Improvement drivers in local authority housing

Evidence from inspection
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As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we monitor spending to ensure public services are good value for money.

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Introduction

The Audit Commission’s Housing Inspectorate was set up in April 2000 to inspect local authority housing services under the Local Government Act 1999 (Ref. 1). Since then, the Inspectorate has assessed and publicly reported on 439 housing services delivered by local authorities in England and Wales (up until February 2004). The Inspectorate’s responsibilities have expanded since it was established. During 2002/03 it became responsible for inspecting the Supporting People Frameworks operated by administering local authorities. The Office for the Deputy Prime Minister (ODPM) also gave it responsibility for assessing the prospectuses prepared by Housing Market Renewal Pathfinders in nine areas in England, designated by the Government as suffering from particularly low demand in their housing markets II. In addition, since April 2003 it has been responsible for inspecting housing associations and other social landlords registered with the Housing Corporation.

Since 2000 the Inspectorate has re-inspected a number of local authority housing services for a variety of reasons. Re-inspections normally take place because the first inspection judged that the housing services being delivered by a local authority were poor/zero star. The Inspectorate has a policy of re-inspecting zero star services 12 to 18 months after their first inspection. This is done to check what actions the authority has taken to address the failings identified during the inspection process. If services have not improved, a number of actions can be taken, including referral to the Secretary of State III under the Local Government Act 1999 (Ref. 1). In such cases the Secretary of State IV has a number of powers to drive forward service improvement in a failing authority. The Inspectorate has also become increasingly involved in working with authorities with a fair/one star housing service that have uncertain or poor prospects for improvement.

Re-inspections have also taken place of housing services in England delivered by arms length management organisations (ALMOs) and their predecessor local authorities. In these cases, inspections have been of the local authority’s housing service prior to the creation of the ALMO. These indicative inspections can help local authorities and their ALMOs to plan for the full ALMO inspection that takes place later (with at least a six-month gap between the two inspections). Under Government policy, where ALMOs are judged to be delivering good/two star services, they receive additional funding to help them to meet their Decent Homes targets V.

Through this work, the Inspectorate has had extensive experience of reviewing the performance of a number of local authority housing services over time.

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I The aim of the Supporting People programme is to establish a strategic, integrated policy and funding framework for providing housing-related support services for vulnerable people.

II Nine Market Renewal Pathfinders were set up by the ODPM in April 2002 to tackle the most acute areas of low demand and abandonment in parts of the North and the Midlands. Together, the nine low demand pathfinders encompass close to one-half of the 1.4 million homes across England affected by low demand. Over £500 million is due to be spent by the Pathfinders over the next three years to promote renewal in their areas, with the Programme itself set to last for around 15 years.

III In Wales, the Wales Assembly Government.

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V The Decent Homes Standard is linked to a target ‘to ensure all social housing meets set standards of decency by 2010’. These standards state that all social housing should:
- i) meet the current statutory minimum standard for housing;
- ii) be in a reasonable state of repair;
- iii) have reasonably modern facilities and services; and
- iv) have a reasonable degree of thermal comfort.
The purpose of this report is to examine the factors that have resulted in organisations significantly improving their performance as judged by our inspection activity. In total, we have evaluated 20 cases, all of which involve initial inspections that were carried out before July 2002. Of the 20 cases reviewed, 5 were associated with the Government’s ALMO programme and 15 involved the re-inspection of zero star services (which were subsequently judged to be at least fair services on re-inspection). Ten of the case studies are reported on in the published version of this report. These cover the inspections at Brent, Hounslow, Kirklees and Oldham (part of the ALMO programme) and those at Bassetlaw, Denbighshire, Greenwich, Sedgefield, Shepway and Stockport (zero star re-inspections). Details about the other case studies can be found on our website www.audit-commission.gov.uk. Each case study describes the council’s starting point, the findings of the first inspection, subsequent progress and the drivers for improvement. The names of all the case study authorities, dates of the relevant inspections and the services inspected are given in Appendix 1.

As well as considering lessons from individual case studies, this report draws out the improvement drivers that have been identified in all 20 cases. The services covered in these cases include repairs and maintenance, allocations, rent collection, strategy and enabling, homelessness and advice and sometimes the whole housing service. The sample cannot be representative of all housing organisations in the local authority sector – be they local authorities themselves or ALMOs. However, the study does offer an insight into the crucial factors that aid improvement.

The messages here are not new. The Commission identified the key improvement drivers of local authority services in its review of the implementation of best value in 2001 (Ref. 2). This report demonstrated that the most effective public service bodies had the following in place:

- councillors and officers committed to improvements;
- clear and consistent organisational priorities; and
- sound performance management systems at the heart of financial and policy planning.

Several other key Commission publications set out the factors that organisations delivering public services need to address to ensure that their performance is of the highest possible standard (Refs. 3, 4, 5 and 6). The Housing Inspectorate itself has produced specific guidance that set out the standards that housing organisations should achieve, as well reports that have highlighted positive practice (Ref. 7). For instance, ‘ALMO Inspections: The Delivery of Excellent Housing Services’ (Ref. 7) sets out the Housing Inspectorate’s expectations of an excellent/three star authority or ALMO and provides guidance on how to achieve these standards. Also, the Commission’s Annual Housing Review 2002 reviews positive practice among local housing authorities identified through inspection activity between July 2001 and June 2002. Examples of positive practice are given under the core themes of landlord services, community housing services and strategy and enabling (Refs. 8 and 9).

The Commission has also published a number of reports that feature positive practice uncovered during audit, inspection and research activity in the housing sector. These cover: repairs and maintenance, rent collection, housing benefit and homelessness (Refs. 10, 11, 12 and 13).
This report seeks to explore the building blocks for improvement; what drives change and how change can be implemented successfully. Once in place, these building blocks can be used to continue to improve performance all the way to excellence, as some councils and ALMOs have already demonstrated. The rest of the report considers these factors in greater detail using the case studies to illustrate their importance.

The Commission drew on the expertise of the Housing Quality Network (HQN) to help prepare this report. HQN undertook the initial analysis of the published inspection reports showing how improvement in inspected housing services was achieved.
1 Improving housing services – an overview

No council wants to be told that its housing service is not up to scratch. No officer or member can take pride in receiving a zero star rating. But for many, an initial inspection report that identified poor services was a catalyst for change. Some councils even managed the leap to two stars within a remarkably short time. Equally, the desire to access Government grants by ensuring that their ALMO inspection achieves at least a two star rating has led many ALMOs to embark on a process of radical change.

Our analysis of 20 inspection reports has identified crucial factors that aid improvement. They include:

- governance and member commitment;
- management changes;
- improved performance management;
- enhanced tenant empowerment;
- better procurement; and
- extra resources.

Where services have improved, members show leadership and renewed commitment to providing good-quality housing services and increased understanding of the importance of the service. Housing moves up the political agenda as a result. Active scrutiny committees and a good understanding between members and staff are also invaluable, not least as councils tackle the demands of housing’s role in the comprehensive performance assessment for grading local authority performance in England (Comprehensive Performance Assessment – CPA).¹

The pace of improvement in housing services depends very much on member (whether of the council or of the ALMO board) drive and support. Without member level involvement it is very difficult to put the things that drive improvement in place. Members must support management changes and offer leadership to the whole organisation. They also need to drive forward the performance management agenda.

Many councils have also reorganised their housing services to try to improve performance. Often, management changes of this kind were underway by the time of the first inspection. Some councils have brought more functions into a more co-ordinated framework, thereby ensuring better service delivery. Partnership too can improve performance. The commitment and energy of frontline staff is an essential part of successful housing services. Steps need to be taken to ensure that a high level of support is available for staff. This can include recruiting new staff, filling vacancies in good time and providing good training to support people to carry out their duties. This can produce a virtuous circle, with improved morale leading to the delivery of improved performance.

Performance management is another essential ingredient for success. The best performers have comprehensive systems in place that cover:

- action plans;
- milestones;
- ‘traffic light’ information systems;
- improved performance indicators (PIs) (for rent collection and re-lets for instance); and
- named officers with patch responsibilities.

Members must ultimately lead a council’s performance management system. Sound and comprehensive information systems are an essential element of effective performance management.

¹ CPA aims to help local councils in England to improve local services for their communities. The assessment looks at how well the council delivers its services, for example, education, social care and housing. It considers how the council is run, as this will impact on how well they deliver their services in the future. CPA was introduced for single tier and county councils in 2002. CPA is currently being rolled out for district councils.
In many poor performing councils, tenants are not fully engaged with aspects of the housing service – they may not even be consulted at all. Top performers systematically recognise the value of tenants’ input and seek to empower them and work alongside them in shaping service delivery. Common features of successful housing organisations that are customer focused include:

- improved customer service standards;
- customer service charters that are developed with input from service users;
- tenant information available in a variety of accessible formats;
- higher profile given to diversity issues and engaging hard-to-reach groups; and
- agreed enhancements to the Decent Homes Standard.

Even when the improvements needed are clear, achieving them against a background of traditional working methods is difficult. Better procurement is crucial in many cases. Some councils have taken functions, such as homelessness and advice services, back in-house after contracting out. Elsewhere, councils have subjected in-house providers to greater levels of competition. Other councils are developing partnering arrangements or improved contractual arrangements. For ALMOs, properly managed service level agreements (SLAs) for central services are invariably part of a new approach to procurement.

In many cases, the improvements that are necessary cannot be achieved without extra resources, both in the short and long term. Investing in housing needs and stock condition surveys is a prerequisite for forming effective strategies, option appraisals and business plans.

Some authorities that performed badly at their first inspection have invested in recruiting more staff and in training. Sometimes this requires a direct input from the general fund. Also, more accurate levels of recharges from the general fund can sometimes make extra resources available to landlord services.

The injection of extra resources into housing can lead to savings elsewhere, as well as to increased income (for example, through improved rent collection rates). And some costs, occasionally very large amounts, can be saved through improved systems and cutting waste.

Councils that are held back by outdated and limited IT systems often achieve low inspection ratings, while those that have invested in systems to deliver better services to customers and to provide the widest range of management information are in a good position to achieve top performance.

The case studies covered in this report set out what drives change and results in improved performance in a wide range of English and Welsh local authorities.
2 Case studies

How to use the case studies

The councils in our study range from small rural districts to large metropolitan authorities. They cover areas of acute housing shortage as well as areas with low demand for housing. Whether they achieved good, fair or poor ratings first time around, all responded with energy and commitment to the challenge of improvement.

In order to receive maximum benefit from this report it is recommended that readers look at all the case studies. However, a focus on specific service areas might be appropriate if authorities are concerned about performance issues relating to particular services. The ways in which case study situations are similar or different to your own should be considered. Contact details have been given for each organisation, providing the reader with an opportunity to discuss further with the local authority or ALMO how improvements were achieved (see Appendix 2). It may even be appropriate to assess in more detail how the improvements are applicable to individual organisations (perhaps through an informal peer review or a benchmarking exercise).

The impact of ALMOs: case studies

The following case studies provide more detail and the full inspection and re-inspection reports can be found on the Audit Commission website www.audit-commission.gov.uk. We are grateful to all inspected organisations for their help with this study.

Case study 1 – Brent

Summary

London Borough of Brent
Housing management services/ALMO
Local authority stock size – 10,400

Key events

The inspection rating for the housing management services at Brent increased from good/two star service with promising prospects to the highest possible rating of excellent/three stars, with excellent prospects for improvement within a period of 26 months.

Key improvements

- The service’s aims became linked to strategic objectives more effectively.
- Users were actively involved at all stages of service delivery.
- Resources were focused on identified priorities.
- Weaknesses found and recommendations made in the previous inspection had been tackled.
- Work with external partners was established.
- Extensive use was made of new technology to aid performance improvement.
- A comprehensive range of information about performance was widely accessible and effectively monitored.

Source: Audit Commission
Context
Brent is in north west London. Many parts of the borough suffer from deprivation and a higher than average level of unemployment, although some areas within the borough are wealthy. Seventy-one per cent of the population is from black and minority ethnic communities, including 50 per cent who are black or Asian. Brent Council owns 10,400 homes and has 3,000 leaseholders. The council set up an ALMO (Brent Housing Partnership (BHP)) in October 2002. The waiting list for council housing is long and continues to grow.

The starting point
The council commissioned an appraisal of the options for its housing stock in 1999/2000. The aim of the appraisal was to discover the most effective way to ensure that the necessary investment levels were obtained to maintain the council stock. This led to the ALMO being established. A best value review (BVR) of housing management was undertaken between July 1999 and August 2000. This included rent accounts and arrears, tenancy management, tenant participation, estate management, void management and repairs.

Results of the first inspection
The inspectors’ report in June 2001 found a good/two star service that would probably improve. Strong points included:

- housing objectives being linked clearly to corporate strategy and national policy initiatives;
- a customer charter, detailing standards of service; and
- a tenants’ guide, that provided information about council and tenant responsibilities and obligations.

However, standards of service varied among different offices. This led the inspectors to recommend that customers be informed about service standards and that remedies be provided for service failures. The inspectors were also concerned that not enough was being done to combat antisocial behaviour and harassment.

The council/ALMO’s progress
The inspectors reported on the ALMO in August 2003. This time Brent achieved the highest possible rating: excellent/three stars, with excellent prospects for improvement. The inspectors again praised the service’s clear and relevant aims and the fact that they were linked to strategic objectives. Resources were focused on identified priorities. Services were good and users were actively involved at all stages. Inspectors reported that customer care practices were of a high standard and a statement of standards was available for every service area. At the time of the inspection, this was not reflected in customer satisfaction ratings which were fairly low, although they were improving. Repair and improvement work was linked to a strategic approach, looking at the sustainability of estates. Prospects for further improvement were rated highly because of Brent’s track record on innovation and achieving improvement. Clear service plans addressed the weaknesses found in previous inspections and all recommendations had been tackled.

The drivers for improvement
Brent did not allow severe restrictions on its ability to invest in the housing stock to prevent it taking action. At the time of its first inspection, it was already working with external partners on a disposal and regeneration programme. By the time of the second inspection, a New Deal for Communities Project had been set up to work in one difficult part of the borough and the ALMO had taken over management with the prospect of gaining extra investment.

The council did not assume that investment alone would itself make its homes desirable. It linked its investment to strategic work on the environment and to quality of life issues.
The council and ALMO continuously innovate in order to provide better services. An example of this is the responsive repairs contracts, which have incentives built in to improve performance during the life of the contracts. A ten-year contract for gas servicing has enabled the contractor to invest in IT. The contract is a partnering arrangement that includes a direct link to BHP’s stock database so that updated information can be logged.

The council and BHP have also made extensive use of new technology to aid performance as part of an overall IT strategy. A computerised arrears package has resulted in considerable improvement in collection performance. A ‘repairs finder’ can be accessed by tenants via the internet.

One of the largest projects has been the move from paper to computerised storage of all tenancy services files. Documents are scanned in and then sent to an outside firm for archiving. The system can be accessed from any office and correspondence is allocated to individual staff. Managers can monitor all aspects of performance through the system. The inspectors were impressed with the system’s simplicity, speed and accuracy.

Managers at all levels can access a wide range of information on performance whenever it is required. Performance management is made easier by this comprehensive range of information. Monitoring of performance and contracts is routine and includes regular reporting to service users, committees and the BHP board. Monitoring of BHP performance by the council is also well established and involves both regular meetings of officers and formal reporting through to the council’s Housing Investment Programme submission.

A culture of performance appraisal runs throughout BHP. Customer care was a key part of the BHP launch and staff at all levels received training in this area.

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**Case study 2 – Kirklees**

**Summary**

**Kirklees Metropolitan Borough Council**

Housing management services/ALMO

Local authority stock size – 27,787

**Key events**

Before the ALMO inspection, the responsive repairs service scored good/two stars with excellent prospects for improvement. Housing management had scored fair/one star with promising prospects for improvement. Ten months later the ALMO was awarded good/two stars with promising prospects for improvement.

**Key improvements**

- Information provided to tenants had improved.
- Tenant involvement in the design and delivery of the service had been developed.
- A stronger commitment to change was evident.
- A robust approach to performance management existed.
- Detailed improvement plans have been drawn up.
- Partnership working had been established.
- SLAs had been drawn up and were being monitored.
- Extra staff were employed to deliver the service.

**Source:** Audit Commission
Context
Kirklees is a large metropolitan borough in West Yorkshire. Although it includes three main towns, more than two-thirds of the district is protected rural landscape. Almost 11 per cent of the population is from black and minority ethnic communities.

The starting point
In the first year of the best value regime (1999/2000), the council carried out six BVRs on housing services. Responsive repairs was inspected in January 2001 and rated as a good/two star service that would improve. The remaining five reviews covered the rest of housing management, with the exception of tenancy management, rent collection, planned maintenance and tenant participation.

The reviews, together with a comprehensive option appraisal process that was supported by external consultants and attempted to involve all tenants in the borough, concluded that the services should continue to be delivered in-house.

Improvement plans from all of the housing BVRs were brought together in an overall housing service improvement plan. The council began to consider applying for ALMO status.

The inspectors reported that the housing management service was fair/one star, with excellent prospects for improvement in February 2002.

They found that the aims of the service were clear and challenging and there was much to praise in the council’s approach to delivering the service. In particular, the inspectors singled out the Quality Guarantee for services on estates, which set out the standards that tenants could expect and was jointly agreed with tenants’ representatives. A ‘performance improvement notice’ could be issued if things persistently went wrong with the service. The inspection team reported that this was a powerful incentive, allowing tenants to challenge the service being delivered.

The council’s rating was affected, however, by weak performance in several other areas. Tenants were not always made aware of the various services on offer and information and practices varied among different offices.

Large backlogs of applications for housing had built up. A housing benefit backlog was also seriously hampering the service. Performance in tackling high levels of rent arrears was poor, as was performance on the proportion of tenants in arrears. The inspectors were surprised to find that satisfaction with the opportunities for participation was low, given Kirklees’ strong track record in this area.

However, the inspectors found that the council had used the ‘four Cs’ (compete, consult, compare and challenge) to drive the BVRs and focus on alternative ways to provide services. Improvement plans identified resources for each activity and the action points had customer-focused outcomes. Monitoring of outcomes was in place and strong involvement of tenants and stakeholders would ensure that improvement continued.

The council/ALMO’s progress
The council set up Kirklees Neighbourhood Housing (KNH) as its ALMO in April 2002. The ALMO inspection report in December 2002 awarded a ‘good’/two star rating with promising prospects for improvement.

The inspectors found that information to tenants had improved: a comprehensive set of service leaflets was now available and was translated into the main community languages using an intranet system. Posters in an extensive range of community languages ensured that staff were aware which leaflets customers required. Additionally, staff with a range of language skills were employed directly by KNH.
The service was customer focused and tenants were involved in the design and delivery of the service. The council and KNH had made increased efforts to involve people from hard-to-reach groups. Work to combat harassment and create a safe, attractive environment was particularly praised.

PIs continued to show mixed results. Performance on repairs, for example, was top quartile, but rent collection was poor. The inspectors were not satisfied that value for money was being achieved in all areas.

The inspectors concluded that the council and ALMO had worked hard to improve the service. They had mostly focused their efforts on the issues that were important to tenants. The inspectors believed the service was also likely to improve, because there was a strong commitment to change and a track record of managing performance well. The BVRs had effectively challenged service provision. However, some data were not being collected routinely, making it more difficult to monitor progress.

There was also concern that the ALMO was not sufficiently ‘arms length’ from the council and a report was required by the Audit Commission six months after the inspection to confirm that progress was being made in this area.

The drivers for improvement
Kirklees council and KNH established a robust approach to performance management. A series of BVRs and ‘mini-reviews’ were carried out, leading to strong improvement plans. While some weaknesses were still present at the second inspection, the council’s and ALMO’s drive to tackle problems convinced the inspectors that improvement would continue.

Quick action was taken to ensure that basic aspects of the service were delivered well, such as providing greater consistency in the written information available at each office. In those areas where performance was poor, particularly housing benefit, the council has made efforts to improve by establishing systems for partnership working between that section and KNH. A SLA has been drawn up and is monitored. The council invested in 22 extra staff in this service area.

A great strength in helping to improve the service is Kirklees’ well-established tenant involvement at all levels. This tried and tested approach is being broadened to include other stakeholders and tenants who have not been involved in formal groups, such as tenant associations.

Case study 3 – Oldham

Summary
Oldham Metropolitan Borough
Repairs, revenues and allocations/ALMO
Local authority stock size – 18,000

Key events
Following a BVR of responsive repairs, housing revenues and allocations, an inspection concluded that the service was fair/one star with promising prospects for improvement. Oldham established an ALMO, which was judged as providing a good/two star service with uncertain prospects in May 2003.

Key improvements
● A positive, ‘can do’ attitude taken in response to the first inspection.
● Prospective tenants are given greater flexibility and choice through a choice-based lettings scheme.
● Service elements, such as rent collection, were much improved.
● Service standards had been drawn up.
A community cohesion plan with targets was developed.
Partnering arrangements were starting to achieve targets relating to the Decent Homes Standard.
A ‘change team’ was set up with the clear target of Oldham becoming a ‘good’ council under CPA by 2005.

**Source:** Audit Commission

**Context**

Oldham is a large borough on the eastern edge of Greater Manchester. There are high levels of deprivation. Fourteen per cent of the population is from black and minority ethnic communities. The area suffered social unrest in 2001 and the council is progressing programmes for social integration and harmony that resulted from a major inquiry into the disturbances. The council owns 18,000 homes and set up First Choice Homes Oldham (FCHO) as an ALMO in April 2002. Two estate transfers covering 2,000 homes are progressing and a private finance initiative (PFI) covering 1,700 sheltered homes is underway. Oldham and Rochdale together form a Housing Market Renewal Pathfinder and some of the council stock is likely to be lost to major redevelopment. Oldham’s Government Office rating is ‘above average’.

**The starting point**

The council carried out BVRs of responsive repairs, housing revenues and allocations in 2000/01. These resulted in plans to extend choice in allocations; improve communication with customers on rent issues and bring in a new area-based repairs system with appointments and a new call centre.

The council also adopted a corporate procurement strategy in April 2001. This led to innovative partnering arrangements with contractors.

**The results of the first inspection**

The service was inspected in March 2002 and rated fair/one star, with promising prospects. The inspectors reported that the council focused on the needs of its customers, with good standards of care and responsiveness. It had produced some high-quality information, but did not have a full range of service standards. Stock condition data from 1999 was limited.
The inspectors said that the repairs service was relatively low cost, but also relatively low in terms of quality. There was a large backlog of repairs and too many responsive and emergency repairs took place. Gas servicing was poor; one-third of homes had not received the statutory annual safety check.

The revenues service performed well, with high collection rates and effective arrears recovery. The inspectors praised the staff’s hard work at striking a balance between maximising income to the council and helping tenants to pay more easily by maximising their own income.

More work could be done to enhance community cohesion, including better monitoring of lettings to different racial groups.

The council/ALMO’s progress

By the time the ALMO report was published in May 2003, the council and FCHO had progressed in several areas. Rent collection had improved further. Choice-based lettings had been added to an ‘instant homes’ initiative on hard-to-let homes, giving prospective tenants greater flexibility and choice. This was helping to attract more black and minority ethnic applicants and won praise as a model of good practice. The homelessness service was reported to be thorough and sensitive, with a good range of support services. FCHO also managed the asylum seeker contract with the National Asylum Seekers Service (NASS). Gas servicing had improved. Service standards had been drawn up, though not in full consultation with customers.

The repairs service had improved and the old bonus payment system for operatives had ended. But the inspectors raised concerns over ‘incorrect’ charging of some items to capital and said that this should be resolved urgently. Of the 12 recommendations from 2002, 6 had been addressed and 4 progressed.

The inspectors awarded good/two stars following the ALMO inspection. But they decided that prospects for improvement were uncertain. Among the issues that could hamper further improvement was the fact that although performance monitoring was very good, it did not translate adequately into active performance management. Systems to measure performance were lacking in some areas. Some reports did not prompt analysis to demonstrate trends over longer time periods or comparison with good practice.

The barriers to improvement that led to the ‘uncertain prospects’ rating included:

- limited assessments of estate-based sustainability/capital investment;
- unclear financial responsibilities between the ALMO and the council;
- lack of contingency planning and risk assessment; and
- underdeveloped ALMO governance arrangements.

A plan with targets was in place to improve community cohesion, but this was still a difficult area.

The drivers for improvement

The inspectors praised Oldham’s positive response to the first inspection. The council and FCHO have been able to show that they took action, even if improved PI data have yet to be produced.
This ‘can do’ attitude is something that FCHO has set out to foster from its inception. The inspectors found a shared agenda among tenants, staff and board members, with a culture of innovation and a commitment to improvement. FCHO has demonstrated through its award winning partnering arrangements that it can deliver on ‘Decent Homes’. FCHO collects water charges on behalf of the water utility company, making income for the housing revenue account (HRA). Creating an independent organisation with real powers and responsibilities devolved to local boards is focusing ‘hearts and minds’ on service improvements. At a broader level, the council set up a ‘change team’ with a clear target to become a ‘good’ council under CPA by 2005.

Case study 4 – Hounslow

Summary

London Borough of Hounslow
Responsive repairs/ALMO
Local authority stock size – 15,000

Key events

In just eight months, Hounslow improved its inspection score from fair/one star with uncertain prospects for its responsive repairs service, to ‘good’/two stars with promising prospects for the ALMO inspection.

Key improvements

- Access to the repairs service had been extended, neighbourhood wardens had improved security on estates and void turnaround times were cut.
- Customer satisfaction had risen, especially for victims of racial harassment.
- Corporate aims and objectives had been developed and were understood by and shared with staff and the residents association.
- ‘Foundation plan for excellence’ and improvement plan were produced.
- The board was demonstrating strong leadership and vision.
- Management information reports were of a high quality and were being widely disseminated to staff.
- Costs had been compared with other London boroughs.
- Work on diversity issues had become excellent.

Source: Audit Commission

Context

Hounslow is in west London, close to Heathrow airport. It is an ethnically diverse area, with 30 per cent of the population from minority communities and 140 different languages spoken. The council owns 15,000 homes, amounting to 18 per cent of the borough’s housing stock. Of these, 1,850 are leasehold. The council estimated that it needed to spend £15,000 per home to reach the Decent Homes Standard. It established an ALMO, Hounslow Homes, in March 2002, which aims to reach the standard in 2005/06. The council has been consistently rated as above average by its Government Office for housing strategy and the housing investment programme.

The starting point

The council completed a BVR of its Housing Responsive Repairs Service (HRRS) in March 2001. This included emergency and day-to-day repairs, empty property repairs, repair inspections, call centre services and communal repairs.

A key conclusion was that the in-house contractor, Hounslow Building Services (HBS), should continue to provide most day-to-day repairs, but in one area a partnering contract would be arranged, to benchmark and learn from good practice.

The council’s housing department responded to the McPherson report into the death of Stephen Lawrence with a ‘scrutiny panel’ in September 2001. It also produced a black and minority ethnic housing strategy, which included implications for the HRRS.
Conclusions of the first inspection

The service was inspected in May 2002 and given a fair/one star rating with uncertain prospects for improvement.

The inspectors said that the aims of the HRRS were unclear. Access to the service was restricted, though it had improved since September 2000 after a new call centre was introduced.

The service was struggling to meet many of its targets, particularly those relating to answering calls and completing non-urgent repairs. HRRS data showed that up to 43 per cent of calls were follow-ups to a previous call. Less than 50 per cent of the customers were offered an appointment and only 36 per cent of operatives arrived at the agreed time. The emergency service was, however, praised.

In addition, the inspectors reported that alterations to the improvement plan did not address some of the key issues they had raised during the inspection.

Information to tenants varied: only 70 per cent of new tenants knew about Hounslow’s ‘lettable standard’ for their homes. Satisfaction levels were low, particularly among minority ethnic groups.

Only 2 per cent of HBS operatives were from ethnic minorities. However, office staff reflected Hounslow’s ethnic mix and HBS had made considerable efforts to recruit black and minority ethnic apprentices.

The inspectors found that some issues had been addressed in the BVR and some practices were challenged – but only in part. Use of HBS, for example, was not market tested and an option appraisal was ‘not a robust process’.

The ALMO’s progress

The inspectors reported in January 2003 on the council and Hounslow Homes, including revisiting the HRRS. This time the verdict was good/two stars with promising prospects.

In 2001/02 the HRRS budget had been £13.015 million, a 7.8 per cent reduction from the year before. By 2002/03 this had gone up again to £13.75 million.

The inspectors found that the council had consolidated its generally good PI results to reach top quartile performance in many areas. Access to the repairs service had been extended and neighbourhood wardens had improved security on estates. Void turnaround times were cut through the use of a centralised voids team.

The repair contract for one area (Chiswick) had been tendered out as planned, providing value-for-money comparisons. Appointments were now made and kept and customer satisfaction had risen. Victims of racial harassment reported 100 per cent satisfaction with services and specific communities received services that catered for their needs. The ALMO was continuing to explore the use of black and minority ethnic contractors.

Hounslow Homes’ aims and objectives were understood by, and shared with staff at the Hounslow Federation of Tenants, and Residents Associations, who were involved in setting up these objectives. The inspectors found that the board had a wide range of skills and experience and that it reflected the local community.

Prospects were limited to ‘promising’, however, because not all targets had nominated officers or resources. Some SLAs with the council might not deliver value for money, the inspectors said, and the customer expectation of future service improvements may need to be managed.
The drivers for improvement
Setting up the ALMO undoubtedly offered the chance to improve services by providing a fresh impetus and new ways of working. The new organisation produced a ‘foundation plan for excellence’ that established strategic objectives and key actions, along with monitoring arrangements, for its initial period. An improvement plan takes these forward in more detail.

The inspectors found that the board and management team had engendered a strong and positive sense of identity for Hounslow Homes and that those involved had a sense of pride in belonging to the new organisation.

The inspectors noted that the relationship between the housing department and Hounslow Homes had already moved away from formal client/contractor to something based on trust and partnership. Performance monitoring had been maintained.

The inspectors were impressed with the quality of management information reports and noted that performance management cascaded throughout Hounslow Homes and was well understood by staff.

Hounslow already had good PI results and was able to build on these to achieve top quartile results on many.

Costs for housing management have been low compared with other London boroughs, but the inspectors accepted that these would rise as Hounslow Homes geared up to deliver further services. The issue of value for money was set to become more important and must be monitored, they said. In particular, though staffing costs had not risen generally, senior staff salaries had and the board should review the question of enhanced performance.

On diversity issues, affecting the repairs service as well as all others, the council and ALMO scored very highly; the inspectors reported that their work was excellent.

A key to success was leadership capacity and Hounslow Homes had recognised this and taken action. Board members had taken responsibility for ensuring that equality and diversity remained at the heart of all decisions (Ref. 7).

Improvements in zero star housing services: case studies
The following case studies track how some local authorities that received a zero star inspection score successfully improved the service before re-inspection. As with the ALMO case studies, the full inspection and re-inspection reports can be found on the Audit Commission website www.audit-commission.gov.uk.

Case study 5 – Sedgefield

Summary
Sedgefield Borough Council
Housing maintenance service
Local authority stock size – 10,400

Key events
When inspectors visited Sedgefield in May 2002 the housing maintenance service was found to be poor/zero star with uncertain prospects for improvement. A year later the council had made significant improvements to the service and were awarded fair/one star with promising prospects.
Key improvements

- Significant improvement had taken place across all areas of service delivery.
- Tenants had become involved in setting service standards.
- Corporate documents now had clear aims and were publicised.
- Tenant satisfaction with the services they received was increasing.
- There was better access to the housing maintenance service.
- The Council had responded to most of the initial inspection report recommendations.
- The Council had invested in a service improvement team task force.
- A five-year service improvement plan had been developed.
- Procurement strategies had been developed.
- HRA funding had increased.

Source: Audit Commission

Context

Sedgefield is in the north east of England and is a mixture of urban and rural areas. It is among the most deprived areas in the country. The council owns 10,400 homes, amounting to 28 per cent of the housing stock, and faces problems associated with low demand. The area has very few black and minority ethnic residents.

The starting point

Responsibility for responsive maintenance lay with the housing maintenance section, which was part of the Contract Services Department. Capital works were delivered separately by property services, part of the Planning and Technical Services Department.

The responsive maintenance budget for 2001/02 was £4.4 million – placing it among the 15 per cent largest such contracts in the country, according to the council’s BVR. About 81 per cent of repairs were carried out as responsive repairs.

The council undertook a BVR between October 2000 and January 2002. Key recommendations included an extension in the in-house maintenance contract for a further two years and changed repair priorities to coincide with Right to Repair legislation.

The service was then inspected and the inspectors reported in May 2002.

Legislation enabling tenants to receive urgent repairs affecting the health and safety or security of their property.
Conclusions of the first inspection

The inspectors found that the service had clear aims, but that service improvement plans lacked SMART (specific, measurable, agreed, realistic and time bound) targets. The targets contained in the plans were unchallenging. The BVR did not set out the aims for the service clearly. Splitting response repairs from other landlord functions caused duplication of effort and confusion for tenants and the service standards that existed between housing and contract services meant that performance was not monitored.

The apportionment of some budgets was questionable. The inspectors wanted the council to review the repairs contract, which had been extended without considering other methods of procurement. They concluded that the council could not demonstrate that it was achieving value for money.

The inspection uncovered many areas of poor practice, including the cancellation of low priority repairs without informing the tenants concerned. The appointment system did not offer a choice of dates and times. Some 43 per cent of response repairs were classed as emergencies and this needed to be reduced (Audit Commission recommended good practice is 10 per cent). This problem was compounded because the council was poor at dealing with lower priority repairs, so tenants reported them as emergencies in order to get the work done.

Overall, the inspectors said that the service failed to focus on the customer – though they noted the increasing attention to tenant involvement. PIs were sometimes incorrectly reported, in some cases to the detriment of the council. The inspection team found promising signs, however, in improved leadership, which had already brought an innovative approach to dealing with some problems identified in the inspection. They rated the service as poor/zero stars, with uncertain prospects.

The council’s progress

When the inspectors reported again in May 2003 they found a fair/one star service with promising prospects. They praised the council for taking clear responsibility for the problems reported at the first inspection and acting quickly to tackle them.

They found that:

- the service had significantly improved across all areas – tenant participation and gas servicing were particularly praised;
- service improvements had been achieved with tenant involvement in setting service standards;
- corporate documents had clear aims and were publicised;
- tenants were increasingly satisfied with the service and recognised the improvements that had taken place;
- access to the service had improved;
- service standards were in place for voids and repair service standards were about to be implemented; and
- the council had tackled misreporting of PIs.

Performance on voids was especially good. Under 2 per cent were now empty, a ‘magnificent achievement’ compared to other councils operating in the north east. Spending on repairs to voids had increased only marginally and standards were much higher.

A Government Office North East assessment had progressed the strategy and business plan up two levels from ‘well below average’ to ‘average’.

The inspectors wanted further progress to take place to ensure that the same level of service was delivered to all local offices. They also asked for more work on equalities issues to be carried out and for a clear strategy to increase customer involvement.
Of the inspectors’ 21 recommendations from the first report, 15 had been addressed. Though performance management had improved, further work was needed. Value-for-money issues were still a problem.

The drivers for improvement
The council moved swiftly after the first inspection, admitting that it was ‘shocked’ at the result. It set up a task force, the Service Improvement Team, at a cost of £300,000. A group of 31 officers was tasked with driving through a five-year service improvement plan (SIP), with clear lines of accountability, monitoring and support. It is fully supported by councillors; in fact, councillors regard its independence as key to ensuring that change actually happens.

All staff, union officials and councillors receive a monthly newsletter charting SIP progress. The inspectors praised the council’s flexibility in adapting its plans as necessary.

At the time of the inspection, all landlord functions were to be brought together in order to offer a streamlined service. The council felt that this would bring an end to the current in-house arrangement for carrying out repairs, which would allow a review of procurement.

The council agreed a corporate procurement strategy and a construction procurement strategy was being prepared during the second inspection.

The council has increased the HRA budget by £400,000 to improve management and maintenance. The money is being used to secure the right staff to improve quality and performance.

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Case study 6 – Bassetlaw

Summary

Bassetlaw District Council
Operational housing management
Local authority stock size – 8,180

Key events
In January 2002, the inspection of operational housing management in Bassetlaw was judged to be poor/zero star with promising prospects. A re-inspection 12 months later found an improved service and judged it to be a fair/one star service with excellent prospects.

Key improvements
- Effective culture change had been achieved through radical re-structuring.
- Significant improvement was evident from PI’s.
- HRA expenditure had increased.
- Better involvement with tenants and higher levels of satisfaction had been achieved.
- Higher standards of customer care were in place.
- Effective reorganisation of the direct labour organisation (DLO) providing the responsive repairs service had taken place.
- Work on tackling antisocial behaviour had greatly improved.
- Most of the recommendations from the first inspection had been implemented.
- There was a high level of commitment to achieving the improvements.
- An improvement plan had been developed.

Source: Audit Commission
Context
Bassetlaw is in Nottinghamshire. It consists of two main towns with rural areas. The council has 8,180 homes and experiences some problems associated with low demand.

The starting point
The council undertook a BVR of operational housing management in 2001. This focused on response repairs, voids, rent collection and tenancy enforcement issues. The council also commissioned an external strategic review of the housing management service, including the structure of the organisation.

A key finding of this review was that lines of staff accountability were blurred by a split structure. General housing management functions, such as advice, lettings, repairs ordering and rent collection, were carried out by area teams. But allocations, warden services, the DLO and homelessness were part of a separate housing and technical services department. The BVR recommended that a single housing service be created under one leader.

The council had frozen repairs expenditure for five years and was predicting a £482,000 shortfall in 1999/2000. It made HRA savings, including repairs, to keep a rent increase down to £2.95 per week. Expenditure on repairs and maintenance was lower than most of its comparable neighbours.

Conclusions of the first inspection
The inspectors were highly critical of Bassetlaw’s performance on repairs. In 2000/01 it took an average of 129 days to complete non-urgent repairs, well adrift of even bottom quartile performance. There was no means for tenants to keep track of their repairs and they were routinely told that they might have to wait a year. No appointment system was in operation and there was no lettable standard for voids.

The in-house DLO was awarded repair and maintenance contracts based on the lowest tendered price. Operatives were paid on the old bonus rates system and staff morale was poor.

Tenant dissatisfaction with the service was high. Access to the service was restricted and opportunities to be involved with and to shape the service were very limited.

The inspectors gave the service a poor/no star rating. However, other positive signs led them to see ‘promising’ prospects for improvement. These signs included high tenant satisfaction ratings with staff helpfulness and moves by the council to make changes to the organisational structure.

The council’s progress
At the second inspection, the council gained a fair/one star rating with excellent prospects. The inspectors said ‘The manner in which the council has effectively managed culture change through radical structure and system changes is a striking example of positive practice’. Performance on rent collection was now top quartile. Void turnaround and repairs had improved significantly, but they remained bottom quartile as the council was starting from a low base and this undoubtedly prevented a higher score on re-inspection. HRA expenditure had increased by 9 per cent.
Better information for tenants and much closer partnerships with tenant organisations, plus a commitment to improving repairs performance, had led all tenants to report higher levels of satisfaction with the service. Complaints dropped by one-third. The council made innovative use of video links and other technology to help tenants in rural areas to access services. The inspectors found ‘a very high standard’ of customer care practice.

The drivers for improvement

Change was underway at the council before the first inspection, but it picked up pace once it was complete. The whole housing service went through radical changes. These included a decision that the in-house DLO should tender for fewer maintenance contracts in order to concentrate on carrying out responsive repairs well. It will also have only one of four repairs contracts in future, opening up the housing repairs service to external contractors for the first time.

DLO operatives were switched to a salary system of payment after ‘difficult’ negotiations with unions and individuals. A call centre for repairs is now based within the DLO, freeing up housing officers’ time and improving the service. DLO staff report that morale is greatly improved and that they now work in partnership with the housing staff.

Housing management staff underwent similar difficult changes. The number of management posts was cut from 24 to 14 and most staff had to apply for one of the new posts with significantly changed responsibilities and a new focus on customer care. Management and operatives said that they felt much more involved and ‘listened to’ after the changes.

The inspectors praised the council’s work on tackling antisocial behaviour and said that there had been a great improvement in its ability to respond to the problem. Overall, there was a high level of commitment to improvement. Most recommendations from the inspectors and from the district auditor had been implemented and the rest were underway. The council had devised an improvement plan and had stuck to it.

According to the inspectors, strong political commitment to further develop tenant participation will help to deliver more improvements.

Case study 7 – Greenwich

Summary

London Borough of Greenwich
Home ownership service
Local authority stock size – 28,000

Key events

A judgement of poor/zero stars with promising prospects was awarded to the Home Ownership Service (HSO) at Greenwich following an inspection in March 2002. Fifteen months later the service had been raised to the standard of good/two stars but with uncertain prospects for improvement.

Key improvements

- The budget had been increased.
- An action plan was being drawn up.
- Increased speed of processing right-to-buy (RTB) sales.
- Service charges were now issued on time and included better information.
- A leaseholder forum had been established.
- The collection rate for service charge arrears had improved.
- Better-quality information for leaseholders and RTB applicants was available.
- Learning from the experience of other boroughs was demonstrated.
A change in culture had taken place – staff, managers and councillors were all committed to making improvements.

Source: Audit Commission

Context
Greenwich is a south east London borough that ranges from wealthy suburbs to some of the most deprived wards in England. Greenwich itself is a tourist attraction, while elsewhere in the borough there are significant regeneration partnerships. The council owns 30 per cent of the area’s housing. It has 28,000 rented properties and a further 3,000 are leasehold. RTB purchases are proceeding at the rate of 500 homes a year and the council adds about 200 properties each year to the leasehold stock.

The starting point
The Home Ownership Service (HOS) manages RTB sales, collects service and major repair charges from leaseholders and generally deals with leaseholder queries and policy. The staff budget was £388,000 in 2001/02. In addition, a further £319,000 was spent on legal and valuation services.

The council began a BVR of this work in April 2000, finishing in July 2001. The topic was chosen because of service delivery issues, the expected growth in work, due to further sales and the increase in major works and the contribution of leaseholders to sustainable communities.

The review concluded that the service should remain in-house but that additional staff (costing £100,000) were needed to boost income recovery. An improvement plan was being implemented by the time of the first inspection. The plan’s aims were to deal efficiently with RTB sales and service charges, to improve communication with leaseholders and to encourage them to participate in the management of the service.
Conclusions from the first inspection

The inspectors found that many leaseholders were dissatisfied with the service they received. This reported that staff were ‘unfriendly’ towards them. The service was slow and the information supplied to leaseholders was too complicated and often wrong. Arrears were still rising and support to leaseholders facing major works charges was minimal. Support from the legal service was weak and information on repair costs and other charges received from other council sections was often wrong. In general, the standard service to leaseholders fell well below that offered to tenants in terms of information, consultation and involvement. The inspectors graded the service as poor/no star.

The inspectors concluded that the plan was insufficiently challenging and that some of its aims were still at or below minimum statutory requirements. Leaseholders had not been sufficiently involved in the plan’s compilation. However, improvements in consultation, involvement of leaseholders and effective implementation plans, including increasing staff and IT resources, prompted inspectors to award the council a rating of promising prospects for improvement. They requested a progress report by December 2002.

The council’s progress

Inspectors revisited the council in February 2003 and found that the service’s budget had been increased. The total budget (including legal and valuation services) for 2003/04 was £900,000 compared to £700,000 in 2001/02 – considerably in excess of inflation and the growth in service volumes. Some previously unbilled capital works of £4.7 million had been identified, of which only £2 million was recoverable due to statutory limits on the time taken to recover past debts.

The inspectors graded the service as good/two stars because they found:
- considerable improvement in the speed of processing RTB sales;
- service charges being issued on time and with better information;
- a leaseholder forum had been established;
- improved collection rates for service charge arrears;
- better-quality information for leaseholders and RTB applicants; and
- that the service was learning from the experience of other boroughs.

Nonetheless, the council still needed to improve the degree of leaseholder involvement, to produce regular service charge statements and to maintain control of the improvement plan. The inspectors wanted to see leaseholders involved in target setting and service improvement plans. Service standards were inhibited by poor IT and insufficient telephone capacity. Performance management was not consistently supplied. As a result of these issues there were uncertain prospects for further improvement.

The drivers for improvement

The council moved from a zero star to a two star service in the space of 15 months. How did it achieve this? Costs have risen by nearly 30 per cent in two years and undoubtedly extra staff were an essential element of the council’s success. It has also improved the basics, such as the speed of processing claims and the levels of debt collection. More importantly, there has been a change in culture. No longer is the service resented. Instead staff, managers and councillors are all committed to improving it. As a result, staff morale is good and improved service levels have improved users’ perceptions of the service, notwithstanding the recent sudden rise in RTB applications resulting from government changes to the maximum discount available.
The council is following a clear plan, drawn up as a result of the initial BVR and augmented by the first inspection. There is a clear political commitment to seeing leaseholders as a positive asset to the community, whose needs and aspirations must be met. The necessary contribution from other departments is clear and the council has recognised the need for greater leaseholder involvement.

Nonetheless, the inspectors found that customers were still not the primary driving force for improvement. Leaseholders were not involved in discussing service levels and their feedback was not being used to inform service development. This, together with the absence of a clear plan that is communicated to all stakeholders and is regularly monitored, may inhibit further progress.

Case study 8 – Stockport

Summary
Stockport Metropolitan Borough Council
Housing Allocations
Local authority stock size – 13,037

Key events
The initial inspection of the allocations service at Stockport reported in January 2001. It was a pilot inspection and concluded that it was a poor/zero star service with promising prospects. This improved to become a fair/one star service with excellent prospects when it was re-inspected 13 months later.

Key improvements
- The majority of issues on the revised improvement plan had been addressed (75 of 81 issues).
- Choice-based lettings had been introduced.
- The points system had been revised.
- Far greater levels of tenant involvement had been achieved.
- A customer service charter had been developed.
- Staff now had clarity about their roles, an understanding of council policies and were implementing good practice.
- Performance management had improved.
- The best value process had been adopted with enthusiasm and commitment.

Source: Audit Commission
Context
Stockport Council is a Greater Manchester authority. A report produced in 1997 found that one in six households lived in poverty and all wards but one had pockets of deprivation. The council has some problems resulting from low demand for housing, although most property is in high demand.

The starting point
The council already had a well-established corporate performance management system, which included reporting six monthly on progress against identified tasks to the appropriate council committee. The council undertook its BVR of housing allocations around June 1999 before full guidance was available. The inspection was one of the first in the Commission’s programme and was agreed with the Commission as a pilot inspection. The council had identified a number of weaknesses in the allocations service and put them into its improvement plan for action. PIs showed that the council was in the mid-range for void numbers and turnaround times, with low turnover of homes and higher than average costs of re-lets.

Conclusions of the first inspection
The inspectors found a number of ‘serious weaknesses’, as well as the ones the council had identified itself. They therefore awarded a poor/no star rating, but they felt that the service would probably improve.

Particular concerns included:
- lack of black and minority ethnic monitoring and compliance with the Commission for Racial Equality (CRE) Code of Practice in Rented Housing;  
- lack of service standards developed in consultation with users;  
- a complex points system that was not understood by tenants;  
- involvement of councillors in prioritising applicants; and  
- varied and inconsistent practices among offices and wide variations in performance.

The last two points were of special concern, since they have the potential to allow discriminatory practices. Allocations were found to rely on custom and practice and a dual waiting list and points system was operated to deal with the transfer and general waiting lists. This was considered to be unsatisfactory by the inspectors.

The inspectors called for greater involvement of tenants in developing policies and, in particular, in reviewing the Tenant Participation Compact.

The council’s progress
Stockport moved quickly to draw up a revised improvement plan that responded to the inspectors’ concerns. It listed 81 necessary actions and by the inspectors’ return in November 2001 had completed 75 of them.

The council had already acted on some of the inspectors’ second set of recommendations by the time the re-inspection report was published in February 2002 and the rest were to be incorporated into the 2002/03 housing service plan.

The council had introduced choice-based lettings, ended councillor involvement in allocations and revised its points system in consultation with tenants. There was a far greater level of tenant involvement. A customer service charter set out what customers could expect from the council. The weaknesses highlighted concerning black and minority ethnic monitoring and compliance with the CRE Code of Practice in Rented Housing were addressed and a detailed action plan was produced to ensure that the housing service embraces diversity issues.

The code aims to provide guidance on the operation of the Race Relations Act 1976 in relation to the field of rented housing and the elimination of racial discrimination and to give examples of good practice in the implementation and promotion of equal opportunities.
The second inspection resulted in a rating of fair/one star with excellent prospects for improvement. Inspectors reported a ‘dramatic change’. However, it was limited to one star because its new allocations policy depended on the successful introduction of a new IT system and this had yet to take place.

The drivers for improvement

The inspectors’ view that the service had improved ‘almost beyond recognition’ would not have been possible without a culture change from staff. They acquired clarity about their roles and an understanding of council policies and were implementing good practice.

Performance management is taken seriously by the council, which recognises that good systems, which are reviewed regularly, lead to high-quality services. Progress on all best value improvement plans is monitored quarterly by service management teams and the Corporate Management Team as part of the council’s performance management process. This performance culture ensures that corrective action can be taken if necessary, before customers experience any adverse effects. The process of change began when the council started its BVR pilots in May 1999. It committed a high level of resources and sought to involve a wide range of partners. The inspectors found that the council had ‘embraced the best process with enthusiasm and commitment’. Members received comprehensive training and were genuinely committed to the process.

Tenants responded to the council’s new openness and willingness to engage because they believed it was worthwhile: they knew that they would be listened to and their input acted upon.

Case study 9 – Denbighshire

Summary

Denbighshire County Council
Housing Rents Service
Local authority stock size – 4,044

Key events

In May 2001 Denbighshire received the worst possible inspection score of poor/zero star with poor prospects for improvement for its Housing Rent Service. The service was transformed within 22 months, receiving a good/two star judgement from inspectors in March 2003.

Key improvements

- Rent collection rates had improved to the level of top quartile performance.
- A culture change had produced a more tenant-focused approach.
- Emphasis on tenant involvement and communicating with tenants had increased.
- Co-operative working with other council departments was taking place to ‘turn the service around’.
- A customer charter had been developed.
- A greater range of payment methods was now available.
- Consistent and robust action was being taken against non-payers.
- An effective performance management framework was now in place.
- A comprehensive five-year improvement plan with challenging targets had been developed.
- Effective reporting mechanisms were in place and monitored regularly.

Source: Audit Commission
Context

Formed in 1996 as a result of local government reorganisation, Denbighshire is a unitary authority in North Wales. The county inherited a substantial deficit and, consequently, scarce resources had to be effectively managed. It decided that maintaining the status quo was not an option and that ‘radical and difficult solutions’ to maintain services within budget constraints must be found.

It has pockets of high deprivation, with the Rhyl West area being the most deprived ward in Wales. The council owns 4,000 homes and was planning a stock transfer at the time of the first inspection. Less than 1 per cent of the population is from black and minority ethnic communities. There is a higher than average percentage of Welsh speakers in Denbighshire than in Wales as a whole.

The starting point

In the six months following reorganisation in 1996, the council’s rent arrears increased from £300,000 to over £750,000. The council chose housing rents for an early service review because it recognised that there were significant shortcomings in the service. The review (which began in September 1999 and concluded in June 2000) included billing, collection and counselling but not the delivery of the housing benefits service.

Conclusions of the first inspection

The inspectors found that although the council had claimed that radical solutions were needed, it had in reality continued as before. Arrears had risen by a further 35 per cent during 2000/01 and the service was consistently one of the poorest performers in Wales, with a collection rate of only 88.9 per cent. Furthermore, the inspectors graded the service as poor/zero stars and said it would ‘not improve’ because:

- payment and collection methods were insufficient, inappropriate and badly managed;
- there was a reluctance to evict tenants and this had created a culture of non-payment;
- the council’s action plan was insufficient to address the scale of problems and there was little performance management;
- there was a poor record of managing change;
- staffing structures were inadequate;
- tenants were unaware of service standards and, even when consulted, their views did not feed into service improvements; and
- the cost of the service was well below average, as was performance.

The council’s progress

On returning in March 2002, the inspectors found that the service had moved forward, but felt that this good news had not got through to tenants: 75 per cent still thought that the service had not improved. A further visit was set for December 2002 and a final report published in March 2003 awarded Denbighshire two stars (good) with excellent prospects for improvement. This was the first time that any housing service in Wales had been awarded an excellent prospects rating.

The inspectors’ report acknowledged that there had been a huge improvement in the council’s performance, which has continued post-inspection. The council’s rent arrears have fallen a further 15 per cent since the report’s publication (July 2003). Its rent collection rate of 98.8 per cent for 2002/03 would have placed it in the top quartile of Welsh authorities and housing benefits no longer appear in the bottom 25 per cent. However, due to its high levels of inherited debt, the council’s performance on other rents indicators remains adrift of the top 25 per cent of performers.
The inspectors praised Denbighshire as the ‘culture of the service has changed from being that of an accounting function, to that of a tenant-focused and holistic housing rent service’. Reorganising the service resulted in named officers becoming responsible for patches so that tenants knew who to contact. Tenants were regularly updated on their own accounts and on service performance, as well as being consulted and having their views acted upon. There was also new emphasis on helping vulnerable tenants.

The inspectors found strong links between the housing rents service and other council departments, and a council-wide commitment to ‘turning the service around’. Particular actions included establishing a comprehensive and well-publicised customer charter, a greater range of payment methods, consistent and robust action against non-payers and establishing a team of well-managed, trained and motivated staff. An effective performance management framework was in place at all levels of the council.

The drivers for improvement

The greatest change was a cultural one. Tenants, staff and councillors alike, all became actively involved in the review following the council’s initial poor rating. This second BVR led to the development of a comprehensive five-year improvement plan with challenging targets. Every aspect of the service has an action plan linked to council-wide objectives. Front line staff and tenants are engaged in the process of setting targets and the development of local PIs. Effective reporting mechanisms allow senior staff and councillors to monitor performance regularly.

Key actions within the plan included the following:

- linking rents with the Housing Services Department, creating an effective relationship with front line estate staff;
- targeted investment saw the rents staffing budget increase from £220,000 to £265,675, as job roles were re-evaluated and new line management arrangements were put in place. This produced savings, however, such as a £27,000 reduction in the department’s legal costs, as a result of officers undertaking their own legal work;
- the Housing Benefit Service also created six new posts, which has subsequently resulted in significant improvements in its processing times;
- the council invested in housing staff, whereas no training budget had previously been in place. This has produced reductions in both absenteeism and staff turnover rates, as staff are empowered to genuinely participate in the service’s future development; and
- raising awareness of, and working closely with, partner organisations in order to promote the availability of welfare benefits advice across the county.

Following publication of the inspectors’ report, rent arrears continued to fall and Denbighshire’s Housing Services, of which Housing Rents is a part, has recently achieved Investors in People status.
Case study 10 – Shepway

Summary
Shepway District Council
Homelessness and Housing Allocations Services
Local authority stock size – 3,638

Key events
The Homelessness and Housing Allocation Service at Shepway received the bottom inspection score of poor/zero star with poor prospects in May 2001. Two years later, the service had improved to fair/one star with uncertain prospects for improvement.

Key improvements
- The aims and objectives of the service were more specific and challenging.
- More PIs had been developed and were being monitored effectively.
- A draft homelessness strategy was in place.
- The housing strategy had been made more specific and included homelessness aims.
- The number of allocations staff had increased.
- The information provided to tenants had improved.
- Estate offices had become more accessible.
- Efforts had been made to address the shortage of affordable homes.
- Cultural change had taken place throughout the organization.
- Specific targets had been set and milestones were being monitored.

Source: Audit Commission

Context
The District of Shepway is located in the county of Kent. The District covers 140 square miles and includes 23 miles of coastline. Parts of the district have some of the highest levels of deprivation in the country. The proportion of the population that is elderly is higher than the national average and 2.7 per cent of the population is from black and minority backgrounds. Shepway District Council owns 3,638 homes and there are 1,471 housing association units in the district.

The starting point
The services that were inspected worked within two of the council’s business units. The homelessness service reported to the Chief Executive’s Office and the Allocations Officer and Customer Services to the Strategic Director for Housing Management. There was a service budget of £486,270 in 2001/02. The first inspection took place in March 2002 following the completion of a BVR in May 2001, covering homelessness and the operation of the housing list. Recommendations from the BVR included revision of the lettings policy, comparison of the service with other organisations, monitoring of customer satisfaction levels and making the service more accessible.

Conclusions of the first inspection
The inspectors’ report found a poor/zero star service with poor prospects for improvement. While elements of the service, such as the PIs for the allocations and some of the one-stop shops, were satisfactory, the service as a whole failed to meet the aims that the council had set itself for quality services.

- Communication of the services standards to service users was limited.
- Service aims, as set out in the Performance Plan 2001/02 and the Business Plan for 2001/02, were unclear and unchallenging. No links existed between the broader council aims and the objectives for the allocations and homelessness service.
There was a lack of long-term vision for the service, with the improvement plan spanning only one year rather than the recommended five. Limited commitment to real change was demonstrated by there being no officers allocated to the management of the improvement.

The target for processing homelessness applications was 75 per cent within 33 days. Shepway met this target, but this still left them in the bottom quartile compared to other local authorities. The PI for the length of time that users were in bed and breakfast accommodation also showed poor performance.

There was poor access at a hotel used for temporary accommodation and the standard of the hotels used varied.

No analysis was carried out of who was using the homelessness service (for example, the percentage of black and minority ethnic applicants/applicants with disabilities). Information about service users is invaluable to help shape and improve services.

The Bed and Breakfast Unit was incorrectly funded through the HRA.

Incorrect rent charges for bed and breakfast accommodation created £210,000 of additional costs for tenants through the HRA.

Records of homelessness applications failed to demonstrate sufficient evidence of investigation.

Access for disabled people to some of the offices was poor and translated documents and large print documents were either unavailable or were not publicised.

The four Cs were not employed effectively and only some of the service’s weaknesses were identified in Shepway’s BVR. The review failed to offer comprehensive solutions or detailed plans on how to improve the service.

The homelessness service performed poorly in comparison with other district councils and failed to meet its own targets in terms of resources and service levels. There were significant gaps in the allocations information provided to users and local advice agencies. The failure of the BVR to address the resource issues for the homelessness service and the limited scope of the improvement plan led inspectors to conclude that the prospects for improvement were poor.

The council’s progress

The re-inspection took place in May 2003, 14 months after the initial inspection. A fair/one star service was reported, with uncertain prospects for improvement.

The inspectors found a much improved level of service with more specific and challenging aims and objectives. For example, the housing strategy included specific aims for the homelessness service:

- swift, accurate processing of application forms;
- greater emphasis on preventing homelessness; and
- greater range of temporary accommodation.

More PIs had been developed and were being monitored effectively. This included the monitoring of service users and the creation of a black and minority ethnic strategy. A draft homelessness strategy was also in place.

The staff numbers in the allocations service had been increased and a regular housing list bulletin was published for tenants, increasing the level of information available to them. This was available in a range of formats.

Estate offices had been made more accessible and more information was available to customers.
Addressing the shortage of affordable accommodation had begun, with a significant increase in the use of private rented accommodation to meet need. Inspectors found such homes to be providing a good standard of accommodation.

The HRA fund that was incorrectly paying for bed and breakfast accommodation had been refunded and the service was now sourced from the general fund.

There was no progress in comparing Shepway’s performance with other districts. This contributed to the prospects for improvement being only uncertain.

The drivers for improvement

A cultural shift had happened in the organisation in order for it to accept and respond to the recommendations of the first report. Specific strategies had been put in place with targets and milestones that measure the improvement of the service.

The political profile of the homelessness and allocations services had moved up the agenda within the council and the linking of the service’s aims with the corporate aims of the council had facilitated and accelerated change. There was also greater involvement from senior officers and councillors in the BVRs. Inspectors found increased prioritisation and determinisation to deliver affordable housing schemes.

Overall, the council had taken on board Government priorities, such as developing a homelessness strategy and tackling the shortage of affordable housing.
## Appendix 1: case study details

<table>
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<tr>
<th>Authority</th>
<th>Region</th>
<th>Review title</th>
<th>First inspection</th>
<th>Re-inspection</th>
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<td>Promising</td>
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\(^1\) LSVT – Large Scale Voluntary Transfer
Appendix 2: case studies: contact table

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<th>LA Name</th>
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<td>Bassetlaw</td>
<td>Central</td>
<td>DC</td>
<td>0* promising</td>
<td>1* excellent</td>
<td>Bernard Coleman</td>
<td><a href="mailto:bernard.coleman@bassetlaw.gov.uk">bernard.coleman@bassetlaw.gov.uk</a></td>
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<tr>
<td>Brent</td>
<td>London</td>
<td>ALMO</td>
<td>2* promising</td>
<td>3* excellent</td>
<td>Herman Lewis</td>
<td><a href="mailto:herman.lewis@brent.gov.uk">herman.lewis@brent.gov.uk</a></td>
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<tr>
<td>Bury</td>
<td>North</td>
<td>MBC</td>
<td>0* promising</td>
<td>2* promising</td>
<td>D Walsh</td>
<td><a href="mailto:d.v.walsh@bury.gov.uk">d.v.walsh@bury.gov.uk</a></td>
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<tr>
<td>Congleton</td>
<td>North</td>
<td>MBC</td>
<td>0* promising</td>
<td>1* promising</td>
<td>Robert Scholey</td>
<td><a href="mailto:robert.scholey@congleton.gov.uk">robert.scholey@congleton.gov.uk</a></td>
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<tr>
<td>Denbighshire</td>
<td>Wales</td>
<td>WUA</td>
<td>0* poor</td>
<td>2* excellent</td>
<td>Simon Kaye</td>
<td><a href="mailto:housing@denbighshire.gov.uk">housing@denbighshire.gov.uk</a></td>
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<tr>
<td>Ellesmere Port and Neston</td>
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<td>0* promising</td>
<td>1* promising</td>
<td>Paul Ince</td>
<td><a href="mailto:paul.ince@epnbc.gov.uk">paul.ince@epnbc.gov.uk</a></td>
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<tr>
<td>Greenwich</td>
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<td>LB</td>
<td>0* promising</td>
<td>2* uncertain</td>
<td>Steve Gallacher</td>
<td><a href="mailto:steve.gallacher@greenwich.gov.uk">steve.gallacher@greenwich.gov.uk</a></td>
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<tr>
<td>Hertsmere</td>
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<td>BC</td>
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<td>1* promising</td>
<td>Malcolm Knights</td>
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<td>1* uncertain</td>
<td>2* promising</td>
<td>Lesley Roberts</td>
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<td>2* promising</td>
<td>Andy Selman</td>
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<td>1* uncertain</td>
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<td>Shepway</td>
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<td>1* uncertain</td>
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<td>1* promising</td>
<td>Tony Ward</td>
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<td>1* excellent</td>
<td>Sandra Coleing</td>
<td><a href="mailto:sandra.coleing@stockport.gov.uk">sandra.coleing@stockport.gov.uk</a></td>
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<td>1* promising</td>
<td>2* promising</td>
<td>Linda Minns</td>
<td><a href="mailto:linda.minns@tristarhomes.co.uk">linda.minns@tristarhomes.co.uk</a></td>
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<td>0* excellent</td>
<td>2* promising</td>
<td>Helen Ratcliffe</td>
<td><a href="mailto:helen.ratcliffe@threeivers.gov.uk">helen.ratcliffe@threeivers.gov.uk</a></td>
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<td>LB</td>
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<td>1* uncertain</td>
<td>Peter Allen</td>
<td><a href="mailto:peter.allen@towerhamlets.gov.uk">peter.allen@towerhamlets.gov.uk</a></td>
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References
