include:

- advocacy for individual service users (arrangements for dealing with councillor queries on individual cases after stock transfer are important; otherwise goodwill may be lost and genuine concerns missed; and individual complaints can dominate liaison meetings intended as an opportunity to look at broader policy and strategy);
- council appointees to the boards of partner providers, including stock transfer associations, with a director’s responsibility to that organisation;
• democratically accountable representatives for policy and strategy decisions for local areas; and
• members of scrutiny committees that may question those decisions.

“...I don’t believe board members can act as originally intended as they have duties to both organisations...this leads to frustration from the council that their influence on the board is much less that was originally hoped”

Lead member

“...Members are more interested in the housing associations and do not have much of a local authority voice.”

Chief Executive, housing association

“...Councillors with a foot in both camps... tend to keep away from difficult meetings”

Opposition lead member

“Members... are the lubricant in our partnership”

Chief Executive, housing association

A third of areas visited by the Commission’s study team had had some specific problems regarding local authority appointees, such as conflicts of interest, appointees who regularly failed to attend board meetings, or individuals who did not act in accordance with their role as a director. Councillors who are also board members broadly see their role as a link between the association and the authority. But individual councillors in different areas express quite different views about what they do and how they relate to officers and other councillors [Exhibit 9]. There is considerable written guidance available, but it is evident that there are still local problems. The role of members needs regular local review with locally agreed and understood expectations of performance and agreed procedures for addressing problems.
Exhibit 9
What do board members think about their role?

Individual councillors in different areas express quite different views about what they do and how they relate to officers and other councillors.

- Represent HA to LA
- Represent LA policy to HA
- Explain LA policy to HA board
- Report back to councillors
- Do officers brief you on housing issues?

Source: Audit Commission survey of housing association board members nominated by local authorities

Scrutiny

86 Scrutiny is a new and developing concept. Overview and scrutiny committees are likely to consider housing at some point although few whole transfer authorities have involved associations in scrutiny to date. Effective scrutiny of housing and contracted-out housing services in transfer authorities, will need to involve the relevant associations. There is no specific guidance on this subject from the Government or the Housing Corporation. Local authorities should develop scrutiny arrangements that suit local circumstances to ensure that scrutiny is successful and not an unnecessary burden or cause of dispute [Exhibit 10].

87 The Audit Commission has looked at how local authorities and partners can work together to develop effective health scrutiny (Ref. 19), and there are some similarities with housing scrutiny in transfer areas. Elected members are expected to scrutinise public services that are not directly controlled by the authority, but overlap with other services and substantially affect the well-being of the local community. An important difference is that housing associations’ participation in scrutiny is voluntary.
Exhibit 10
Developing housing scrutiny arrangements

Local authorities should develop scrutiny arrangements to ensure that scrutiny is successful and not an unnecessary burden or cause of dispute.

Making local housing scrutiny work will need local thought and planning. Some questions to consider include:

- How will scrutiny fit with existing association and authority accountability arrangements?
- How will it fit with other local mechanisms for user and broader public involvement in housing?
- How will social housing tenants be involved?
- How can scrutiny by elected members have credibility with associations?
- Where and how will housing scrutiny add most value?
- How can local associations contribute?

Co-ordinating resources with responsibilities, clarifying leadership and linking housing to wider service issues.

Clarity is needed about who will run and fund services that are not a landlord’s legal responsibility but are mainly (or entirely) for tenants and may have been previously funded by the HRA. Examples include neighbourhood wardens, additional support to individual tenants such as extra decorating or help with garden maintenance for older people, grant aid to voluntary agencies supporting more vulnerable individual tenants, extra benefit advice, support for community halls, or activities for children.
The association may have different priorities from the council or may not have the funds to support such extras.

The question of resources for non-housing services and activity was highlighted in a recent report for the ODPM (Ref. 20) that suggests associations may need subsidies for the extra costs of dealing with the management and regeneration of certain areas. The issue was also looked at in a recent report on transfer by the Local Government and Housing Committee of the Welsh Assembly Government (Ref. 21). It recommended that prospective stock transfer organisations should be required to include in their transfer proposals an element of community development or to explain why it is not relevant.

Some associations have explicitly taken on a wider role, often with additional short-term funding. For example, Poplar Housing and Regeneration Company (HARCA) is leading on detailed proposals for better open space, transport and mixed tenure housing in its area as a partner in ‘Leaside Regeneration’1. But not all associations have the funds or the interest. In a recent interview, one pathfinder manager in a neighbourhood renewal area explained a local concern:

There’s a real problem with the maintenance of play areas and open space. When the housing stock was transferred eight years ago, 24 play areas were also transferred. Of these, 16 are located [within the neighbourhood]. But maintenance funds are becoming restricted and the housing association view is ‘we don’t want to spend tenants’ rents on play areas – it’s not our primary provision. We are taking a catalyst approach and bringing together a range of agencies and residents to look at this issue now.

There can also be different views on the standard of service that should be provided such as dealing with abandoned cars or lighting, and the best way of co-ordinating services between the authority and the landlord (for example, where public and landlord grassed areas are next to each other). This can be a particular issue on mixed tenure estates. West Berkshire’s Residents Participation Agreement is a good example of an authority and its main association looking at these issues from the perspective of local residents [Case Study 1].

Where problems cross the landlord and wider service boundary, councils as community leaders should ensure local clarity so outside agencies and local residents know who to talk to, and should also help broker agreements where necessary. Some associations are happy to take on a ‘neighbourhood management’ role but may need funds. Others prefer to focus on housing management, in which case an alternative lead for wider services and policies should be mutually agreed. Local Strategic Partnerships may be an appropriate forum for some authorities to reach agreements on these issues.

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1 A partnership set up by Tower Hamlets Council and with funding from European and central government sources.
One area that needs careful review is the role of the council and other social landlords over anti-social behaviour and community safety issues. Landlords have an important role to play and can use tenancy conditions and new powers to apply for Anti-Social Behaviour Orders (ASBO); but dealing with anti-social behaviour is much more than a landlord issue. There is a prevention role, which may involve youth workers or social services. It may not be housing managers who are best placed to take action; for example, environmental health officers will deal with noise issues. Work is needed on long-term solutions. Eviction can just move a problem around and will not solve behaviour problems linked to drug dependency, for example. Most areas are now mixed-tenure and anti-social behaviour is not confined to social housing tenants. These areas need a joined up approach. Police and other local agencies need consistent local criteria for action.

All this needs a cross-council department and cross-agency approach, with clear structures and processes, common criteria for action, clear expectations on all relevant services and partners, and a performance management framework for measuring effectiveness and identifying areas for improvement. These should be developed by local Crime and Disorder Reduction Partnerships. While these need to include major social landlords, there is a clear role for the council in ensuring that a cross-tenure and whole-area approach is taken. New transfers should review arrangements and could include an outline of agreed structures and processes in transfer contracts; those who have transferred should review local arrangements in the light of new legislation and current local practice.

### Reviewing local arrangements and dealing with new initiatives

Agreements cannot be set in stone at transfer. Expectations, legal requirements, local needs and relative financial strengths change.

- the role of retained housing staff anticipated at transfer may not have included involvement in regeneration, social inclusion or cross-agency partnerships such as Healthy Alliances with the NHS, Crime and Disorder Reduction Partnerships with the police and other initiatives. There may be no local budget or sufficiently experienced staff. Authorities will need to review their resources and expertise periodically. Collaborating across authorities and agencies may be the best way to fill gaps;
- local authorities retain responsibility for local implementation of many government policies, even those linked to landlord action. For example, choice-based lettings systems are dependent on landlords’ agreement, actions and (possibly) financial contributions. Implementation of homeless legislation may need changes to providers’ allocation policies; and
- Some authorities receive a significant capital windfall at transfer and can afford extra spending more easily than the new association. Elsewhere, associations have extra resources although it is up to them to decide on how to use them.
The extent of variation in local control of resources and allocation of responsibilities in transfer areas raise future questions for the Government, local authorities and associations about how best to marry local and national strategy with those resources, to influence and improve local housing for all. Especially where transfer receipts have been spent (or never existed) there can be increasing divergence between direct resource control and strategic responsibility. Effectively managing the tensions this can bring locally is perhaps the biggest challenge for full transfer authorities.

The impact of moves into group structures

The housing stock of this area should not be used as part of the funding for housing requirements of other areas.

There is not enough development land locally…I welcome the expansion elsewhere.

The tenants say the group has bigger fish to fry…they might not serve the local tenants so well.

There is a feeling of remoteness…in the final analysis, the group policy prevails.

Now that the association is seeking developments elsewhere I feel better about asking other associations to develop here.

Now that it is involved in group activities elsewhere…the association is taking its eye off the ball in our authority; their best people have switched their attention.

I had concerns that the local focus of the association would be lost…these have not materialised.

Housing officers and lead members comments on local moves into groups

Associations are increasingly moving into group structures, in which individual associations become part of a group through merger, takeover or reorganisation. Joining a larger group can mean access to more specialist knowledge and experience that can be harnessed locally. It can also improve the financial position of a small association through access to cheaper loans, allowing better services. But it can also bring a further layer of complexity to existing partnerships and weaken local accountability. Groups do not always have tenants on parent boards, so there can be changes to tenant accountability (Ref. 22). Local jobs and local focus can be lost. The board members of an association will need to balance these and other arguments when making a decision to change.
Associations are not restricted to authority boundaries and do not have to use their resources of personnel and finance in any one place. However, many councillors and local tenants clearly feel strongly about how and where a local resource should be used to support expansion elsewhere. Local authority-nominated board members of housing associations have a particular role in ensuring that discussions about groups recognise these tensions, in particular that the reasons for, and implications of, any association change are understood by other councillors and that relationships with the local authority are addressed as part of any change.

Where an association joins a larger group or moves from a single organisation to a group structure, authorities and associations will need to review liaison arrangements. Any ‘link’ role of board appointees may be reduced, especially when an association joins an existing group, as there may be no local authority appointees on the new group’s parent board. The change is an opportunity to review arrangements for both officer and executive member liaison with people in the new group and the parent board.
Where next? Improving housing services in post transfer areas

Problems after transfer could be minimised if there were changes to the way transfers are planned and agreed. But work is also needed after transfer to maintain local leadership, deliver effective housing strategies, focus on the needs and views of service users and manage relationships with housing providers to improve local services and quality of life.
A different emphasis during pre transfer planning

*Everything else was pushed aside because of stock transfer.*

Agency partner in transfer area

*All the [member and officer] focus is on the new association – which isn’t their long-term responsibility – instead of the council, which is.*

Housing association chief executive

101 Authorities have learnt from past transfers. The complexity of legal, financial and staff transfer arrangements are better understood, while guidance on these and other specific aspects of transfer have improved *(Ref. 23).* The focus of learning has been on the transfer process and the new association, are not retained housing services or changes to other authority services. Process requirements, the focus of leading officers and councillors, personal inexperience and the whole language of transfer are all barriers to a greater focus on the ongoing role of the authority. There is a great deal of work involved in transfer and suggesting that councils think more about future services is not enough. To achieve a more even balance of effort changes are needed not just from local authorities but also from those who influence them – the Government, the Housing Corporation and the Housing Inspectorate.

More focus on the previous performance of authorities and associations.

102 Chapter 1 showed that current arrangements do not focus on the previous performance of authorities and associations that will be responsible for spending large sums of money that transfer can bring to local areas, and in delivering future strategies. Transfer brings changes and opportunities but management and service delivery do not automatically improve. A track record of efficiency and effectiveness in relevant areas would indicate that improvements are more likely to be delivered cost-effectively.

103 Where authorities are planning to transfer homes to an existing association, this should include more focus on the association’s previous financial and management performance. The Community Housing Task Force or Housing Corporation could help authorities in this process by suggesting criteria that could be used. Some authorities already check that existing associations meet certain standards before considering them as possible transfer partners.

104 Where a new association is to be formed largely from the existing council housing department, an independent assessment of its current strengths and weaknesses could be undertaken using existing evidence from housing inspections and government office assessments. Key areas of performance for such an association would be landlord services, in particular the management of repairs and maintenance.
All authorities should look at their record of performance on housing strategy and other principal retained services. In many cases, external evidence for performance is already available; all housing authorities have government office assessments, while in future many will have received a relevant inspection as part of their Comprehensive Performance Assessment (CPA). Landlord services have been inspected in unitary authorities that are still landlords, and there is a housing strategy element to the CPA for district councils. Authorities should start addressing weaknesses before transfer.

To make it more likely that public money will be spent efficiently and effectively the ODPM should check that past performance has been properly considered by authorities. Where there is no relevant external evidence, or concerns raised by such assessments are not acted on, ODPM could consider requiring further assessment, make recommendations and seek evidence of improvement. This could be through housing inspection or evaluation by government office staff.

More focus on broader post transfer services and strategy.

Even though housing has always been among the top priorities of the council, members assumed that the whole lot would go with LSVT – we had to persuade them that the council would still have lots of housing responsibilities after transfer and that in order to be effective we had to have enough staff and resources.

Head of housing strategy

The need to achieve the decent homes target makes authorities consider stock transfer as a possible solution to poor stock condition but they may not link it to wider housing needs or council priorities. The need to gain consent from tenants leads to a concentration on their aspirations, whilst formal requirements from the ODPM and Housing Corporation also focus on existing stock and tenants, and the structures and business plan of the new association. The huge amount of work involved in transfer often means that meeting the immediate requirements of the process tends to dominate.

Future responsibilities of most lead housing players in transfer are often with the new association. Lead members often chair shadow and new boards and concentrate on gaining political agreement and a positive ballot. There is an independent adviser for existing tenants of the properties being transferred, but not for the non-transferring tenants when partial transfers are planned, nor for users of non-transferring housing services, although these can all be affected by transfer. And less attention is often given to the management and morale of staff not transferring, affecting services during transfer and in the longer term.

The Government now expects more evidence of strategic planning for the ongoing service (Ref. 23). Authorities should have a housing strategy that complements and informs the association business plan and a plan for the use of any capital receipt. The performance check suggested above would support this refocus.
Supplementary assessments requested by the ODPM should include checks on the robustness of post-transfer proposals and make recommendations for improving areas of weakness.

110 Authorities need a senior non-transferring housing officer and member(s) whose prime responsibility is planning for future housing services at the council. Decisions on retained services should not be made before these individuals have been appointed and have had the opportunity to review plans for future services.

111 It is essential that all councillors and officers understand the changes transfer will bring to their areas of work. In particular, they need to be clear about the council’s remaining responsibilities, the responsibilities that have been passed to the association and what activities each organisation is leading on. Training, discussion and written information are needed, along with possible scenario planning and discussions with service users (see below).

A focus on future service users as well as existing tenants

Senior local authority staff and members need to develop a vision and strategy for the post-transfer housing service to complement work on the association draft business plan. Councils should look for service improvement when drawing up future arrangements and legal agreements. To prevent the needs of non-tenants getting lost under the pressures of transfer, councils should involve a wider range of service users in the process more formally, for example, with a ‘Service Users Panel’ or by working through future scenarios with partners [Box C].

Support for learning from experience

112 Few senior officers or councillors have had the opportunity to learn about full transfer from personal experience. Cross-council learning is focused on the ‘how and what’ of transfer and setting up new associations. Some learn from partial transfers but a series of smaller transfers is not always a practical option. Even then, partial transfer is often seen as a ‘housing-only’ issue; housing departments are often expected to make cost savings after partial transfer so that the rest of the authority is not affected by reduced contributions to overheads. Partial transfers do not prepare the whole council for the bigger financial and organisational changes of a full transfer.

113 The National Housing Federation (NHF) runs networks primarily for new associations. The NHF, the Community Housing Task Force and the Housing Corporation produce publications to help new associations with change. There is no equivalent level of support for transfer authorities. Staff and councillors have commented on the isolation they feel after transfer, and the contrast between the amount of external help given before transfer and the lack of help afterwards. There are local initiatives, for example, a group of transfer authorities in the South East meets regularly to provide mutual support and share learning. Relevant external agencies should consider how they could provide additional help and support.
Box C
A focus on future service users – examples

Why is something needed?
Local authorities often miss issues that make a difference to future service users because of the pressures of transfer and because of processes that focus on the needs and aspirations of existing tenants and the new association. A panel, or some other formal alternative, could help redress the balance by involving future users of retained services.

How could it work?
Existing local groups or forums, citizens advice bureaux, Age Concern, private sector landlords could nominate individuals to a panel, or councils could arrange meetings with key groups on key topics. The cost would be small in the context of total transfer costs.

What could be discussed?
• improving services for homeless people, either by direct service provision or contracting-out
• future housing information and advice, including information on benefits – location? access? responsibility?
• potential impact on private sector services
• impact on current partnerships and future lead roles – who will now lead on what? where will expertise be?
• appeals and complaints procedures, especially for services that cross organisation boundaries – how will disputes be settled?

Another option would be for partners, user representatives and authority staff to test future plans against scenarios based on potential problems, such as:
• a tenant waiting on a housing benefit claim gets a notice to quit...(what next?)
• a person needing housing has a historic rent debt...(what next? can they still be offered a tenancy?)
• an older person needs an adaptation ...(who will now pay and do what?)

Source: Audit Commission

A different approach to the future; anticipating change and developing formal arrangements to underpin goodwill

As in many big projects, transfer has to be ‘sold’ to key players. Tenants and councillors are often reassured that little will change except for stock improvements. Language used can give the wrong impression with terms such as ‘transfer’ (rather than ‘sale’), and ‘residual’ services. New associations formed from former council departments are still not always thought of, or treated as, new and independent organisations. The assumption that relationships will stay the same is unsafe and formal arrangements are needed to minimise future risks.
Authorities need to manage their partnerships with housing partners rigorously. There should be clear desired outcomes, appropriate monitoring arrangements and procedures for risk management. A clear new role for council housing staff should be developed alongside the work of the new association. All councillors – not just the housing association board members – should be involved in these discussions.

### Reviewing work at a local level

Better planning alone will not address all the issues that transfer can bring. By itself, splitting landlord responsibilities from other housing responsibilities is unlikely to improve either local strategy or service delivery. Success is dependent on the authority having a clear vision, good management and the commitment from all partners to improve. Local arrangements should be reviewed regularly to ensure that they still fit with local circumstances. Authorities need:

- an understanding of common difficulties, so that local solutions can be found;
- to develop new relationships and partnerships, while reshaping existing ones involving housing; and
- to be aware of new and different methods available locally to influence housing providers and balance the local housing market.

Evidence suggests that more successful authorities build capacity through:

- ensuring necessary information on users’ views, local needs and the housing markets is collected, updated and analysed regularly;
- identifying and developing staff skills and collaborating with other local organisations where necessary;
- aligning retained housing services with other council services in a way that reflects the overall aims of the council and local housing priorities, while ensuring staff involved in housing can work together wherever possible to reduce the danger of isolation and reliance on particular individuals;
- collaborating with associations and other public authorities to replace or mitigate against the effects of losing experience, local knowledge, staff numbers, budgets, and back up services; and
- building internal and external relationships and formal partnerships.

Successful authorities develop effective relationships with others and formal partnerships for housing that:

- clarify responsibilities for local leadership between organisations;
- ensure housing strategies link to corporate priorities; and
- recognise that, while aims and priorities may not all be shared, strategies and business plans can complement each other.
Councillors have an important role in keeping housing on the local agenda and in new local partnerships. They need to be aware how their roles and responsibilities may change, so training is important for all councillors. Councils and partner associations should be clear about:

- who is monitoring the different aspects of housing performance locally and why, including the monitoring of promises made to tenants;
- how councillors will be able to continue their role as individual advocates for constituents without interfering in issues that are now a matter for the new landlord and could be addressed through normal reporting systems, complaints procedures or their board and appeals systems;
- the role and expectations of councillors appointed to boards;
- the role of the executive member for housing in relation to the association and its council nominated board members; and
- the role of scrutiny in reviewing local housing issues and service delivery.

**Reviewing systems at a national level**

In the longer term, the Government, the Housing Corporation and the Housing Inspectorate must monitor developments in transfer areas to assess whether current government regulations and the Housing Corporation regulatory code should be changed to reflect major shifts in resources, and the increasing convergence of housing association and council housing that is taking place, for example, through rent restructuring and a possible new tenancy for all social housing.

Other areas that may need review include:

- how regulators can best work with authorities and associations together, particularly where there are local problems with the authorities, large local associations or the relationships between them;
- how to standardise the processing of housing benefit claims across the social housing sector;
- funding of adaptations; and
- choice-based lettings.

A critical question for all must be whether changes are necessary to ensure that transfer authorities offer quality and choice not only for social housing tenants but for others in need and for the local community as a whole.
Key recommendations

A. Improving planning for transfer

1. To ensure the efficient and effective use of resources released by transfer authorities the ODPM should take account of past performance in the selection of new landlords and in plans for retained services and the use of receipts:

   - there should be more focus on previous financial and management performance, whether transfer is to a new or existing association. ODPM and Housing Corporation could suggest criteria for authorities to use when selecting new housing providers;

   - where a new association is to be formed, independent assessment of current strengths and weaknesses of an authority’s housing service should be used, including evidence from housing inspection and government offices;

   - there should be more focus on the track record of the council in housing strategy and other retained services, especially homelessness and advice;

   - if external assessments show serious weaknesses, clear evidence that these are being addressed should be provided; and

   - where authorities have no relevant external evidence on performance, and/or no evidence to show that concerns raised by external assessment have been acted upon, the ODPM could request an external assessment and action plans to address identified concerns.

2. Authorities should pay more attention to planning for improved authority services after transfer and should involve service users in that planning. They should:

   - look at independent evidence of current effectiveness, especially in housing strategy and homelessness and advice services and where necessary, take action to improve performance before transfer;

   - ensure existing and future service users or their representatives are fully involved in planning for retained housing services before and after transfer;

   - ensure a senior non-transferring housing officer and member(s) are responsible for planning future authority housing services;
• co-ordinate planning so that the housing association draft business plan, wider authority housing strategy and plans for retained services complement and support each other;

• ensure all councillors know about their responsibilities and roles after transfer and arrange appropriate training for that role whether or not they are appointed to association board(s); and

• involve representatives of other authority services and agencies that will be affected by transfer early in transfer planning.

3. **A decision to outsource retained services housing should be made as the result of a review that follows best value principles; it should not be an add-on to transfer.**

4. **Authorities should have clear arrangements in place at transfer for dealing with anti-social behaviour issues; these should include jointly agreed local criteria for action and a framework setting out expectations of the new association, council departments, the police and other local agencies.**

5. **The ODPM should consider specific guidance to help authorities plan services that may change after transfer.**

   a) In conjunction with the DWP and Data Protection registrar, ODPM should clarify and strengthen current guidance on information-sharing in housing benefit. It could cover:

      • a model form of words for use during large scale tenancy transfer from a council to an association, that clarifies what information already shared can still be shared and what additional information can be shared if the tenants agree;

      • the information used in benefit administration that can be shared between social landlords and councils without the need for formal agreement from claimants under the Data Protection Act; and

      • what agreement (i.e. form of words) to seek from new applicants and what information can then be shared.

   b) Clarify and strengthen guidance on future arrangements for adaptations in social housing stock.
c) Planned guidance for 2003 on access to social housing after transfer should include arrangements to deal with individual disputes over nominations.

B. Making systems work better; longer term issues for government.

1. ODPM and DWP should consider a single 'social housing benefit' for all social housing tenancies that standardises benefit regulations, in line with the Law Commission proposals for a single social housing tenancy and the move towards a single standard for determining the level of future social rents.
Appendix 1
Checklist of questions on the role of the authority in improving local housing services after transfer

These questions focus on issues sometimes neglected in transfer areas. They are not comprehensive but aim to start local debates and reviews. There are no model answers and different questions may be more or less relevant to different areas. They are for councillors, officers, service users and others involved in housing locally.

1. How do you know that the promises made at transfer are being delivered?
2. What is the strategy for investing and spending usable receipts – and how is it monitored?
3. What is the local authority now responsible for in housing?
   • What are the local priorities for improvement?
   • What evidence are these based on?
   • How does the authority monitor success?
4. How does the authority consult and involve users of ‘retained’ housing services, including housing benefit, in improving services and what happens where services are run by an external organisation on the council’s behalf?
5. Are the area housing strategy and the business plans of the main local social housing providers mutually supportive? How could links be improved?
6. Are all councillors clear about their housing responsibilities?
   • Is there up to date, accessible information that councillors and others can use?
   • On what basis are council nominees for association boards selected and is it clear what is expected from those individuals?
   • How will the council involve local housing providers in scrutiny?
7. Who monitors the quality of all local housing services, and pushes for improvements where needed?
8. How do staff/volunteers at all levels in local housing organisations and different sections of the council share information and ideas?
9. Which local housing services could be improved by more collaboration with neighbours and partners – are there opportunities for the council to share expertise, standard documents/processes, specific costs or project leadership?
10. Who leads and co-ordinates housing-related work that crosses agency boundaries, for example on:
   • housing choice, including more affordable housing and choices for tenants/prospective tenants;
   • standards in rented accommodation, including accreditation for private landlords;
   • Crime and Disorder Reduction Partnerships, particularly issues such as reducing antisocial behaviour, and addressing drug and substance misuse; and
   • support for vulnerable individuals living in the community.
# Appendix 2

## Glossary of terms and abbreviations

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Affordable Housing</td>
<td>The term affordable housing is defined locally – it is usually low cost housing for owner-occupation or shared ownership, or social rented housing.</td>
</tr>
<tr>
<td>Arms Length Management Organisation (ALMO)</td>
<td>A housing management company which a council owns, or has a majority share.</td>
</tr>
<tr>
<td>Crime and Disorder Partnership</td>
<td>Statutory partnership between local authorities and the police, in co-operation with other local bodies such as probation committees and health authorities, aimed at reducing crime and disorder.</td>
</tr>
<tr>
<td>Comprehensive Performance Assessment (CPA)</td>
<td>Part of the Government’s performance framework for local government, in which a judgement on the performance and proven corporate capacity of English councils is made by the Audit Commission.</td>
</tr>
<tr>
<td>Decent Homes</td>
<td>Homes which meet or exceed specified minimum standards and state of repair, defined by the Government.</td>
</tr>
<tr>
<td>Disabled Facilities Grant</td>
<td>Means-tested grant to pay for alterations to a disabled person’s dwelling, to make it safe and suitable for use.</td>
</tr>
<tr>
<td>General Fund</td>
<td>The council account into which people’s council tax is paid, for services that are not charged to the Housing Revenue Account (see below).</td>
</tr>
<tr>
<td>Group structure</td>
<td>An organisational structure for Registered Social Landlords (RSL), in which a parent RSL often controls a number of subsidiary RSLs that are members of the group.</td>
</tr>
<tr>
<td>Housing Association (HA)</td>
<td>A non-profit making organisation that provides social housing. A HA usually has paid employees, and a committee or board of management made up of volunteers.</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Housing Corporation</td>
<td>The non-governmental organisation responsible for investing public money in, and regulating the activities of housing associations.</td>
</tr>
<tr>
<td>Housing Needs Index</td>
<td>A compound statistical index of the relative need for housing capital expenditure by Registered Social Landlords in each local authority area.</td>
</tr>
<tr>
<td>Housing Revenue Account (HRA)</td>
<td>The council’s landlord account into which rents are paid. It is used to cover the cost of housing repairs, management, maintenance, and housing debt.</td>
</tr>
<tr>
<td>Levy</td>
<td>An amount of money collected by local authority on behalf of the Government, following transfer, equivalent to 20% of the authority’s net capital receipt less certain deductions.</td>
</tr>
<tr>
<td>Local Authority Social Housing Grant (LASHG)</td>
<td>Social Housing Grant (SHG) paid by a local authority to fund or part-fund an SHG-eligible scheme, such as an approved housing association development.</td>
</tr>
<tr>
<td>Local Strategic Partnership (LSP)</td>
<td>A non-statutory, non-executive body, aligned with local authority boundaries, that brings together different parts of the public, private, business, community and voluntary sectors so that different initiatives and services support each other and work together at a local level.</td>
</tr>
<tr>
<td>Major Repairs Allowance (MRA)</td>
<td>An element of the HRA subsidy to provide local authorities with capital required to maintain housing in its current condition.</td>
</tr>
<tr>
<td>Office of the Deputy Prime Minister (ODPM)</td>
<td>The government department, responsible for housing policy including administration of the stock transfer programme.</td>
</tr>
<tr>
<td>Overhanging housing debt</td>
<td>Overhanging debt arises where the capital receipt from the sale of housing and other HRA assets is less than the amount of assumed HRA debt.</td>
</tr>
<tr>
<td>Receipt (often called transfer receipt or capital receipt)</td>
<td>The ‘surplus’ left to a council after certain costs, housing debts and a government levy have been deducted from the sale price.</td>
</tr>
<tr>
<td>Rent guarantee</td>
<td>A commitment to maintain rents at specified levels for a specified period of time, usually given as a formula relating future rents to the level of inflation.</td>
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<tr>
<td>Term</td>
<td>Description</td>
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<tr>
<td>Rent pooling</td>
<td>The practice by which costs of providing services are not charged in full to the recipient, but are shared by all members of the rent pool. The national HRA is a form of rent pooling because the level of Government subsidy given to individual local authorities to pay for rent rebates is not directly proportional to their costs.</td>
</tr>
<tr>
<td>Rent restructuring</td>
<td>The process of bringing rent levels and rent structures in line with Government policy, in which local rents will be determined according to a national framework for local authority and housing associations.</td>
</tr>
<tr>
<td>Right to Buy (RTB)</td>
<td>Regulations which allow council tenants to purchase the leasehold or freehold of their home.</td>
</tr>
<tr>
<td>Section 106 agreement</td>
<td>An obligation or agreement whereby planning permission is granted subject to a voluntary agreement between the local planning authority and the developer, for example on the proportion of affordable homes.</td>
</tr>
<tr>
<td>Supporting People</td>
<td>A policy and funding framework for delivering support to vulnerable people in different types of accommodation and tenure, to support people in the community.</td>
</tr>
<tr>
<td>Tenanted Market Value (TMV)</td>
<td>The price at which council homes are sold to an association. This is based on the value of the property as a socially rented home, taking into account the cost of necessary repairs/replacement.</td>
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</table>
Appendix 3
Study method

In carrying out the research for this report, the Audit Commission study team has reviewed the available performance data and research already published on transfer areas. In addition we:

- visited, with the National Audit Office, authorities and the transfer housing associations in 10 selected transfer areas, 6 of which were full transfer;
- used information from the published housing inspection reports of 36 whole stock transfer authorities;
- joined housing inspectors for some interviews (including interviews with association and voluntary sector staff) and visits in 11 of these authorities; and
- carried out short visits to three other authorities not yet inspected.

We are grateful for the frankness of the officers, councillors and other stakeholder we have interviewed.

In addition we have carried out four surveys:

- a joint survey with the National Audit Office to stock transfer housing associations;
- a survey to full transfer authorities;
- a survey sent to councillors appointed as board members; and
- a survey sent to Lead Members and Opposition lead members in transfer authorities.

Summaries of the findings in these last three surveys will be available on the Commission’s website.

We held two seminars with staff from citizens advice bureaux and independent housing aid centres in a selection of transfer areas. We have also drawn on the knowledge of colleagues in audit and inspection and on current research carried out by colleagues on rent collection, neighbourhood renewal and homelessness.
Appendix 4
Acknowledgements

We would like to thank all the people that agreed to participate in the research, to appear as case study organisations and to provide comments on our consultation draft. Particular thanks go to members of the study advisory group: Jim Bennett (Shelter), Philip Burton (East Hampshire District Council), Joe Cavanagh (National Audit Office), Martin Cheeseman (London Borough of Brent), Helena Herklots (Age Concern), Roy Irwin (Housing Inspectorate), Simon Llewellyn (Office of the Deputy Prime Minister), Phil Morgan (Tenant Participation Advisory Service), Dave Mullins (University of Birmingham), Hal Pawson (Herriot-Watt University), John Perry (Chartered Institute of Housing), Steve Rumbelow (Manchester City Council), Sarah Webb (Office of the Deputy Prime Minister) and Paul Wright-Anderson (National Audit Office).

The study drew on expertise from across the Audit Commission including inspectors, auditors and central directorate staff. The research was coordinated by Gill Green. Other team members included: Phil Hall, Sonia McKenzie and Kathy Tanner, under the direction of Greg Birdseye.

Responsibility for the content and conclusions in this report rests with the Commission alone.
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Group Dynamics: Group Structures and Registered Social Landlords. More and more RSL's are reorganising to operate on a group rather than individual basis. This report examines group structures in detail, investigating whether these new groups deliver the benefits to tenants and stakeholders that are hoped for by those who set them up. Throughout the report, experiences and good practice examples from housing associations help to put the evidence into context. There is also a summary of 'critical success factors' at the end of each chapter.

National Report, 2001
ISBN 1862403201, £20, stock code LNR2618
www.audit-commission.gov.uk

Housing Benefit: The National Perspective. This report examines how all the different agencies responsible for - or involved in - HB can contribute to a better short and longer term service to claimants through effective liaison and partnership working, simplification of the regulatory framework, and a clearer funding regime. It will help these bodies to contribute towards providing a more efficient and effective service for claimants.

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