

Consultation Response

Shelter's response to the Housing Corporation consultation on the Performance Indicator Framework for Registered Social Landlords

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Shelter

Shelter is a national campaigning charity that provides practical advice, support and innovative services to over 100,000 homeless or badly housed people every year. This work gives us direct experience of the various problems caused by the shortage of affordable housing across all tenures. Our services include:

- A national network of over 50 housing aid centres
- Shelter's free housing advice helpline which runs from 8am-midnight
- Shelter's website which provides housing advice online
- The Government-funded National Homelessness Advice Service, which provides specialist housing advice, training, consultancy, referral and information to other voluntary agencies, such as Citizens Advice Bureaux and members of Advice UK, which are approached by people seeking housing advice
- A number of specialist projects promoting innovative solutions to particular homelessness and housing problems. These include 'Homeless to Home' schemes, which work with formerly homeless families, and the Shelter Inclusion Project, which works with families, couples and single people who have had difficulty complying with their tenancy agreements because of alleged anti-social behaviour. The aim of these particular projects is to sustain tenancies and ensure people live successfully in the community.

Introduction

Shelter welcomes this consultation, and the fact that the Performance Indicator Framework for Registered Social Landlords (RSLs) is to be reviewed. We are aware that RSLs find the current set of Performance Indicators (PIs) to be difficult and time-consuming to collect, and that there is a general feeling within the RSL sector that the sector is over-regulated. Shelter does not believe that RSLs are over-regulated in any broad sense; however we do think that there is scope for review of the performance information collected so that it more closely reflects the role of RSLs at the present time. The role played by RSLs in the social housing sector has changed rapidly over the last five to ten years. In 1997 RSLs owned and managed around 22% of social housing stock in England. By 2004, this percentage had risen to 42% due to stock transfer and building programmes¹. RSLs are now the prime providers of social housing, and major recipients of state funding. The type of regulation that they are placed under needs to change to reflect this fact, and to ensure the fulfillment of their most important objectives and duties, whether these arise from statute, regulation, or good practice guidance. In this response we make the following suggestions for amendments to the PIs which will, we believe, better reflect RSLs' current role and responsibilities:

- A new PI to measure the percentage of RSL lettings to homeless households
- A target in the Regional Housing Boards' Action Plans on homelessness to reflect desired levels of performance for RSLs on the above PI.
- A new interim PI to measure the percentage of local authority nominations refused by RSLs
- Development of a PI for 2007/8 to measure the effectiveness of partnership working between RSLs and local authorities
- New PIs on arrears management to encourage a supportive approach which uses possession action and eviction as a last resort

¹ Wilcox, S:UK Housing Review 2005/6, CIH/CML, 2005, table 17a.

- Retention of the PIs on Shared Ownership and development of new indicators to measure the social and individual benefits accruing from Shared Ownership
- Retention of the PIs on rent levels

Overview

RSLs currently own and manage close to half the social housing stock in England. With a further programme of stock transfer due to take place in the coming years this figure will increase. They receive large sums of public money for new development, and maintenance of existing stock. The UK Housing Review of 2005/6 indicates that in 2003/4, Housing Associations received nearly £2 billion of public investment, whether directly from the Housing Corporation, or from local authorities².

The way in which the activities of RSLs are regulated and monitored remains more appropriate to an era when Housing Associations were minor, small scale housing providers, often working in specialist niche provision for particular groups of people, and it was local authorities who were the main providers of social housing. In that era, local authorities could be relied on to be where the buck stopped in terms of fulfilling the duty to house those most in need, including homeless households; provision of this large-scale social resource was not a major role for Housing Associations.

Now the picture is very different. In more than one third of local authority areas³, all of the available social housing for rent is owned or managed by RSLs; within the next few years, this figure is likely to rise to around half of all local authorities⁴. In many others RSLs are major providers through partial stock transfer. Where this is the case, it is vital that RSLs take on the full level of duty to provide social housing to those in most need which was once the responsibility of local authorities.

Homelessness has grown rapidly as a problem over the years since 1997. The number of households accepted as statutorily homeless and housed by local authorities in temporary accommodation was around 40,000 in 1997. At the end of 2005 it was over 100,000⁵. Whilst we understand the need to promote sustainable communities, this does not remove the obligation on RSLs to let a good proportion of their available properties to statutorily homeless households in temporary accommodation. This obligation becomes particularly important when the local authority, because of stock transfer, is entirely dependant on lettings by RSLs to discharge its statutory duty to homeless households.

Evidence indicates that this obligation on RSLs is not currently being met. Figures from CORE indicate that in 2004/5, local authorities across England were letting 47% of their vacant properties to statutorily homeless households, whereas for RSLs the figure was 15%⁶. In the worst performing regions, RSL lettings to statutorily homeless households are in single figures. The highest percentage is in the London region, where 31% of RSL

² Wilcox, S: UK Housing Review 2005/6, CIH/CML, 2005, table 59. Total gross investment expenditure from HC and LAs is £1,987,000,000.

³ 136 out of a total of 360 LAs in England have transferred all their housing stock to RSLs – source Wilcox, S: UK Housing Review 2005/6, p14

⁴ Ibid

⁵ ODPM quarterly P1E statistics

⁶ Annual digest of CORE data, Comparing LAs and HAs, 2004/5. It should be noted that the figure of 47% for LAs in England is contradicted by ODPM data, which gives the percentage of LA lettings to statutorily homeless households across England as 34%. The CORE figure may not give a wholly accurate picture because not all LAs use the CORE system to record their lettings.

lettings were to statutorily homeless households (as against 66% for local authorities in London). We are aware that RSLs often dispute the accuracy and relevance of these figures, and indeed data from the ODPM does give lower figures for local authority lettings to statutorily homeless households⁷. We consider the fact that information on this crucial topic is not reliably available or universally accepted, to be in itself an indictment of the effectiveness of the current PI framework for RSLs.

Shelter's proposal is that the format of the PI framework should be amended to be more outward looking. It should reflect the fact that, where once RSLs' main duty was to their tenants, now they have a wider responsibility to fulfil the national requirement that social housing should be available to those homeless and in the greatest housing need. They also have a responsibility to contribute to the local communities in which they work. This change of role has been acknowledged by the National Housing Federation through their "in business for neighbourhoods" drive, and the Housing Corporation as regulatory body needs to endorse and encourage this movement. The Corporation states in this consultation paper that the aim of the PIs is to focus on delivery of services to tenants *and other stakeholders* (our italics). Although we recognize the nod towards a duty to the wider public implied in this wording, this proposed PI framework does not actually contain any indicators which measure the delivery of a service to stakeholders other than current tenants. We would argue strongly that this needs to change. Specifically, we propose that the new PI framework is extended to include two new indicators.

The first should be the percentage of total lettings made to households who are statutorily homeless (defined as those households who have made a homelessness application to their local authority and for whom a duty to provide housing has been accepted). These households will generally have been living in temporary accommodation arranged by the local authority prior to the letting. We acknowledge that RSLs do offer housing to significant numbers of non-statutorily homeless households by direct application. We have some sympathy with the National Housing Federation's position that allocations to such households constitute a means by which RSLs are, in fact, meeting severe housing needs⁸. However, this does not detract from the requirement on RSLs to play a larger role in housing statutorily homeless households.

Introduction of this PI for RSLs would satisfy the Corporation's stated aim of the PI framework - ie the delivery of services to tenants and other stakeholders - given that both the local authority, who has accepted its statutory duty to find housing for the household, and the homeless household itself, are stakeholders of the RSL. The clear self-reporting of data in this way would also allow the more open, undisputed measurement of the numbers of homeless households being housed by RSLs, and prevent the picture being clouded by disputes over the accuracy of available information, as it is at present. The PI would allow the Corporation, local authorities and other interested parties such as the ODPM to see clearly a comparison between different RSLs, and within individual RSLs over time, as to the fulfillment of this vital duty. At a time when the government has implemented a target for local authorities to halve the number of homeless households in temporary accommodation by 2010, it is particularly important that RSLs should be given an incentive through the PI framework, to increase the numbers of lettings to statutorily homeless households.

⁷ The figure of 47% for LAs in England is contradicted by ODPM data, which gives the percentage of LA lettings to statutorily homeless households across England as 34%. The CORE figure may not give a wholly accurate picture because not all LAs use the CORE system to record their lettings.

⁸ As stated in a letter from the NHF to the Chair of the Public Accounts Committee in December 2005

We recommend that this PI is accompanied by the setting of a target to encourage early improvements. We consider that the target is more appropriate at a regional than national level, and that the setting and monitoring of such a target should be done by the Regional Housing Board in co-operation with the Corporation. Such a move would be useful in further developing the relationship between the Boards and RSLs. The Regional Housing Boards are currently in the process of putting together their Action Plans on homelessness; there is clearly an opportunity for joined-up working here whereby the action plans are developed to include a target for RSLs in the region on the percentage of allocations to statutorily homeless households.

The second PI we propose is related to the first above. It is slightly more complicated to implement than that above, however its introduction will be an important step towards recognizing through the PI framework that RSLs have a duty to the wider community and to the local authorities within whose areas they work. The second indicator should be a grading (for example on a scale from 1-5) given by the local authority in each area where the RSL owns or manages stock. The grading would indicate the authority's view of the degree of cooperation enjoyed in its relationship with the RSL in terms of a positive contribution towards fulfilling their homelessness strategy as required under the 2002 Homelessness Act. Clearly development of such an indicator would take some work. It would be necessary to issue guidance to local authorities on what criteria they should use when arriving at their grading, so that subjectivity could be minimized. Notwithstanding such guidance, it might be helpful to give RSLs an opportunity to respond or comment in some way on the grading given, in the same way that they can respond to the results of an Audit Commission inspection. However we believe that there are already in place enough concrete measures by which RSLs can contribute to a homelessness strategy for the production of this grading to be feasible. Examples of some of the criteria which could be used to inform local authorities' grading decisions could be

- whether the RSL is represented on the local homelessness forum or strategy group
- whether the RSL has set up, or cooperates in, any local schemes for preventing homelessness such as rent deposit schemes or furniture projects
- whether the RSL cooperates and fully involves the local authority in any decisions about evictions
- the extent to which the RSL cooperates in nomination agreements with the local authority. This could be measured by the percentage of nominations refused by the RSL, the existence of a service level agreement made with the local authority and the extent of cooperation in assessing support needs of nominated applicants.
- the extent to which the allocations policies of the RSL, with regard to issues such as lettings to non-statutorily homeless applicants, are contributing to meeting local housing needs outside of the duties to statutorily homeless households.

The suggested performance indicator will require some development work before it is implemented, and is unlikely to be ready for implementation until the year 2007/8. As an urgent short-term measure to address the vital area of lettings to homeless households, we recommend immediate implementation of a new performance indicator specifically on the percentage of local authority nominations refused by the RSL. We would recommend that, as early as possible, this indicator on percentage of nominations refused should be replaced by that described above, which will incorporate a measure of the success of

nomination agreements, but also take into account a wider range of factors appropriate to the aim of partnership working between local authorities and RSLs.

We recognize the difficulties that would be faced by RSLs who own small numbers of stock in dozens of local authority areas, in meeting this PI. For this reason, we would suggest that it should only apply when an RSL has at least 40 units of general needs stock within a particular local authority area (generating, at the average turnover rate of 5%, two lettings per year). However we would make the general point that management of even a small number of properties in the social housing sector carries with it responsibilities and duties towards the wider community. Where dispersal of stock between different local authority areas makes it difficult for a RSL to fulfil its wider duties, then there may be a case for rationalization of that RSL's activities.

The two proposed PIs above (and the short-term PI to measure percentage of nominations refused) will together make a significant contribution to the Corporation's stated aim in this consultation paper – "we are keen to develop indicators which focus on tenants' and other stakeholders' experience of the services they receive and are particularly interested in respondents' views in this area". We would be pleased to discuss the proposed indicators further and work with the Corporation on their development.

Specific responses to the consultation questions

We will not respond to all of the questions set out below (as taken from the appendix A document supplied very helpfully on your website). Some of them relate to detailed financial and management processes within RSLs and Shelter is not in the best position to offer an informed opinion. Where no response is to be given, this is indicated for clarity.

A STOCK BASE

We currently publish PIs for associations who own and/or manage 250 dwellings at 31 March of that year. *Do you support the proposal to apply an additional 'minimum size' of 250 units for each PI (relating to the type and status of the stock)? Alternatively, what criteria would you prefer to see employed?*

Yes, we support this proposal. However see comments on our proposed second new PI above (page 5).

B PROPOSALS FOR THE PERFORMANCE INDICATORS

Rent for General Needs Dwellings, and Rent for Supported Housing and/or Housing For Older People

Do you agree with our proposal to discontinue the average weekly rent PIs for both general needs and supported housing?

No, we would prefer that rent levels in both general needs and supported housing continued to be monitored. Notwithstanding the rent restructuring regime, rent levels for some RSL properties give cause for concern, and comparison of rent levels between different RSLs will still be useful, even though differentials will narrow as time goes on.

In addition, now that the rent restructuring formula has been altered so that higher rents can be charged on those units over 4 bedrooms in size, it will be important to monitor the

rent levels being charged on these larger properties. Although we welcome the change to the formula since it will add an incentive for RSLs to build these larger units and so ease overcrowding levels, there is a potential concern about affordability for working families renting the large units. We therefore recommend that monitoring of rent levels continues and is not removed from the suite of PIs.

Vacant General Needs Dwellings

We suggest continuing with one PI instead of two. *Would you prefer to see the Dwellings Vacant and Available to Let PI continued, or the two current PIs combined into one based on all vacant stock?*

We do not propose to respond to this question.

General Needs Lettings – Re-let time and Lettings to BME tenants

It is proposed to continue with the relet time PI and publish it at both national and local authority level, but to make a change so that it is reported for the managing association rather than the owning associations. *Assuming that you agree that relet time should be continued as a PI, should it be based on managed stock (as proposed) or owned stock (as at present)?*

We do not propose to respond to this question.

We propose to discontinue the percentage of lettings made to BME tenants as a published PI. *Do you agree that we should do so?*

We agree that there is little purpose in collecting this information as part of the PI framework, though clearly, as you say, it is important that it is still collected for purposes of more detailed monitoring and analysis. See our proposals for a new PI (above, page 4) to record the percentage of lettings to homeless households. We consider that this is information of more value for comparing the performance of different RSLs, and less affected by variations such as the composition of the local population, so that the comparison will be more meaningful. As a point of interest, the percentage of lettings to homeless households will, to a certain extent, be positively correlated with the percentage of lettings to BME households. BME households are 3 times more likely to be homeless than white households⁹.

Letting time - Supported Housing and/or Housing for Older People

Unlike the general needs equivalent, this PI has traditionally measured the average time to let all dwellings, including lets to new dwellings. We propose to retain this PI. *Would you prefer to continue this PI as an average letting time or adjust it to reflect relet time? Would you prefer to see times for supported housing separated from those for housing for older people, and would you retain one or both figures?*

We do not propose to respond to this question.

Stock Condition – Failing Decent Homes Standard and Average SAP Rating

Our proposal is to continue with the existing PIs – average SAP rating and the percentage of homes failing the Decent Homes Standard - until new measures which better reflect the quality of the homes owned by associations emerge. We are particularly interested in

⁹ Garvie, D: The black and minority ethnic housing crisis, Shelter, 2004

views from respondents on the development of tenant-focussed measures in this area. *Do you agree that with retention of the two current PIs? Do you have alternative suggestions for PIs which capture the quality of homes?*

We do not propose to respond to this question.

Repairs – Repairs Completed within Target (three PIs) and Appointments Made and Kept

We propose to continue with the existing measure of urgent repairs completed within target whilst we seek improved alternative measures. We are very interested in respondents' views on alternative tenant focussed indicators which capture associations' performance in this key area. Feedback we have received suggests the following concepts might be considered but they do not necessarily meet our expectations for new PIs

- annual unit cost per unit of all repairs
- average number of repairs per unit in year
- percentage of all repairs in year that were emergency repairs
- average time for a repair
- number of gas servicing repair certificates outstanding at 31 March.

Would you support any of the above as the basis for new indicators of housing management performance, if they can be developed into suitably robust measures? Do you have any alternative suggestions? Do you support retention of the 'completion of urgent repairs in target' PI for the time being?

We do not propose to respond to this question.

Tenant Satisfaction – Satisfaction Overall and Satisfaction with Opportunities for Participation

Given the importance of reflecting the tenants' experience of the service they receive, we propose to continue with the current PIs, to be replaced with new improved measures as they are developed. *What activities could form the basis for developing new PIs giving a stronger focus on the delivery of quality services to tenants, customers and stakeholders?*

Please see our proposals for 2 new PIs on pages 4 and 5 above, particularly the second one which would allow Local Authorities to comment on their experience of working in partnership with the RSL. We believe it is important that RSLs are encouraged to look outwards at their role in the wider community, rather than simply considering the service they provide to those who are already their tenants.

Financial PIs – general needs and supported housing and housing for older people

What measures could we consider as a basis for reflecting the comparative financing efficiency or cost of an association? Do you agree that we should retain only current tenant rent arrears from the current FPIs, and to complementing this with use of the OCI as a tool for assessing comparative operating costs?

We would like to set out some concerns over the use of rent arrears for current tenants as a performance measure in isolation. The monitoring of current tenancy rent arrears, particularly on a snapshot basis at the year end, creates a perverse incentive for RSLs to pursue aggressive arrears management policies which increase possession actions and evictions, and of course contribute to levels of homelessness. If a RSL evicts a tenant

with high arrears, their arrears balance will be removed from the current tenancy arrears figures, thus apparently improving performance on this indicator, and move into former tenant arrears, which are not monitored. The Corporation's circular 07/04¹⁰ sets out as good practice a preventative and supportive approach to rent arrears, which takes eviction only as a last resort. It is important that the suite of PIs in use reflects this approach. We do believe that current tenant rent arrears levels are an important indicator, however they should not be measured in isolation for the reason above.

The current suite of Best Value Performance Indicators applied to local authorities has introduced a new set of PIs around rent arrears, which are intended to measure performance in rent collection without giving perverse incentives to local authorities to take harsh possession and eviction measures¹¹. We recommend that these PIs are also applied to RSLs. Shelter recently held a joint conference with the National Housing Federation to discuss the role of RSLs in tackling homelessness¹². Our conference seemed to indicate that there is some feeling amongst RSLs that evictions should be discouraged through the PI framework. Two senior managers from RSLs in the North West made the following comments:

"we need to measure evictions and measure the wider social cost. Most of the costs will be to social services, health, education, homeless services, cost of dealing with social exclusion. There is a wider community benefit to reducing evictions that isn't measured in terms of efficiency "

"As a movement there are still questions we are not asking ourselves...is reducing evictions really one of our targets? do we bench mark? Do we monitor? The housing corporation doesn't ask us how we are doing on reducing evictions. There needs to be a BVPI to really get us as a sector to change our approach on this".

Applying the same suite of PIs on rent arrears to RSLs as applies to local authorities would address these concerns, and at the same time acknowledge the outward focus of RSLs towards meeting the needs of the wider community and their partner organizations.

In addition to the application of the same indicators as used in BVPIs for local authorities, we would also like to see a PI on the number of possession actions brought by RSLs under Ground 8 of schedule 2 of the Housing Act 1988, with the lowest numbers indicating high performance. Shelter remains concerned at the numbers of possession actions being taken by RSLs under Ground 8, in contravention of the guidance issued in Circular 07/04.

Shared Ownership PIs

Do you support the proposal to discontinue the current suite of shared ownership PIs? If you own low-cost home ownership homes, would you support the development of a facility

¹⁰ Housing Corporation Regulatory Circular: Tenancy Management – eligibility and evictions, Housing Corporation, 2004

¹¹ The indicators in use by local authorities are: BV66a: Rent collected by the local authority as a proportion of rents owed on Housing Revenue Account dwellings (high numbers=better performance) ; BV66b: The number of local authority tenants with more than seven weeks of (gross) rent arrears as a percentage of the total number of council tenants (low numbers=better performance); BV66c: Percentage of local authority tenants in arrears who have had Notices of Seeking Possession served (low numbers=better performance); BV66d: Percentage of local authority tenants evicted as a result of rent arrears (low numbers=better performance).

¹² Homelessness and Housing Associations: The Challenge Ahead, 9th Nov, Manchester

to benchmark locally as contained within our published report and how might the Corporation facilitate that?

We are concerned at the proposal to discontinue the current suite of shared ownership PIs. It is clearly true that shared ownership is in a state of flux at the moment with the new Homebuy schemes being introduced. However, for precisely for this reason, shared ownership is high up on the agenda for housing policy. Public expenditure on housing is under review with decisions due in the Comprehensive Spending Review in 2007, and at this time it is particularly important that as much information as possible is made available about the outcomes of shared ownership schemes.

Shelter has some reservations about the extent to which shared ownership schemes (and other low cost home ownership schemes) represent best value to the public finances. Research into the schemes tends to raise the possibility that, in comparison with the building of social housing for rent, these schemes do not offer very good return for public funding in terms of improving the life and housing circumstances of the individuals who benefit from them¹³. There is a continuing suspicion that strategic planning is inadequate, and that developments consequently fail to attract the level of demand from applicants in the highest priority, leading providers to let some units to those in low priority categories. We are also concerned at the move in the shared ownership programme away from sales to households who are on housing registers or already social housing tenants, and towards other first time buyers. Sales to the former group free up social housing lettings, thus increasing social benefits from shared ownership schemes.

We recommend that the PIs currently in use are retained, and that new PIs are added to cover the following:

- Rent levels for shares remaining with the RSL – collected at LA level
- Average local incomes – derived from official sources at LA level

Summary of PIs and questions

The suite of PIs becomes:

Dwellings vacant and available to let*
Re-let time*
Letting time (SH)
Failing decent homes standard*
Average SAP rating
Urgent repairs completed in target
Tenant satisfaction
Tenant satisfaction with participation
Current tenant rent arrears at year end (GN and SH)

* Published for the association overall and for the association at LA-level

As an overall package of PIs, do you consider that it gives an overall picture of sector performance gained, including efficiency, outcomes, residents' and other stakeholders' views on services? Are there areas of omission that we should investigate further?

¹³ Evaluation of the Low Cost Home Ownership Programme, ODPM, 2002

Please see overview section above for recommendations on new PIs to measure RSLs' fulfilment of their broader duties to Local Authorities and to meeting the housing needs of the wider community.

These PIs remain centred on the performance of individual associations. To what extent do you think these are appropriate measures for constituted groups of associations?

We do not propose to respond to this question.

Is there more data that we should consider publishing as PIs for associations at LA level?

Please see overview section as above. Some of the recommended PIs for shared ownership set out above would also require collection at LA level.

Should we consider adding new PIs to assess the effectiveness of groups, and what measures would you suggest including?

We do not propose to respond to this question.

C EXTERNAL VALIDATION OF PERFORMANCE REPORTING SYSTEMS

We intend to leave the requirement as it stands for one further year but will review the requirement – for all associations - in the light of our new suite of PIs and the implementation of NROSH. *Do you have any comments for us to consider about the size of associations that should be subject to the regulatory requirement for the external validation of performance reporting systems under the new suite of PIs?*

We do not propose to respond to this question.

D PUBLICATION OF PERFORMANCE INDICATOR DATA

Publication of the new PI framework presents an opportunity to review the structure and features offered by the website. *What is your assessment of the value of the PI website and its role in monitoring, benchmarking and continuous improvement? What changes would you like to see made to the site to support the new PI framework?*

We do not propose to respond to this question.

E TIMESCALE

Do you consider our proposed timescales to be reasonable proposals? What are your preferred timescales?

We do not propose to respond to this question.

Conclusion

Whilst Shelter acknowledges that reducing the number of performance indicators will be popular with RSLs, who feel themselves to be overburdened with regulation, we believe that the overall direction of regulation and scrutiny of RSLs needs to be upwards and outwards. Current PIs do not reflect the change in the role of RSLs in the years since stock transfer was introduced, and the fact that they now manage half the social housing stock in England. We believe it is vital that RSLs' performance is measured using criteria which reflect their broader responsibilities for meeting housing need and reducing homelessness in the communities within which they work. We have recommended in this response new PIs to address this deficiency.

We will be glad to discuss any of the contents of this response further if that would be useful.

Shelter Policy Unit
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