

Housing

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# Housing

Improving services through resident involvement

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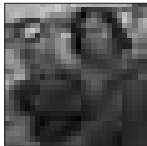
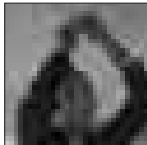

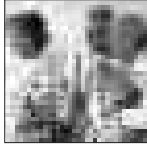

The Housing Corporation's mission is 'raising the standard for homes and neighbourhoods'.

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## Summary

Resident involvement is now central to government and local organisations' approach to the delivery of housing services. However, an untouchable quality has developed around the issue, which means that few people are prepared to question its costs and benefits, or whether it is a worthwhile process. This has led to considerable confusion about why social landlords involve residents, and what the most effective approaches are.

This report argues that residents and landlords should adopt a more questioning and open approach. There needs to be greater honesty about the achievements that activities are designed to accomplish. Housing organisations should be clear about whether they are involving residents to:

- improve services or housing stock;
- enhance accountability to users; and/or
- build social capital and community capacity.

They should communicate their rationale to residents and then monitor and evaluate their efforts against the objectives they have set. The findings of this study are based on research carried out with housing associations, but they will be relevant across the social housing sector.

The **benefits** of resident involvement can be considerable. Our research established clear evidence of benefits, to the 'business', to residents and to the wider community. Specific gains for housing organisations include an impact on performance, better services and enhanced accountability. For example, housing associations found that involving residents in refurbishing an estate helped to reduce void levels and tenancy turnover. These improvements are also important to residents, but involvement can benefit residents in additional ways: such as individual capacity building and improved local community involvement. The latter can have a wider reaching impact in terms of stabilising communities and helping to ensure their sustainability.

Resident involvement should be integral to the overall work of housing organisations. Many will therefore find the **costs** difficult to identify. Nevertheless, we found that those housing associations that carried out some tracking of expenditure on resident involvement found themselves in a position to make more informed strategic decisions about their approach to involvement. The costs to residents should also be recognised. If these are not properly understood and residents' contributions are taken for granted, their commitment to the involvement process may dwindle.

The study considered the evidence relating to the costs and benefits of resident involvement and concludes that:

- involving residents to improve services does work and it can provide value for money;
- there are many good examples of housing associations positively affecting community capacity, but these gains are less obvious, tend to be over the longer term and usually involve a range of partner agencies; and
- involving residents in governance is often more challenging, especially if the organisation is not prepared for their involvement. In those circumstances the benefits might not easily translate into good value for money.

However, proper accountability is important. If the inclusion of residents in governance structures works well, it can significantly enhance the accountability of housing organisations. If housing associations believe in including resident on boards, then they must invest in and support the process.

# Preface

- 1 Resident involvement remains an under-valued element of housing management. Despite the introduction of legislation to encourage housing organisations to involve and consult residents, it is still often sidelined or done grudgingly.<sup>1</sup> While much is known about rent arrears and corporate governance and how to do it better, the principles of ‘good’ resident involvement often elude landlords, despite the proliferation of good practice and advice. One of the reasons for this is the uncertainty that seems to abound around why landlords should engage with their residents. Further clarity about this is required and a better understanding of costs and benefits is necessary to improve the experience of participation – both for residents and for landlords. Many social landlords do believe in the principle and make it work: for them resident involvement can result in a substantial benefit to the business of delivering housing services.
- 2 This study aims to help social landlords to improve the way they involve their residents. Specifically, it aims to:
  - assist social landlords as they seek to develop greater clarity about why they are involving residents;
  - encourage landlords to think about the costs and benefits of involving residents; and
  - demonstrate that resident involvement can make good business sense and can benefit not just landlords and their tenants, but the whole community.
- 3 This report is intended primarily for policymakers and social landlords, but it will also be relevant to residents. It will be of interest to all staff and should not be seen just as the province of specialist tenant participation officers. A management handbook has also been developed. It provides more detailed good practice and advice for practitioners (**Ref. 3**).

<sup>1</sup> The first statutory requirement was introduced by the Housing Act 1980 (**Ref. 1**), which gave local authority tenants the right to be consulted on housing management and other issues, followed by the guidance introduced in 1999 requiring authorities to establish tenant participation ‘compacts’. For housing associations, the Housing Corporation Regulatory Code (**Ref. 2**) provides more detailed advice, but keeps its definition of tenant participation wide and allows local discretion.

- 4 The study was conducted as part of the joint Audit Commission/Housing Corporation research programme.<sup>I</sup> Most of the findings are equally relevant for housing associations and local authorities. During its early stages, a number of research methodologies were considered. The merits of applying a traditional cost benefit analysis were weighed up, but this approach does not lend itself easily to a study of resident involvement due to the difficulties in assigning monetary values to benefits such as improved services or enhanced community capacity.<sup>II</sup> It is also very difficult to identify costs such as residents' time. Instead, the study findings are based on fieldwork with 14 housing associations, focus groups with residents and advice from three 'learning sets' of landlords and residents and a sounding board. The Commission thanks all those who were involved (**Appendix 1**). However, the views expressed in this report are those of the Commission alone. The study team consisted of Greg Birdseye, Katie Smith, Rita Patel and Tara Garde, with consultancy support from Aldbourne Associates.
- 5 During the course of the research, the Housing Corporation reviewed its own tenant participation policy and in February 2004 launched its new *Involvement Policy* (**Ref. 6**). This study takes forward and provides advice on some of the themes introduced in this new policy.
- 6 The report has six sections. The introduction discusses terminology and the levels of awareness about the costs and benefits of resident involvement. Chapter 1 explores the reasons why landlords engage with their residents and puts forward a framework for this. Chapter 2 looks at the benefits of involving residents and chapter 3 discusses some of the financial implications. Chapter 4 weighs up the evidence in order to draw some conclusions about the value for money of resident involvement and chapter 5 highlights the areas where local practitioners and national policymakers will need to make changes.

<sup>I</sup> Under s 55 and Schedule 3 of the Housing Act 1996, and s 40 of the Audit Commission Act 1998, the Housing Corporation and the Audit Commission may agree programmes of comparative studies designed to allow the Commission to make recommendations for improving the economy, efficiency and effectiveness of housing associations (**Refs. 4 and 5**). Under the legislation, the Housing Corporation meets the cost of these studies.

<sup>II</sup> 'Pure' cost benefit analyses are concerned with placing a monetary value on a range of benefits and costs, both current and future (via techniques such as hedonic pricing and contingent valuation). They are used to compare proposed public sector schemes or programmes, and are standard practice in weighing up options for the building of new roads, for example.

# Introduction

## What is resident involvement?

- 7 This study deals with the benefits of resident involvement, and also looks at its financial implications. The term, 'resident involvement', is taken to mean a wide spectrum of activities, ranging from giving residents information about their housing service, to their involvement in the direct management of their homes. Along this continuum is a range of other activities, including consultation exercises, panels, focus groups, the running of tenants'/residents' associations and the involvement of residents in governance arrangements. The study looks across all resident involvement activity (with the exception of resident controlled models).
- 8 Much of what is written about resident involvement interprets this spectrum as a ladder (**Ref. 7**), the assumption being that landlords and residents should be seeking to move from more passive styles of involvement through to more 'meaningful' levels. However, in this report we put forward the view that for resident involvement to be effective, the range of options should instead be viewed as a menu, because different approaches, levels and styles of involvement will be appropriate in different places and at different times. Residents and landlords should engage in the way that is relevant to their own local circumstances. There is no template or 'preferred state'.
- 9 The original title for this study was 'tenant participation'. Over the course of the research, we have adopted the term 'resident involvement', to ensure consistency with other key stakeholders, particularly the Housing Corporation. The change in terminology reflects current trends, as many housing associations seek to engage the wider community via regeneration or community development activities. Therefore, much of this report will be relevant to those landlords that are seeking to engage non-tenants. However, the primary focus of our work remains the way that housing associations seek to involve **tenants**: it was not our remit to draw out issues specific to leaseholders or owner-occupiers.

## Do landlords understand the costs and benefits involved?

- 10 Overall, there is a low level of awareness of the costs and benefits of resident involvement. Very few housing associations collect this information in a systematic way. Even fewer evaluate any 'business case' before embarking on a new activity or project. Some landlords believe that this does not matter and that the costs of trying to do so would outweigh any benefit. Defining and measuring resident involvement is undoubtedly more problematic than doing the same for, say, rent arrears. Some landlords are also concerned that more systematic monitoring might be detrimental, as the benefits of resident involvement may be difficult to demonstrate. They feel that greater transparency could jeopardise the levels of resources allocated to participation activities. Another concern is that such scrutiny might undermine the integration of resident involvement into the organisational culture.
- 11 Most associations, however, believe that they should have a clearer idea of what they spend on resident involvement and what return they get from that investment. There are various advantages to this: better informed decision-making, improved transparency and better focusing of efforts and resources. There is, therefore, an appetite within the sector for better awareness of costs and benefits and a conviction that this would be valuable (**Exhibit 1**).

### Exhibit 1

#### Why track the costs and benefits of resident involvement?

Landlords agree there is value in better awareness of the costs and benefits of resident involvement.

- ✓ 'We need to be sure that we are getting the maximum benefit for what we are spending'
- ✓ 'Resident involvement could be raised further up the agenda if it were possible to demonstrate the benefits of it'
- ✓ 'It would motivate staff if they knew they had to demonstrate outcomes'
- ✓ 'It sends positive messages to staff and residents'
- ✓ 'It will feed back the reality to the organisation – of how housing officers spend their time'
- ✓ 'It would make non-active tenants aware of how involvement can be beneficial'
- ✓ 'We need greater awareness to convince everyone that resident involvement is worth doing'
- ✓ 'We need greater awareness of the costs and benefits of resident involvement in order to make strategic decisions'
- ✓ 'It would help us to be more transparent, especially to external funders'

- 12 To try to reap these benefits, some associations are already starting to monitor the costs and benefits of involvement as part of best value or other service reviews **(Ref. 3)**. We found that housing associations that had undertaken a review of their resident involvement activity had a much clearer view of:
- how it fitted with the strategic direction and objectives of the organisation;
  - how it related to other housing functions;
  - what was being spent;
  - what sort of benefits this produced;
  - what the challenges were; and
  - what future direction it should take.
- 13 However, even among those associations that have conducted reviews there can remain a certain amount of confusion about the underlying purpose of resident involvement. Until this is better understood, a view on costs and benefits of resident involvement is difficult to achieve. The following chapter deals with the motivations behind resident involvement.

# 1



## Why do landlords involve their residents?

Motivations for involving residents typically fall into three categories: to improve services; to enhance accountability to users; and to build social capital.

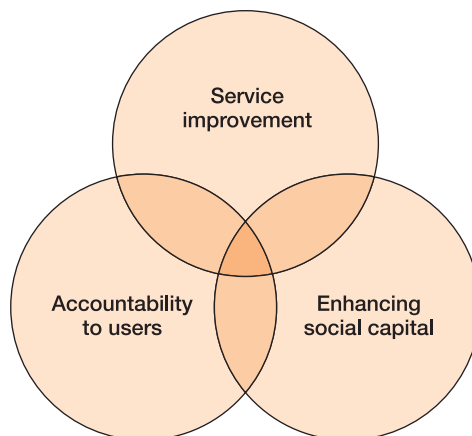
Housing organisations should be clear about what their involvement activities are designed to achieve and should communicate these aims to residents.

- 14 There is considerable confusion about why landlords involve residents. This confusion is because resident involvement has traditionally been seen as a ‘good thing’ in itself and it has developed an ‘untouchable’ quality. As a result, few people are prepared to take a critical look at participation. However, this has not done the social housing sector any favours. By failing to challenge themselves and residents to look afresh at the purpose of resident involvement, some landlords have stored up problems. If the reasons for involving residents are not clear, this can lead to confusion and unrealistic expectations among residents. It may also mean that effort and resources are not concentrated where they are most needed or where they will have the greatest impact.
- 15 Instead, tenants and landlords should adopt a more questioning and open approach to resident involvement. There needs to be greater honesty about what activities are designed to achieve. In practice, this means that housing organisations should be clear about why they are engaging with residents. They should then communicate these reasons to tenants and monitor and evaluate their efforts against their objectives.
- 16 Research shows a range of responses from housing associations to the issue of involving their tenants or wider communities. Approaches tend to fall into three groups: service improvement, enhancing accountability to users and building social capital (**Exhibit 2**). This chapter takes each of these in turn, exploring the background, the sort of activities that characterise each approach and the role that resident involvement can play in achieving these outcomes.

**Exhibit 2**

**Why do landlords involve their residents?**

Landlords should be clear about what resident involvement activities are designed to achieve.



## Service improvement

- 17 For some landlords, the reason for involving tenants or residents is to improve either the service or the design or maintenance of the stock. Landlords will be concerned with residents as customers. They may believe that housing is like any other public or private service and that residents should not need to spend time improving it: that should be the job of the provider. In short, the focus will be on understanding the needs and wants of the consumer and improving the service in line with these, not necessarily encouraging residents to be involved with the strategic direction of the landlord, or with enhancing social capital. Proponents of this approach may be sceptical of other motivations, arguing that those landlords that seek to involve residents in decision-making structures can become too focused on the needs and interests of the few ‘representatives’, thus neglecting the views of the majority tenant body. At a more practical level, some commentators may also question the ability of some residents to contribute to particular governance tasks, such as financial and risk management.
- 18 Those landlords that advocate a service improvement or ‘consumerist’ approach may primarily engage with their tenants in the same ways that private sector organisations connect with their customers – via market research, focus groups and surveys. However, in practice, participation may be much deeper than that, with tenants getting involved, for example, in designing and running customer care courses for maintenance contractors and contributing to decisions relating to the design of new build schemes.
- 19 The impact of resident involvement is perhaps most easily discernible when it relates to service improvement. The most commonly cited examples concern new build or refurbishment programmes (**Case study 1**). Chapter 2 documents further examples where involving tenants has led to better services.

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### Case study 1

#### Involving residents at early stages can improve design and result in savings

Templar Housing decided in 2000 to rehabilitate an old mill, Park Mill, in Congleton, to provide new accommodation for a group of vulnerable single people. The association was keen to feed in tenants’ views on the proposed designs at an early stage and arranged for them to view the plans at Salford University’s ‘virtual reality’ suite. Traditionally, tenants’ input is secured using two dimensional drawings, product samples and colour cards. The virtual reality suite allowed a three dimensional interactive computer model of the development to be used. Prospective tenants could view the building from all angles and, via a mouse, walk around their flats, making choices as they went. The technology used is similar to that employed in flight simulators and other high-tech industries.

This exercise was invaluable in allowing early identification of potential problems. For example, the original design included a small retaining wall topped by railings. Being

able to ‘view’ the wall and adjoining car park from inside a ground-floor flat revealed that car headlights would shine directly through some of the bedroom windows. This and other aspects of the proposed design were altered, allowing the association to ‘get it right first time’ and make the mill a better place for people to live. However, benefits went much further than service improvement: the individuals’ skills and confidence grew as a result of their involvement in the exercise. It also generated a high degree of co-operation and open discussion, which improved the group’s sense of community. Those involved have gone on to become engaged in other aspects of resident involvement with the housing association.

The overall cost of the exercise was £4,000, with the majority being met from a Housing Corporation grant. This represented only one-half of a per cent of the overall building costs and the housing association felt that the benefits easily justified this. The association is considering adopting a similar approach for a future new build project, but using a compact disc and video rather than taking tenants to the virtual reality suite.

*Source: Audit Commission fieldwork*

## Enhancing accountability to users

- 20 Many housing associations are interested in including more residents in the decision-making of the organisation, in order to improve accountability. This approach has tended to be based on collective or representative structures of participation. Therefore, residents’ or tenants’ groups will be seen as the most legitimate way to involve residents, along with asking representatives to sit on housing association boards or other decision-making fora.
- 21 Those housing associations that believe in a ‘collectivist’ approach argue that tenants should be able to influence decisions about where and how they live and, if they want to, take part in the decision-making process. They point out that tenants often do not have choices in the way that other consumers do and that the housing market is not a market in the traditional sense. Therefore the rights, views and future of social housing tenants may need greater protection.
- 22 As an outcome, enhanced accountability is more intangible than service improvements. It can be more difficult to demonstrate and it may start to overlap with the social capital aims discussed below. However, resident involvement can play a key role in making housing associations more accountable to all users. It can also provide residents with an alternative way to connect with decisions around the provision of services. And an involvement in housing association boards or tenant groups might lead – for those residents who are involved – to greater engagement in local democracy and more generally in society (**Case study 2**).

## Case study 2

### Involvement in local residents' groups can lead to greater political engagement

Lillian Baldry, a tenant of Impact Housing Association, has been chair of her local residents' association since 1996. The association was originally formed in response to high levels of antisocial behaviour affecting the Salterbeck estate in Workington, Cumbria and residents have worked hard to turn it around with the association and the help of lottery and other funding. As result of her involvement in this project, Lillian was approached to become a local councillor and went on to become the mayor of Allerdale Borough Council. The confidence that she gained through her involvement with the housing association and the local community has enabled her to make this transition and to assume key political roles in the local authority.

*Source: Audit Commission fieldwork*

## Enhancing social capital and building community capacity

- 23 This model of resident involvement is an addition to the traditional consumerist/collectivist spectrum. It reflects the fact that there has been a shift away from a 'bricks and mortar' approach to housing provision and regeneration to one that includes attempts to improve the capacity of communities and to build social capital.<sup>1</sup> Landlords that adopt this wider agenda believe that there is value in the formal and informal interaction between members of a community, and that the providers of public services can, in a range of ways, influence this for the better. Hence an increased emphasis on partnership working alongside a more widely based concept of community means that some housing associations are increasingly looking to work with a range of people, including tenants (social and private), leaseholders and owner-occupiers. This trend has been fuelled by the development of more areas of mixed tenure.
- 24 Increasingly, the lines between resident involvement and community development are being blurred, as more social landlords become involved in wider, multi-agency initiatives aimed at building community capacity. Many housing associations we spoke to saw themselves as more than landlords. In fact, 73 per cent of National Housing Federation members have signed up to the *In business for neighbourhoods* programme, which encourages housing associations to diversify their activities in order to support neighbourhood renewal (Refs. 9 and 10). However, others question whether housing associations should be expected to compensate for what they see as the failures of other service providers.

<sup>1</sup> For clarity, the term 'social capital' is taken to mean the 'connectivity' in society. It was originally coined to make a distinction with economic and physical capital. It is the 'features of social organisation, such as trust, norms and networks that can improve the efficiency of society by facilitating co-ordinated actions' (Ref. 8).

- 25 Landlords pursuing a broader, social capital agenda face a range of challenges. First, they need to ensure that they are working towards ‘bridging’ social capital and improving overall community cohesion, not ‘divisive’ social capital, which may strengthen individual communities at the expense of the wider community (**Ref. 11**). Second, the benefits are often difficult to measure, tend to be medium to long term and may accrue to other agencies – for example, the police (**Case study 3**). Finally, the pursuit of stronger social capital is only relevant in some places, for example, those associations with concentrated areas of stock. It may be a problematic, and probably pointless, objective for landlords with a very dispersed stock base.

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### Case study 3

#### Resident involvement can lead to concrete benefits for other agencies

Impact Housing Association’s best value review of resident involvement found that the residents of supported housing (which accounts for around 20 per cent of the association’s stock) did not get involved to the same extent as general needs residents. The association decided to try to change this and consulted all residents of supported housing about the ways in which they would like to be involved.

In the Lindisfarne Street Hostel, which caters for men with mental health and alcohol dependency problems, various suggestions were made in response to the consultation. The association organised a fishing trip for the men in partnership with the Environment Agency. This had some immediate benefits, such as allowing the men to get to know each other in a relaxed environment and promoting group cohesiveness. It was an invaluable source of feedback for the association: the men were more forthcoming with their views about the service because they were not in their normal environment and because they were able to talk to other Impact staff (not their key workers and hostel managers). The residents also expressed a willingness to take on further responsibility in the running of their hostel, which has resulted in the organisation of a ‘room of the month award’ for the best kept room and in residents becoming involved in redecoration programmes. In addition, the fishing ‘club’ is now a permanent fixture and has evolved into the ‘activities club’. Possibly the most important benefit is the impact on relations in the hostel: ‘the atmosphere is less tense now because the men are not as bored’. A very real measure of this has been a marked decrease in violent incidents: the police have not been called to the hostel to deal with an incident of this type for nine months. Previously they attended at least three times per month.

*Source: Audit Commission fieldwork*

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## What happens in practice?

- 26 The typology set out in Exhibit 2 serves as a framework only and focuses on why landlords undertake resident involvement, not on the methods or the processes they adopt. In reality, the three models are not mutually exclusive: social capital/community development aims may well be met by adopting a collectivist agenda. For example, as individual residents become involved in decision-making structures or as representatives, this may increase their individual skills and ultimately contribute to the community by serving as role models. Similarly, service improvement goals are very likely to be achieved by greater involvement of residents in decision-making. Improved services may well be a by-product of an outwardly collectivist agenda.
- 27 Furthermore, landlords may either associate themselves most strongly with one of the three objectives or, more commonly, find themselves in the middle of the diagram in Exhibit 2, seeking a range of outcomes – service improvement, enhanced accountability or stronger social capital – from one or more resident involvement activities. But some housing associations are driven by less laudable motives. For instance, they may set up structures and activities primarily as a means of complying with the Housing Corporation’s regulatory code, or to meet the expectations of inspectors. Others may be driven by the availability of external funding. This will not, in itself, mean that the ensuing involvement is purely tokenistic, but there is a danger that momentum will wane when the funding source dries up. Other housing associations may involve residents primarily to improve their image or public relations.
- 28 The new Housing Corporation involvement policy requires associations to produce, in partnership with their residents, an involvement statement. This should be reviewed every year using ‘impact assessments’, which will collect evidence to show how, and the degree to which, services have improved. The new policy also states that the Corporation will enforce penalties for those associations perceived not to be complying (**Ref. 6**).
- 29 The preceding two chapters set out the context for the study by highlighting the fact that awareness of the costs and benefits connected with resident involvement is low and by suggesting that there are three main motivations for involving residents: service improvement, enhancing accountability to users and broader social capital aims. The next chapter discusses the benefits of resident involvement – for landlords, residents and the wider community.

# 2



## Making it work: the benefits of involvement

Involving residents in the running of housing organisations can yield considerable benefits, both for landlords and for the residents themselves.

Understanding the potential benefits helps landlords to decide what approach to adopt and can help them to demonstrate the point of such activities – to staff and to residents. And providing residents with a menu of options allows them to engage in the way that suits them best.

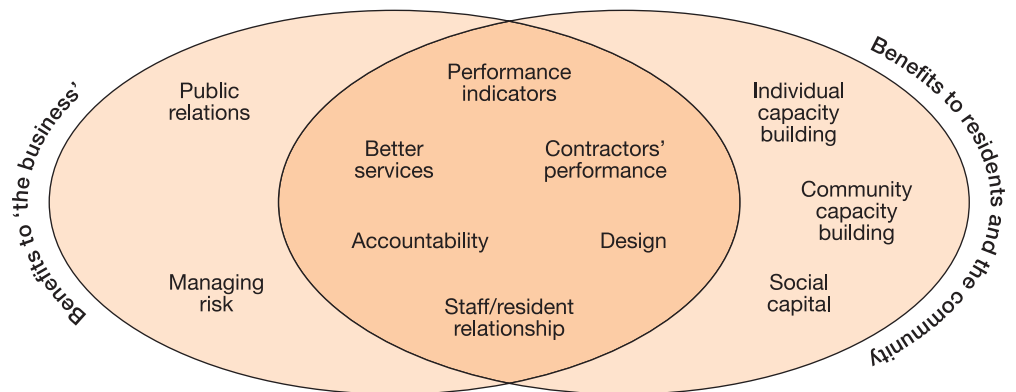
## Context

- 30 The study focuses on the outcomes of involving residents, and is not concerned with assessing ‘outputs’, such as the proportion of an association’s residents belonging to a residents’ association, or how many residents sit on the board. While it may be helpful for individual housing associations to track progress on such measures, they are not in themselves useful comparators, as no template exists of the ideal ‘level’ of resident involvement. This focus on outcomes rather than outputs is the principle also espoused by the Housing Corporation’s Regulatory Code and its Involvement Policy (Refs. 2 and 6), and by Audit Commission inspectors.
- 31 This chapter discusses the benefits of resident involvement, first from the landlord’s perspective and then from the viewpoint of residents and the wider community (Exhibit 3).

### Exhibit 3

#### Categorising the benefits of resident involvement

Resident involvement can bring benefits to housing associations, to residents and to the wider community.



Source: Audit Commission

## Benefits to the ‘business’

- 32 One way of assessing the extent to which resident involvement contributes to business objectives is to listen to the language that staff use, particularly those in senior roles. Staff at some of the fieldwork sites talk about ‘putting the customer at the heart of things’, about ‘knowing their customers’ and that ‘resident involvement makes business sense’.
- 33 But it is not simply rhetoric. We found that there are very clear business gains to be made. Here we discuss the impact on: performance indicators; services; the relationship with contractors; accountability; the staff/resident relationship; public relations; risk and the design of houses.

## Links to national performance indicators

- 34 One of the ways that housing association performance is judged is via a set of performance indicators collected by the Housing Corporation. One indicator directly relates to involvement: the percentage of tenants satisfied with opportunities to participate in management and decision-making in relation to housing services provided by their landlords.<sup>1</sup> In 2003, the national figure was 60 per cent. But some housing associations claim that resident involvement can have an effect on the ‘mainstream’ indicators, such as empty properties (voids), turnover of tenancies and rent arrears.
- 35 Spending time with new tenants at a ‘settling-in visit’ is something that housing officers in many associations will do as a matter of course. This is not usually viewed as resident involvement. However, it is worth highlighting that ensuring that tenants understand their tenancy agreement and are aware of opportunities to participate can reduce the likelihood of difficulties later on, be they defaulting on rent payments, nuisance neighbours or simply failing to report repairs in a timely way. It can also establish a good landlord/tenant relationship from the beginning, with the resulting benefits that can bring (see paras 46-48).
- 36 At a more strategic level, resident involvement can often impact on voids and turnover of residents, both of which are central to the performance of the landlord, and of course to the sustainability of the community. On ‘failing’ estates, such involvement is often accompanied by a substantial investment in the physical environment. It can therefore be difficult to separate cause and effect. Notwithstanding this, the active engagement of residents was deemed to be a critical factor in the reduction of voids and turnover of residents at a number of our fieldwork sites (**Case studies 4 and 5**). Some interviewees could point to examples of nearby estates receiving similar levels of investment in the physical fabric but less involvement from the community. The result was that these estates had been less successful in reducing their voids/turnover levels. The key point here is that the practitioners involved believe that it is the involvement of the community that makes the difference. This contention has been backed up by the research undertaken in the 1990s by the Social Exclusion Unit (**Ref. 12**).

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### Case study 4

#### Resident involvement can help to reduce voids and turnover

Hollybirch Grove, a small estate in Telford, was one of the first projects in Bromford Housing Group’s ‘relaunch’ programme. The programme aimed to turn around eight estates and was funded by a Housing Corporation Innovation and Good Practice (IGP) grant of £70,000. The housing association wanted to monitor progress on the estates closely and, to that end, produced estate level performance indicators on void loss, letting turnaround, tenancy turnover and others. This baseline data was tracked quarterly and compared with average figures for Shropshire and Mid Wales to measure progress as improvements took place.

<sup>1</sup> This is also a best value performance indicator for local authorities.

Hollybirch Grove was built in the early 1980s and had been relatively popular until 2000, when signs of decline were becoming apparent. Through surveys and an open day, the housing association established that residents' concerns centred on problems with children hanging about a central, run-down communal area. The association worked with residents to establish what improvements were required. Original plans to install a formal play area were abandoned after consultation flagged up concerns about the levels of vandalism this might attract and about higher service charges as a result of the extra maintenance required. Instead, a new, more basic communal area was agreed, with benches, removal of shrubbery and new fences. The main vehicles for involving residents were open days every other month to gather views and to report on progress. A newsletter was also produced. Five tenants were closely involved in the design of the new area, which was carried out over six months, and children were also consulted on their preferences. The weekly presence of the estate manager was a valuable way to ensure that local residents felt they were part of the process and 'owned' the new space.

Staff and residents feel that the efforts to involve the community have been a key part of making the estate a desirable place to live once again. The new communal space and the process that residents and staff went through to design it has had a discernible impact, most clearly illustrated by a dramatic impact on performance indicators:

Baseline data	Average for Shropshire/Mid Wales 1999/2000	Scheme average 1999/2000	Scheme average 2000/2001	Scheme average 2001/2002
Void loss per unit	£95.03	£141.90	£31.86	£6.25
Average letting turn round time per unit	6.56 days	19 days	4 days	4 days
Tenancy turnover	10.23%	13.3%	5.88%	5.97%
No of difficult to let voids	0.43%	5.88%	0%	0%

Source: Audit Commission

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## Case study 5

### Estates can be turned around with the help of resident involvement

In 1996, Impact Housing Association took over 650 properties on the Salterbeck estate in Workington. The estate had a range of problems including a high level of voids, high turnover of tenants and serious antisocial behaviour, verging on civil disturbance. Several funding sources were accessed and the housing association worked in partnership with the police and local authority to improve the physical environment and the quality of services on the estate. The development of resident involvement and a new community centre, built to provide a focal point for community activities, proved to be a turning point for the estate. Voids have decreased from 60 to 10, with no long-term voids. Furthermore, there is now a waiting list for properties.

*Source: Audit Commission fieldwork*

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### Better services

- 37 Associations have a range of ways of asking their residents how to improve or redesign services. These vary from surveys/feedback forms to focus groups, workshops, conferences and involving residents in service review groups. The research highlighted several examples where services were improved as a direct result of residents' input, and where this also had very specific business gains for the housing association.
- 38 A particular focus for the study was how residents were being involved in groups set up to review individual service areas, for instance, best value reviews. Housing associations are starting to build up experience in this area, with many having run such reviews on a cyclical basis for a number of years. While the involvement of residents in service reviews is standard in many associations, there is untapped potential within the tenant bodies in many others. Approaches vary and different models will suit different landlords and different reviews.
- 39 Our fieldwork found that housing associations that included residents on service review groups discovered extensive benefits, and the costs involved were relatively minimal (**Case study 6** and see **Case study 14**, chapter 4). However, some were working more successfully than others. Associations need to be prepared to periodically review how groups are working. They may wish to change the format, membership and so on for those that have ceased to function effectively. One of the problems with such arrangements is that the groups can be exclusive: by definition, they only engage a small proportion of residents. Associations need to ensure that a range of other routes are open to those who are not involved in the service review groups (**Case study 7**).

*It is about improving working practices and policy, in line with customers' views.*

*(Senior tenant involvement officer, housing association)*

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## Case study 6

### Involving residents in service review groups can yield results

South Warwickshire Housing Association runs ten ‘standing’ service review groups that meet at least twice a year and include a majority of tenants. The tenants are recruited from the pool of tenant representatives. Some groups are working better than others, but tenants and staff can identify real benefits and changes as a result of some of the groups. Staff feel that a) it is an invaluable way to understand issues and problems facing tenants, b) the meetings provide an opportunity to test and ‘sell’ new ideas to tenants and c) they consolidate staff/tenant relationships. From the tenants’ perspective, it is a good opportunity to come together with other residents, seen to be particularly important as the housing association has a geographically dispersed stock base. This allows them to compare their experiences of the service that South Warwickshire is providing, and to make suggestions about how it can be improved. A number of proposals emanating from the service review groups have been adopted by the housing association. For example:

- placing skips outside properties every few months to tackle bulky refuse;
- production of an explanatory leaflet on service charges in response to concerns raised by the service review group. This has reduced the number of queries and complaints to the housing association about the programming of improvement works; and
- one service review group drafted a leaflet to explain to tenants what they should do if they experience antisocial behaviour. The leaflet outlines the housing association’s policies and responsibilities.

Apart from the more usual groups, South Warwickshire Housing Association also runs one to undertake ‘environmental auditing’ of the association’s policies and practices. This is called the Green Team.

*Source: Audit Commission fieldwork*

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## Case study 7

### Landlords should offer a ‘menu’ of different routes for residents to become involved

Many housing associations now hold a database of interested residents, which gives information on the way they would prefer to be consulted or involved. This presents a possible solution for housing organisations that struggle to involve a cross-section of the community.

Northern Counties Housing Association has developed a system to ensure that its residents can engage at the level they feel comfortable. Any resident can complete a ‘Key Player Card’, stating which areas they are most interested in (for example, housing management, or repairs and maintenance) and what involvement methods they are interested in, from a choice of 23. These methods range from a willingness to be contacted by questionnaire every three months about a particular aspect of

Northern Counties' services, to applying to become involved as a board member. In between are opportunities to become a mystery shopper, to edit the newsletter or to work shadow a member of staff. Tenants can tick as many options as they like. Once they have sent their card they are recognised as 'Key Players'.

Such databases can be a cost effective way to reach interested tenants and are a valuable market research tool. For instance, Gallions uses its database of over 900 tenants to tailor recruitment for focus groups or best value reviews to the relevant residents. Because people have already expressed a particular interest, the response rate to such requests and to consultation exercises tends to be significantly higher than normal (Gallions achieves, on average, a 50 per cent response rate).

*Source: Audit Commission fieldwork*

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### Improved service from and relationship with contractors

- 40 With housing associations often looking to contract out elements of their work, particularly maintenance, the relationships with contractors and private sector partners becomes more important. Residents are at the interface of this relationship and it is therefore common sense for landlords to involve them in drawing up contracts, in contractor selection, in training and in subsequent monitoring of performance. As service users, residents can play a central role in monitoring contractors and feeding back this intelligence to the housing association. This is clearly dependent on a strong relationship between residents and landlords – but where it works, residents can be the 'eyes and the ears' of the housing association on the ground, **(Case study 8)**.

### Case study 8

#### Residents can help to improve contractors' performance

At Elm Farm in Cheltenham, Bromford Housing Association residents were involved in setting standards for the contractors employed to install new kitchens and gas mains, and in drawing up their 'code of conduct'. A pilot run was carried out in the house of one resident representative. This allowed other tenants to view the layout of the new kitchen and the tenant concerned commented on the conduct of the contractors as the work was being done. Adjustments were made to improve both the process and outcomes for the rest of the residents.

*Source: Audit Commission fieldwork*

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*The majority of members can think strategically and the personal experience of tenant board members can be very valuable.*

*(Director of new initiatives, housing association)*

*Each tenant brings a different perspective: they have a unique contribution to the board.*

*(Chief executive, housing association)*

## Accountability

- 41 Many of the benefits outlined so far relate to the day-to-day performance of a housing association. But involving residents can also have an impact on more intangible aspects, the most important of which is accountability. The Housing Corporation's Regulatory Guidance requires housing associations to be accountable to their stakeholders (Ref. 2). Associations can respond to this requirement in a range of ways and the Corporation is not prescriptive. For example, it does not require associations to include residents on boards. However, many do.<sup>1</sup> An effective board, with or without resident members, is key to the running of a successful housing association.
- 42 Eleven of the 14 fieldwork associations had resident board members. Their experiences varied, with some housing associations finding the inclusion of tenants on the board to be very valuable and others finding it more challenging (see paras 93-99).
- 43 For those associations that make it work, a number of benefits can ensue. Many associations value a user perspective at board level. Housing association boards are unusual in that a minority of board members have experience of the type of service that they are governing. In contrast, school governors and board members of healthcare trusts will all have first- or second-hand experience of the relevant service. Including even one or two residents on a housing association board is therefore often seen as being important in ensuring that the focus and strategic direction of the organisation takes account of residents' experiences.
- 44 Other associations believed that the benefit came from having a 'diversity of challenge' at board level: *scrutiny comes from a number of view points, making it a comprehensive scrutiny* (independent board member, housing association). There can also be an important, positive effect on the performance of the remainder of the board: *one association found that respect is increased and board members' game is raised if tenants are there* (chief executive, housing association). The inclusion of residents on boards can also have a positive effect on an association's relationship with the wider tenant body: credibility is added.
- 45 While there can be clear benefits in including residents on housing association boards, many housing associations operate effectively without them. It is not the purpose of this report to advocate either approach. Chapter 4 looks at governance in more detail and highlights some of the issues facing those associations where the inclusion of resident board members is proving to be more challenging.

## Staff/resident relationship and trust

- 46 A good relationship between frontline staff and residents is key to effective housing management. But levels of staff/resident contact varies enormously. The majority of residents will rarely see housing association staff, unless there is a problem. Others may attend an annual conference, while a minority will be more actively engaged. However, housing associations need to make the most of each opportunity to build up a good relationship with residents.

<sup>1</sup> According to information submitted to the Housing Corporation registry, at least 40 per cent of lead-regulated housing associations (those with over 250 units) had tenant board members.

*It [the presence of a residents' group] doesn't make me do my job any better, but it speeds things up as problems are flagged up earlier.*

**(Maintenance officer, housing association)**

- 47 A good staff/resident relationship can have a positive impact on rent payment, neighbourliness and even voids or turnover of tenancies. However, some housing officers we spoke to were concerned about the amount of time they spent on engaging generally with tenants, which might be better spent on, for example, chasing rent arrears. Despite their occasional frustration, the same staff were also quite certain that investing in this contact did yield benefits, for them in their job, for the residents and for the organisation. The development of an 'early warning system' was seen to be of particular value, whereby tenants flag up an issue at an early stage, be it vandalism, structural repairs or issues with contractors, before it becomes a more intractable problem.
- 48 Many associations with estate-based stock now involve their residents in estate inspections. Residents accompany frontline and senior staff on a walkabout to assess what improvements or changes are required. In addition to the very obvious benefits that this may produce, such as ensuring that serious repairs are addressed as early as possible, it can also serve to improve the landlord/tenant relationship and be good 'public relations' for the association. Joint inspections also demonstrate that both landlord and tenants have a stake in the future of the community, therefore sending a signal to those who are intent on vandalism or other antisocial behaviour.

### Other benefits

- 49 A number of other benefits for associations as businesses were identified by the research. For instance, as highlighted above, having a good track record on resident involvement can result in good public relations and an improved reputation. This is particularly important in low-demand areas, where housing associations may have to work hard to attract tenants: this can give associations a competitive advantage over other landlords. It can also be a good way of mitigating a housing association's risk: if residents are closely involved at all stages of policy development and have an opportunity to input to key decisions, then there is a level of joint responsibility for outcomes.
- 50 Involving residents in commenting on designs for new build schemes or on refurbishment programmes has long been seen as good practice. However, associations have progressed from simply asking tenants to choose the colour of their kitchen or new front door. Involvement is being sought through more innovative ways, such as using virtual reality suites, and residents often see significant changes as a result of giving their views.

## Benefits for residents and the wider community

- 51 One of the issues for resident involvement, and the reason that it is often not straightforward, is that landlords and residents may be seeking very different outcomes from their involvement. Motivations differ, as will benefits. The above section dealt with the benefits to ‘the business’. These will also be relevant for residents, but in addition there are important outcomes that may be more specific to them and to the wider local community. Here we discuss: building individuals’ capacity; building community capacity and enhancing social capital.

### Individual capacity building

- 52 The very process of becoming involved in the way that a housing association is run and delivers its services can have real gains for an individual in terms of enhancing his/her confidence and employability. Some formal schemes directly lead to qualifications for tenants and to employment (**Case study 9**).

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### Case study 9

#### Training can broaden residents’ skills

Since 2001, New Islington and Hackney Housing Association has funded several of its active residents to study for the Chartered Institute of Housing National Certificate (Tenant Participation Pathway) at Middlesex University. The course runs for a year and students attend for one day a week with an optional residential course. It is one of many similar courses run by different universities/colleges, aimed at both residents and housing staff.

#### Costs

The housing association views the cost of the course as minimal (£475 per employed person and £125 per unemployed person). What is more significant is residents’ expenses, as many of them have children, and staff mentoring time. Each resident is allocated a mentor to assist them with different aspects of the course. This has proved to be quite time intensive for some staff. For the residents, time spent on private study is the main personal cost.

#### Benefits

However, the housing association now has access to a core group of active tenants who are better equipped to interact with staff and are now ready for ‘higher’ levels of participation. But the benefits to residents are more significant and include individual capacity building, increased confidence, better leadership skills and increased job opportunities in housing. One resident stated *I felt more empowered, which encouraged me to get more involved in tenant participation*. Both residents and the association feel that these benefits outweigh the cost.

*Source: Audit Commission fieldwork*

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- 53 Other activities may not give formal qualifications, but will result in increases in confidence and new skills. The focus groups with residents highlighted that these can include public speaking, improved social and meeting skills, numeracy, an understanding of how the housing association operates and personal satisfaction. All these can have knock-on effects on residents' aspirations and life chances.

### Building community capacity

- 54 In addition to individual benefits, resident involvement can also have positive results for the wider community. 'Community capacity' essentially refers to the skills and abilities a community possesses (Ref. 13). These can be augmented simply by those individuals who have acquired skills, jobs or responsible positions acting as role models to others. A more direct impact on community capacity may involve active residents undertaking (formal or informal) community development work. Transforming, or at least improving, their community is often the main reason cited by residents for becoming involved in the first place: one tenant told us: *we are changing the future for our kids*. Several other residents pointed out that their involvement was helping members of the local community to realise their potential (Case study 10).

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### Case study 10

#### Resident involvement can create new opportunities

Devon and Cornwall Housing Association has some very committed, active tenants who have used their experience and skills to help other members of the community to carve out a better future.

In one example, a tenant set up two youth groups and a youth forum: *I was fed up with the stigma attached to social housing and with nimbysism. Our kids were getting labelled and I wanted to do something about it. The youth groups have helped to provide structure and develop personal aspirations for some of the local teenagers. There were two boys who started to come and they were on the verge of bad behaviour. Now, one of them is at university and the other has joined the Navy.*

Source: Audit Commission fieldwork

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### Social capital and sustainability

- 55 One of the key issues facing those charged with resident involvement is the fact that many of the benefits, as we have seen, are difficult to capture and even more difficult to quantify. This is particularly true of the final, very important, benefit – that resident involvement can have a discernible impact on social capital. Social capital is distinct from community capacity, discussed above. It is not about the skills of a local population but about the links, formal or informal, between members (see para 23). Some commentators are now using the term 'civil renewal' to describe the same effect (Ref. 13). Resident involvement can directly contribute to the strengthening of social capital. Effects are most often discernible at the micro scale with residents enjoying the social side of involvement, but they can also be more far reaching and have an impact on the sustainability of communities.

*You can't do things to a community, you must do it with them.*

**(Customer services director, housing association)**

*The residents' awareness of the housing association is improved [as a consequence of setting up a residents' association] and it has improved residents' pride in the area.*  
(Tenant, residents' association member)

*Residents feel happier now that they have developed social networks centred on the estate. For example, there is a gardening club and a 'Happy Memories Club' which serves to reduce isolation for older people.*  
(Community development officer, Impact Housing Association, Salterbeck)

I Enterprise 5 Housing Association employs tenants as staff members to support the tenant and community development officer. These roles are known as 'tenants' friends' and should not be confused with Independent Tenants Advisers who are also often known as 'tenants' friends'.

- 56 In interviews and focus groups, residents repeatedly referred to the informal benefits of involvement, such as making links with other residents and staff, and socialising. In response, many landlords base their approaches to involvement around social activities to ensure that people turn up. One operations manager told us: *the housing association has decided to try and attract people to come to events which will be enjoyable so we can engage and consult with them.* Another manager told us: *you shouldn't underestimate the importance of food and weather.* Apart from enjoyment, social activities can also give residents personal satisfaction and make them feel part of the organisation and local community. Furthermore, if residents enjoy their involvement and feel that they are making a positive contribution, this will encourage them to stay involved.
- 57 But these social benefits can have a wider impact. They can translate into improvements in community spirit, which can develop residents' pride in an area, in turn leading, for example, to less fly tipping or vandalism and more self policing. In short, stronger social capital can have a positive impact on the behaviour and aspirations of local residents, and on community cohesion.
- 58 But some housing associations do not simply rely on pressure from the local community to influence behaviour. Some are designing specific initiatives explicitly aimed at promoting particular behaviours or improving the cohesiveness of the local community. These can also have far wider effects, as the examples of Enterprise 5's 'football charter' (Case study 11) and the clubs set up on the Salterbeck Estate show.

## Case study 11

### Focusing on a particular issue can have wider impacts on the sustainability of a community

Football was proving to be a nuisance for the residents of Mill Farm Close, one of Enterprise 5's estates in Newcastle, particularly during school holidays. Housing officers were receiving regular complaints about damage to planted areas, cars and general abusive behaviour. The housing officer and 'tenants' friend'<sup>1</sup> began by door-knocking to find out the scale of the problem and started to form good relationships with local residents. They also brought the young people together to get their side of the story: with only small gardens young people felt that the only place to kick a ball around was in the courtyard areas. They felt that the adults were abusive to them.

Both tenants and young people agreed to work together to improve the situation. A charter was produced that set out guidelines on times to stop playing and the need for mutual respect. This was signed by tenants and young people. The housing association incentivised compliance with the charter by offering to fund football sessions at the local leisure centre if the young people altered their behaviour. In addition, a beach party at the local swimming pool was organised for both adults and young people to say thank you to everyone involved.

The association received very positive feedback about the initiative. Last summer (2003) was trouble free, with young people taking more responsibility for their

behaviour. One tenant said: *I had put up with damage and constant problems with the young people for so long because of where my house is on the estate. The tenants' friend's involvement in finding out everyone's views, working towards solutions and keeping us informed every step of the way has meant there was a big improvement in the behaviour of the young people and the football problem in the summer.*

The changes are also evident to staff, who report that: *it has created stability and quietness and has also had an impact on turnover and voids. They report that vandalism has dropped off and that the estate feels 'less tense'.*

To build on the success and to continue to monitor progress, the tenants' friends have continued to meet with the young people and have offered to set up a friendly match with staff from the housing association. They also plan to form links with local sports and health projects.

*Source: Audit Commission fieldwork*

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- 59 There is no doubt that undertaking resident involvement activities can result in significant benefits – for housing associations, their residents and the wider community. However, these need to be set against the costs. The next chapter looks at awareness of, and attitude towards, expenditure and discusses the costs to residents.

# 3



## What are the financial implications of involving residents?

Very few housing associations understand the costs involved in resident involvement, because for many it is a 'mainstream' activity that is often difficult to cost separately. Better tracking of expenditure would enable landlords to take a more strategic and informed approach to planning their resident involvement activities. Costs to residents should also be considered to ensure that their time and effort is not taken for granted.

## Context

- 60 Spending on resident involvement varies considerably between landlords. The level of spending depends on many factors, including the size of the association and its organisational structure, but it is determined particularly by organisational ethos and location of stock. Broadly, those associations that adopted a more collectivist approach to resident involvement and were committed to community development aims, had higher levels of spending. Those with dispersed stock were also more likely to spend more on resident involvement, but that should be viewed in the context of higher management costs more generally for such landlords. However, it is very difficult to compare spend accurately, not least because awareness of costs varied markedly. This chapter explores why this is, looks at different attitudes to the cost of resident involvement and discusses spending on staffing and other categories. It examines costs primarily from the housing association's point of view. However, it should be noted that there are also costs to the residents themselves, primarily in terms of the time they spend attending meetings (paragraphs 79-81).

## Awareness of costs

- 61 Awareness of costs varies greatly among housing associations. There are several explanations for this. Tracking of costs is very patchy. Some of the fieldwork sites had established systems to track costs and benefits, but most had not. Systematic monitoring of spend across time was also rare. However, most associations believed that the amount they spent on involving residents had risen in the last five years. For some this was due to increased numbers of residents becoming involved, for others; it was a result of the profile of active residents changing. For example, several housing associations were now involving higher numbers of residents who had children and, as covering the costs of childcare has become standard, expenses were rising.
- 62 Some housing associations were undertaking their own benchmarking to compare their spending on, and approach to, resident involvement with other organisations, often as part of a service review exercise. Others were making use of the limited numbers of existing benchmarking studies. One of the most comprehensive was carried out by the Heart of England Housing Group (Ref. 14). This looked at spending by a mixture of 49 housing associations and local authorities and estimated the average spend per organisation to be £53,000 per annum.<sup>1</sup> However, most of the work that has been done on resident involvement costs, including the Aldbourne Associates' survey of registered social landlords in 2001 (Ref. 15), concludes that since housing associations do not allocate the same items of expenditure to the resident involvement budget, comparisons are difficult and can be misleading. This was particularly true for this study, as we deliberately sought a variety of associations that represented a broad range of size, history, location and ethos.

<sup>1</sup> This was an analysis of 'core tenant participation costs', which included salaries for dedicated tenant participation staff, on-costs, grants to tenant organisations, resource centres, tenant training and tenants' expenses.

- 63 The difficulty of isolating spend is compounded by the ‘mainstreaming’ of resident involvement. Where associations embed their approach to involvement across the organisation, making it part and parcel of most people’s jobs, the ‘visibility’ of spending disappears. It proved to be particularly difficult, and is not viewed as helpful, for such organisations to separate out their costs on resident involvement. The effort required to do so was not deemed to be a good use of resources. As one director of operations told us: *you shouldn’t agonise for hours over the cost of tenant participation.*
- 64 Despite this scepticism about the value of trying to identify spend on resident involvement, most associations conceded that some additional tracking would be valuable. Associations felt that a greater awareness of the costs could provide additional management information to assist decision-making, but that this needed to be set against the effort and time involved.

## Attitudes to resident involvement spend

- 65 Attitude to spending on resident involvement is influenced by the fact that it is often not regarded as a service, but as a function or even a philosophy. This section explores associations’ attitudes to a number of areas: which activities they consider to be the most resource intensive; and views on opportunity cost, outsourcing, and the use of external finance.

### Which activities are the most resource intensive?

- 66 Frontline staff consider some involvement activities to be more resource intensive than others (**Exhibit 4, overleaf**). Associations generally classified those activities that required a large amount of staff time (and especially senior staff time) or significant amounts of travelling as the most resource intensive. These included establishing or attending tenants’/residents’ groups (due to out-of-hours working), maintaining the management/governance arrangements (including preparing papers, preparing for and attending meetings) and activities that involved ‘door knocking’, for example, setting up one-to-one meetings with all residents.

## Exhibit 4

### Most resource intensive activities for landlords

Activities that require significant amounts of staff time are the most resource intensive.



Source: Audit Commission fieldwork interviews

*You have to devote time to maintaining the structure – hence discussions on attendance and protocol are important. These discussions don't deliver change and are expensive but have to be done. (Senior tenant involvement officer, housing association)*

*If we didn't do tenant participation, we would be spending the time resolving the problems it prevents. (Operations director, housing association)*

*It [opportunity cost] is a theoretical question, as tenant participation is important to the housing association, so we want to focus resources there, even if it means slippage in other areas. (Operations manager, housing association)*

67 However, it was also recognised that most costs were good, long-term investments, even if they didn't have an immediately obvious impact. To establish effective resident involvement approaches and structures takes time, not least because it often requires culture change.

### Opportunity cost

68 It is important that organisations periodically question why they are undertaking certain activities and whether funds could be better employed elsewhere, that is, 'challenge' in best value terms. Opportunity cost is a difficult concept to apply to resident involvement. Our research indicated that most practitioners had never considered the 'opportunity cost' of spending on resident involvement. Instead, there was more concern about the opportunity cost of **not** involving residents. Staff felt that the unspent resources would be used to mop up the consequences of not involving residents. For instance, services may not be directed where they were most needed.

*Tenant participation should be within the organisation.*

**(Operations director, housing association)**

*You can't outsource the culture of an organisation.*

**(Chief executive, housing association)**

## Outsourcing

- 69 Outsourcing is not something that most housing associations would contemplate for their resident involvement activities. A range of barriers was cited. On a practical level, it was felt that an external supplier would not have sufficient knowledge of the client group and therefore outsourcing would not represent good value for money. Housing associations need to ensure that their approaches to involvement are responsive to the needs and views of residents – this would be difficult for a supplier with no prior experience of the tenant body. Also important were the cultural barriers. Many associations felt that the personal contact that resulted from resident involvement was a key factor in building a good staff/resident relationship. This would be lost if the activity was outsourced. It could also affect the ability to mainstream resident involvement, as externalising the function would make it more difficult to develop ownership among staff. There would be a risk that any momentum that had built up would be lost and the longer-term sustainability of involvement activities would be at risk.
- 70 However, many associations recognised that it made sense to outsource those activities where the skills or knowledge were not available in-house, for example, specialist surveys or focus groups. Employing external consultants was also seen as valuable as a neutral presence is often helpful.

## Use of external finance

- 71 What is more common is using external finance to support in-house involvement activities. We came across some innovative examples of this, including Devon and Cornwall Housing Association, which had secured Barnardo's funding for the post of play development worker (Ref. 3). For some tenant participation officers, fundraising was an explicit part of their job. However, few associations seemed to be aware of the key danger of external funding: what happens when the funding runs out? Associations need to be more prepared for the end of externally funded projects and willing to utilise their own resources to ensure that their effects are sustained.

## What does resident involvement cost?

- 72 The largest proportion of spend by housing associations on resident involvement is taken up by salary costs and expenses. Here we discuss the different staffing options adopted by associations. These have varying financial implications. Details of spend on other significant categories, such as residents' groups and newsletters, can be found in the management handbook (Ref. 3).
- 73 Housing associations adopt a range of approaches to supporting their resident involvement activities. The most common model is to employ a team of specialist staff. But all the fieldwork associations expected other staff, particularly housing officers, to include an element of resident involvement in their job. Estimates of time spent by housing officers and other non-specialist staff on resident involvement

ranged from 5 to 70 per cent. Figures were generally approximated although some associations had a more accurate view, as they had conducted staff surveys to determine the amounts of time spent by all staff (**Case study 12**).

### Case study 12

#### Some housing associations use feedback from staff and activity-based costing to estimate the proportion of staff time spent on resident involvement

As part of its best value review, Devon and Cornwall Housing Association calculated how much it cost to deliver community development and resident involvement. The review group assessed job descriptions and requested information from staff regarding the average time spent directly on community development. Staffing costs were estimated as follows:

<b>Dedicated community services team</b>	£276,166
<b>Other staff:</b>	
<i>Housing officers (10 per cent of post)</i>	£100,478
<i>Director of support and housing (5 per cent)</i>	£6,215
<i>Team secretary (5 per cent)</i>	£1,468
<i>Sheltered housing manager (2 per cent)</i>	£1,363
<i>Sheltered housing officer (5 per cent)</i>	£4,187
<i>Regional housing managers (2 per cent)</i>	£6,814
<i>Customer services officers (5 per cent)</i>	£32,298
<i>Corporate strategy manager (1 per cent)</i>	£776
<i>Shared ownership housing officer (5 per cent)</i>	£2,093
<i>Communications manager (10 per cent)</i>	£6,814
<i>Promotions officer (10 per cent)</i>	£4,187
<b>Total cost</b>	<b>£442,859</b>

Once these staff costs were added to the relevant budgets, an overall figure was achieved. Based on this total, the association estimated that community development and resident involvement cost the housing association in 2002/03 £92.41 per tenancy or £1.77 per week from rent (rents vary from £47 to £60 per week. The housing association has around 8,800 properties).

This information has proved to be extremely useful for the association in terms of identifying future costs and planning future investment in community development. It has also enabled the association to show tenants how much they are paying, what they are paying for and whether they consider they are getting value for money.

*Source: Audit Commission fieldwork*

*Also X's background (she was a housing officer) makes it easier and gives her credibility with the other housing officers.*

**(Community initiatives manager, housing association)**

*In terms of formal training I don't think you really need it. We try and recruit staff who are very customer focused and have the right attitude to begin with; you can teach the technical skills later.*

**(Operations team leader, housing association)**

*The trick is to recruit the right staff in the first place. A lot of staff are new to housing – the talent is out there.*

**(Director of housing management, housing association)**

- 74 We also found other staffing models. One fieldwork site employed a relatively senior 'resident involvement champion' who had a direct line of accountability to, and communication with, his chief executive. The champion's role was to support and advise housing officers on involvement activities. He effectively worked as an internal consultant and, due to his relatively senior position, was able to make progress in changing the culture of the organisation. A number of other associations recognised the advantages of making a senior manager responsible for resident involvement activity. One housing association employed a resident involvement manager reporting to a director, but made it clear that her role was to support and advise housing officers on participation – to be a catalyst for cultural change – rather than taking responsibility for carrying out involvement work herself. A third fieldwork site took this ethos further, making a point of having no specialist tenant participation staff at all, as it felt that resident involvement was and should be part of each department's culture. It recognised that there are risks involved in making the function the province of a dedicated team.
- 75 The type of person recruited to fill resident involvement positions also varied among housing associations. Most associations employed staff with specific tenant participation or community development expertise to fill these roles and felt that experience of knowing what works was important. However, a number of associations felt that it was more effective to recruit housing officers to the role and had found that this increased the credibility of the resident involvement staff in the eyes of housing officers. Their frontline experience lent them more clout and made it easier for them to influence other colleagues. Other associations were less concerned that candidates should have housing experience. One organisation deliberately sought people with a customer service background. The person in post had private sector customer service experience and was proving to be very effective. Another association generally employed graduate trainees as tenant participation officers and again valued attitude and enthusiasm over experience.
- 76 As a consequence of these differences in approaches to staffing, costs varied enormously between associations and were compounded by significant regional variations in salary. As a result, we have not sought to replicate figures here.

## The costs of involving all sections of the community

- 77 The majority of costs that result from resident involvement will be generic to all types of resident and landlord, but there are additional challenges associated with ensuring that involvement is as inclusive as possible. The needs of particular groups of tenants – for example, black and minority ethnic (BME) communities, people with special needs or those who were previously homeless – may be different from those of the population at large. Landlords need to plan for this and take account of good practice. They need to ensure that their approaches to involvement fit with the culture, working

and living arrangements of different groups of residents.

- 78 Fieldwork sites rarely separated out spend on reaching specific groups. However, a few approaches are worth highlighting. Translation services are becoming standard among the housing association sector. These offer a real time translation service for telephone callers. At a cost of around £5,000 per annum, depending on the tariff agreed, it can represent a good use of resources. Some housing associations are choosing a different route. Burnley and Padiham Community Housing, for example, has a LETS<sup>1</sup> style arrangement with a local BME organisation whereby the housing association carries out minor repairs in exchange for assistance with translation. In areas with low literacy rates, housing associations reported that they have to rely more on face-to-face contact. This can be a relatively expensive way to involve residents, but it can provide additional benefits in terms of improved staff/resident relationship. Some associations have employed dedicated staff with an explicit remit to engage with certain groups. For instance, Impact Housing Association appointed a community development worker with a remit to set up youth groups in the Salterbeck estate. Such posts are often on a short-term contract and may be funded from external sources, so they may not represent a significant cost burden to the association. Other ways to ensure that as many residents as possible are reached are discussed in the management handbook (Ref. 3).

## Costs to residents

- 79 It is easy to focus on the costs to landlords of resident involvement and to neglect residents' costs. This is partly because such costs can be even more difficult to estimate or value than those for the housing association. Focus groups and interviews with residents identified time, effort and opportunity cost as the most common 'costs' for active residents.
- 80 The amount of time spent on involvement activities ranged from several hours a month attending meetings and dealing with paperwork, to three to four days a week for heavily involved residents. For some, 'it's like a part-time job' and several employed residents voiced concern about having to take annual leave to attend meetings during the day. Also, some board members felt that they were treated by residents as a proxy for housing association staff and that this could result in unacceptable demands on their time. One tenant board member told us: *3 am Sunday morning on a tenant call is my record*. However, active residents did not generally begrudge the time that they spent and most of them did not see it as excessive. Many felt that this was the price to be paid for 'getting things done'. It is clear that for those residents who are actively involved there is a strong motivation to make a difference. They are prepared to accept the costs and consequences of that involvement for the greater good of their neighbourhood and community.
- 81 More important than time for residents was the personal cost in terms of frustration on the occasions when they felt that their views were not being listened to. The focus

*No employers will tolerate too much time off work.*

**(Tenant, focus group)**

*If there are any improvements to services as a result of tenants being involved then the costs are worth it.*

**(Tenant, focus group)**

*We reap what we sow.*

**(Tenant, focus group)**

<sup>1</sup> Local exchange trading schemes.

groups recorded several instances where residents felt that their landlords were not acting upon the results of their feedback. Too frequently, associations forget to report back on what they do/do not do with feedback or to give credit for changes to working practices following residents' input. There is a danger that it is the resulting disillusionment with the process, rather than excessive demands on their time, that can lead to residents withdrawing from the system.

## Conclusion

- 82 Resident involvement should be integral to the overall work of housing associations, it should be routine. By definition, the costs will therefore be difficult to identify, particularly for those organisations that have mainstreamed this activity. Furthermore, there are few benefits to be gained from collecting cost information just for the sake of doing so. Notwithstanding this, those housing associations that carried out some tracking of expenditure on resident involvement found themselves in a position to make more informed strategic decisions. In general, they felt that an enhanced awareness of resident involvement spend would benefit the sector. Residents' costs also need to be recognised. If these are not properly understood and residents' contributions are taken for granted, the landlord may see residents' commitment to the process dwindle.
- 83 This chapter has looked at the costs of resident involvement to housing associations and residents. Although it is important for associations to have some awareness of the financial implications, this has to be set against the benefits of involvement. The following chapter considers both and draws some conclusions on the value for money of different approaches.

# 4



## Is it all worth it?

Overall, resident involvement does make a difference and can benefit the whole community. However, it is clear that approaches aimed at service improvement more readily translate into good value for money than those seeking to enhance accountability and build social capital. The latter two are clearly important, but to achieve them, landlords need to learn from good practice, particularly in relation to involving residents on the boards of housing associations.

- 84 The preceding chapters outlined some of the costs connected with involving residents and the sort of benefits that landlords and residents may see. This chapter weighs up the evidence of both in order to draw out overall conclusions.

## ‘It depends where you’re coming from’

- 85 One of the challenges facing those undertaking resident involvement is that landlords and residents often have different perspectives. This may mean that these two groups see themselves in competition, or with contradictory objectives. Research showed that those activities most valued by residents may not necessarily be those most valued by the landlords. What might be low cost and of great benefit to a resident might be the precise opposite for a landlord (**Case study 13**).

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### Case study 13

#### The costs and benefits of running a residents’ association can be very different for residents and for landlords

Residents’ groups can add value for both associations and their tenants. But some of the fieldwork sites were finding it difficult to make these work to the mutual advantage of landlords and residents. In one example, the running of such groups was proving to be very expensive for the landlord and was providing little benefit. Several groups existed, meeting monthly. A precedent had developed whereby senior (director-level) staff would attend each meeting. This translated into a considerable cost for the housing association. Staff did not consider that the meetings were adding value and they were of the view that the feedback could have been more effectively sourced in other ways (for example, via focus groups or the wider consultative panel).

The cost/benefit equation was the converse for residents. When consulted, they were comfortable with the personal ‘cost’ – that is, the time and effort they invested in these meetings. This was seen as reasonable and did not represent a burden to them. There were no additional costs, as the association paid for expenses, refreshments, and so on. The meetings were highly valued by tenants because they gave them an opportunity to network with other residents (the social side) and they provided access to senior housing association staff. In this way, residents felt that they were able to influence the organisation.

*Source: Audit Commission fieldwork*

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- 86 The challenge for staff and residents in the above example, and more generally, is to try to align their costs and benefits more closely. Ideally, both parties need to develop a common interest and to concentrate efforts on those ‘win-win’ activities that are of most benefit to both residents and landlords. If that is not possible, at the very least they should improve their understanding of the other’s perspective. If residents were more aware of what the meetings in Case study 13 were costing the association (and of any consequence that had for rent levels or services), they might be more willing to look at different, more cost effective, ways of being involved. Similarly, if the benefits to residents could be made more explicit to the association, it might be more confident that this was an investment worth making. If there is better appreciation of costs and benefits in the round, residents and landlords can make more informed choices about which approaches offer optimal value for money.

## Some activities are no longer serving a purpose

- 87 Our research highlighted that some housing associations undertake certain resident involvement activities for historical reasons, because the infrastructure and expectation is there. These may continue even if they are no longer serving a useful purpose. There will also be incidences when traditional structures ‘fail’ because both parties have not agreed and understood their respective roles, or where there is no commonality of purpose. While it can be difficult to ‘rock the boat’, landlords who are in those situations need to use service reviews and other mechanisms, in partnership with their residents, to work out what works and what changes are required. It may well be that the views of a vocal minority need to be balanced with the interests of the wider tenant body. If activities are wound up, the ways that such decisions are consulted on and communicated to residents are critical in ensuring an ownership of the new structures or approaches.

## Which approaches work?

- 88 The research was based on the contention that landlords seek to involve their tenants for three main reasons: to improve services; to build social capital or community capacity; and/or to enhance accountability to users. The work has marshalled evidence on the costs and benefits for all three types of activity. The following section discusses each in turn.

## Involving residents to improve services

- 89 There is clear evidence that involving tenants in initiatives and processes to improve services does work. Many of the housing organisations we spoke to were able to cite strong evidence of tenants making a difference and activities where the benefits very clearly outweigh the costs. In **Case study 14**, minimal expenditure on the part of the housing association yielded far-reaching benefits. In this example, the inclusion of New Islington and Hackney residents in negotiating a partnering arrangement improved the process, sold the concept to the wider tenant body and led to capacity building for individuals. **Case study 15, overleaf**, also shows how important it is to listen to residents and that small changes can result in significant savings.

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### Case study 14

## Involving residents in implementation of partnering costs little but can produce significant benefits

### Background

In response to a continuing problem with its repairs service, New Islington and Hackney Housing Association reviewed the way it was delivered. The key problems were a significant backlog of repairs and high levels of customer complaints. The housing association considered various options and decided to go down the ‘partnering’ route. This is a relatively new form of arrangement that associations are increasingly adopting, whereby the landlord contracts with a single firm for maintenance and other work and awards it a large contract over a number of years with a guaranteed level of work. There are perceived to be a range of benefits from such an arrangement, including a better relationship with the contractor and the development of mutual and long-term objectives. It can also provide better value for money.

At New Islington and Hackney, a team of 18 staff, tenants and existing contractors was assembled to look at different ways of designing the contract. Of the 18, six were residents. The process was run by consultants, who brought innovative ideas for facilitating the mixed groups and a knowledge of the private contractors’ market. Three workshops were held to design the contract and short-list the candidate firms.

Staff and residents did not start from the same point. In designing the new contract, the housing association was keen to secure a favourable business deal, whereas the residents were more focused on retaining a core of the existing contractors (some of whom were BME contractors). They saw several advantages to this: the existing contractors knew the stock and the residents and, most importantly, many employed local people. What emerged from the workshops was a workable compromise. A different approach to the traditional partnering route was put forward: that there should be a ‘single source management contractor’ who would be responsible for strategic management and would contract out the work to a consortium, which would include existing contractors. The association was also looking at writing in several requirements to the contract, binding the managing contractor to offer local employment and to fund training. This approach highlights one of the key dilemmas facing housing associations: reconciling their objectives as a business and as a social enterprise. It is also a good example of a win-win situation.

**Costs**

Costs of including residents in this process were minimal for the housing association. Expenses were paid to the six residents involved, plus incentives. Since the association would have been running the group anyway, there were no additional costs. The project manager commented: *it's money well spent – it's peanuts compared with the contract*. Time was the only personal cost identified by residents and it was not seen as an excessive burden.

**Benefits**

The benefits are self evident, in that the outcome was a contract structure that all parties – the association, the residents and contractors – supported. In addition, the association highlighted the fact that there is now a core group of very well informed, 'in fact, expert' residents and that the whole selection process was much more customer focused. Residents, for their part, found the process to be very interesting and satisfying. They also felt that their local knowledge of the local contractors was invaluable.

*Source: Audit Commission fieldwork*

**Case study 15****Service improvements may not require major change but they can result in significant savings**

Enterprise 5 Housing Association used to receive numerous telephone queries for a day or two following the mailing out of rent statements. Generally, it required six housing officers to be office-based for two full days to answer tenants' questions on how to interpret their rent statements. In consultation with the Tenants Panel, the housing association redesigned and simplified the statement. Now it receives significantly fewer queries, freeing up staff to get on with other tasks and representing a significant saving. Tenants have obviously also gained from a clearer explanation of their rent account.

*Source: Audit Commission fieldwork*

**Involving residents to build social capital**

- 90 Chapter 2 set out some of the important social capital benefits that can result from resident involvement activities. There is, however, less evidence on the value for money of such activities. In part, this is because social capital was not a focus for the study and in part it is because the regeneration of a neighbourhood usually depends on the actions of a range of agencies (and other external factors), and not solely the housing provider. It is therefore more difficult to draw conclusions on the monetary value to landlords of getting involved in these wider projects.

91 But many housing associations consider regeneration or community capacity initiatives to be a core part of their job, not least to help build the future sustainability of a community – and to secure the longer-term viability of the association. For instance, the work undertaken by Manchester Methodist Housing Association to set up ‘home zones’ aims to stabilise the community of Northmoor in Manchester. A range of physical and community development work was carried out and residents were involved from the beginning via a number of innovative initiatives. By its very nature, this sort of work requires housing associations to be experimental and take risks. We came across several other housing associations willing to do so, and in a way that was starting to yield results.

### Involving residents in governance

92 On involving residents in **governance structures**, the ‘business case’ is even less clear. According to our research, there is much less certainty about the benefits of including residents on boards of housing associations. For some associations, this may be because senior managers are uncomfortable with the ‘awkward’ questions that engaged resident board members may ask. But in other cases, there are valid issues, related to either the board members themselves or to the role. This section considers these two issues and some potential solutions.

### *The challenges*

- 93 Many housing associations believe that the principle of including residents on the board is right, but they also believe that they have to be the ‘right’ residents. There are two related issues at stake here:
- *Strategists versus lobbyists.* One housing association manager commented that: *we need to separate out the lobbyists from the strategists.* If tenants are to sit on the boards of housing associations, they need to leave estate-level issues at the door and be able and willing to participate in strategic discussions that concern the whole organisation. Often this happens, and the research highlighted several examples of good practice (see paras 41–45, Chapter 2). But other associations were encountering difficulties. One chief executive told us: *the issues tenants bring to the board are not always appropriate – we discussed petty cash once!* Another association reported that: *many tenants tend to bring personal issues to the board.* Where this is the case, the organisation can suffer from poor-quality challenge and scrutiny. This may not cause immediate problems, but it can store up long-term difficulties: *the board does not provide a safety net: while it may not be hindering the running of the housing association, it is not helping* (director of finance, housing association).

*Some tenant board members have been overwhelmed by the experience and are unable to participate.*

**(Chief executive, housing association)**

*We have a disabled tenant board member and having to engage with him raises consciousness about disability issues.*

**(Chief executive, housing association)**

*We make sure members understand the responsibilities of being a board member. It's about individual capacity and ability to make group decisions: decision-making is a shared responsibility.*

**(Chief executive, housing association)**

*The board is very clear that the tenant member represents his or her own views.*

**(Director of operations, housing association)**

- **Skills.** This is in part an issue of skills. In line with the population at large, there will be a wide range of skills among housing association tenants. There may also be a geographical dimension to this. Some housing associations we spoke to were dealing with tenants where English language and general literacy skills were low, whereas in others, the associations had a range of educated, confident, active tenants to draw upon. Therefore, capacity of resident board members will only be an issue in some places. Where it is, housing associations will have to address this. But it is a mistake to become overly focused specifically on the skills of resident board members. Housing associations should not as a matter of course be separating them out for special or different treatment. Resident board members may need specific training or support, but that may equally apply to other board members. Associations need to look at the needs and capacity of the whole board. And often those associations that run training for all members together find that this can improve the cohesiveness of the board.

- 94 There are a number of other challenges. Attracting adequate numbers of potential board members can be a constraint, but experience varies. One housing association was trying a range of approaches to attract resident board members. It had been successful in recruiting people to 'observe' board meetings as a first step, but was struggling to persuade these people to become fully-fledged members. In contrast, another association had a long list of interested tenants.
- 95 Often, these issues arise due to a lack of clarity about the **role** of resident board members. Our fieldwork indicates that there are three possible roles for resident board members:
- to augment strategic decision making;
  - to lend a user perspective generally; or
  - to raise consciousness about a particular perspective or to provide a 'diversity of challenge' (that is, to challenge the 'clubbiness' of some boards).
- 96 It is up to individual housing associations or boards to take a view on which is the 'right' role or combination of roles for them. However, it is more difficult for some 'types' of housing association than others. In general, those with geographically dispersed stock struggle to attract and effectively include resident board members. In part, this relates to practical barriers, such as the distances that need to be travelled to reach board meetings. However, some associations with dispersed stock are making it work.

*It was 18 months before I realised I was not supposed to be representing other tenants.*  
**(Tenant board member)**

97 Sometimes problems stem from expectations that are set up when resident board members are recruited. This may be a particular issue for some Large Scale Voluntary Transfer (LSVT) associations, where expectations may be raised at the time of transfer about the role of tenant board members. Many tenants of such housing associations feel that they are on the board to ‘represent’ a constituency of tenants. Often this misapprehension is a direct result of mis-selling the role at the time of the ballot. At the time of transfer, tenants are often led to believe that they will have an explicit role in representing the interest of their fellow tenants on the board. This is not compatible with the accepted principle that dictates that as a board member they have to work for the interest of the organisation – that is, that the directors’ responsibility takes supremacy.<sup>1</sup> It is the responsibility of the housing association, drawing on guidance (Refs. 2 and 16) to make it clear that resident board members are not there in a representational capacity. Further details are provided in the management handbook (Ref. 3). There are different, and additional, rules governing the role of board members for those housing associations that are registered with the Charity Commission (Refs. 17 and 18).

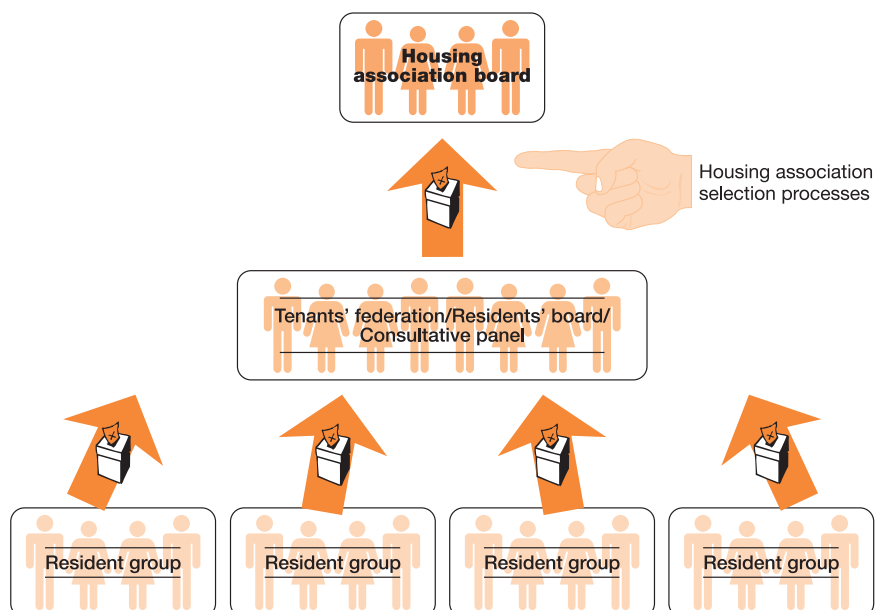
<sup>1</sup> The Housing Corporation Regulatory Code (section 2.1c, guidance column) states ‘individual governing body members act in a personal capacity and not as nominees/representatives of any other body, unless the constitution so provides’.

98 The confusion is also reinforced – in both LSVT and non-LSVT associations – by most residents coming onto the board via an elective route. Research conducted for the Housing Corporation showed that 61 per cent of tenant board members reached the board through an elective route (Ref. 19). A common model is for resident board members to come up through a tiered set of elections, with the housing association, in some cases, interviewing a shortlist of potential candidates at the last hurdle (Exhibit 5).

### Exhibit 5

#### How do residents reach the board?

Most resident board members go through tiered elections: some also are selected/assessed as a final step.



- 99 There are several advantages to election, such as securing the buy-in of residents and providing clarity and transparency about how residents can become board members. But our research showed that often the problems it causes outweigh these benefits. It can create an ‘us and them’ atmosphere on the board and can serve to reinforce the belief among residents and board members that they are there in a representational capacity.

### *The potential solutions*

- 100 Despite the difficulties that some associations were encountering, others found the inclusion of residents on boards invaluable. Many we spoke to were making it work. One solution is to incorporate an element of selection in the recruitment of board members. The housing associations that had the most effective and functional boards either selected their resident board members (**Case study 16**) or adopted a mix of election and selection. They believed that this brought a range of benefits, including more effective group decision-making and a better and complementary mix of skills. It also made all board members feel that they were on an equal footing. Most importantly, those residents who had come through a selection process were clear as to the board member role and that they were on the board to offer a user perspective, but not to lobby on behalf of individual issues/residents. In fact most of the housing associations we spoke to saw merit in introducing an element of selection (**Ref. 3**).

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### **Case study 16**

#### **Many of the housing associations with more effective boards include an element of selection in recruiting resident board members**

Two out of ten board members at Enterprise 5 are tenants. The tenants are selected after participating in a mock board meeting, to give candidates a flavour of such meetings and to test their ability to engage with strategic issues. At the last round, eight candidates applied and, following the mock meeting, they were asked to nominate their two preferred candidates. These views were taken into consideration when the association made its final selection. There is no element of election for tenant board members and instead the association advertises board places in its newsletter.

The board is perceived as: *a cohesive group with a clear vision and commitment* (independent board member). There is clarity around the role of tenant board members: they are seen as offering expertise and an understanding of the client group, along with other individual skills. But they also have a role as described in para 95 of ‘puncturing the clubbiness of the board’: *it stops us making sweeping statements about ‘the tenants’*.

The housing association supports the development of its board members – training and mentoring is offered and the board undertakes yearly self appraisals against the association’s mission statement.

*Source: Audit Commission fieldwork*

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- 101 However, this is not a simple issue. While it can deliver benefits for many housing associations, selecting resident board members throws up a number of points of principle, for example:
- it may be seen as a challenge to the ‘democratic’ process. One housing association told us: *there may be conflict, as tenants may see the selection process as an infringement of their election process;*
  - if a system of selection is introduced for resident board members only, this raises the issue of parity among board members; and
  - a final issue is one of perception versus reality. While housing associations and board members may have a clear view of the role of board members, this does not mean that the resident body will necessarily take the same view. One director of operations told us: *the role of tenant board members is not always understood by tenant representatives outside of the board. They want them to behave like representatives and put pressure on them to do so.*
- 102 Housing associations will therefore need to think the process through carefully before making any changes and be aware that selection is not always an easy option. But there is a host of ways in which residents can be involved in the decision-making of the organisation, without the need for elections. Even in a ‘pure’ selection model, other residents can be involved in the selection of board members (as in Case studies 16 and 17). Housing associations may opt to base their organisations on democratic lines, but democracy and user involvement are not the same thing.

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### Case study 17

#### A few housing associations have gone down a pure selection route

Southern Housing Group has opted to select rather than elect residents into its governance structures. Previously, the organisation operated a system based on elections and using the Electoral Reform Society. However, it was unhappy with the way that the system was working: there was a shortage of people standing, elections tended to be unopposed and some candidates stood on ‘single issue’ tickets. It decided to change the process.

The group now has up to four places reserved on each regional committee for tenant representatives and each regional committee nominates a tenant to join the main board. Separate arrangements exist for home-owners. The opportunity to apply to join the Regional Committee is advertised on noticeboards and newsletters, and via resident groups. All interested residents are asked to complete a short application form, which is checked against criteria such as the ability to operate as part of a team on the committee; ability to accept their role as a partner in the committee’s work; and ability to understand budgets and finance information.

Each regional committee nominates an interview panel that will interview those residents whose initial application meets the published criteria. The panel is made of three people, one of whom will be an existing resident committee member. The

*We have a very collaborative approach to board working, which is quite informal: this makes tenants feel more comfortable.*  
**(Chief executive, housing association)**

interview process is conducted following strict equal opportunity guidelines and its decision is final. An appeal to the regional committee may be made by the applicant if the interview process itself is perceived to be at fault.

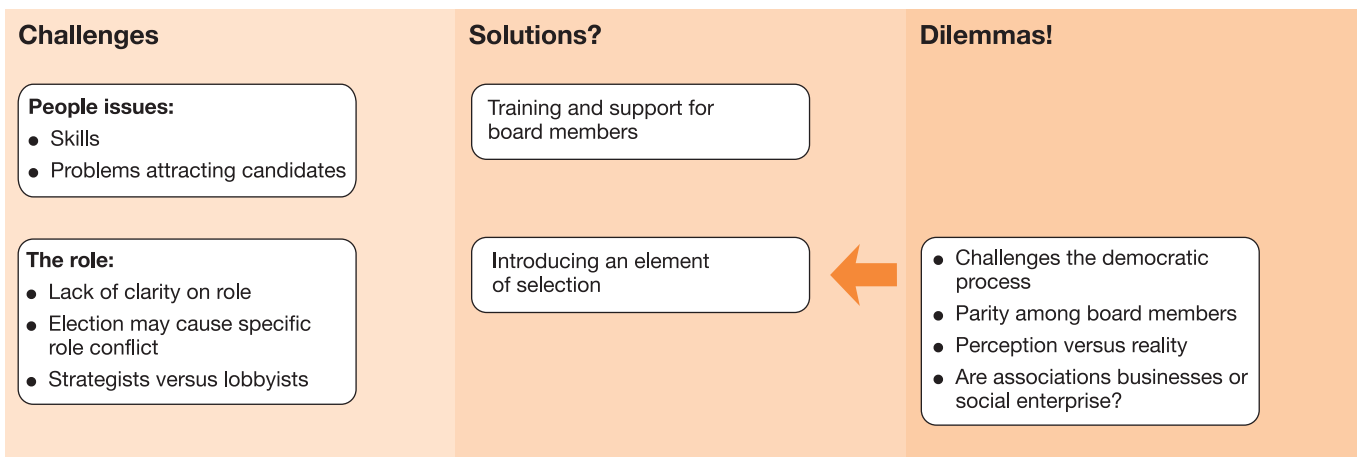
*Source: Audit Commission fieldwork*

- 103** A further factor that can support the successful inclusion of resident board members is training and support for the board. Those housing associations that were prepared to invest in the process – in board training, support, monitoring and appraisal – had successful boards that included residents. The problems highlighted above often occur when this support is missing: *historically the housing association parachuted tenant board members in – they did not nurture or support them* (director of housing management, housing association). But it is not just a question of putting the right processes in place, it is also important to develop the right culture. An inclusive culture needs to be created to ensure that all board members feel comfortable and able to contribute.
- 104** This section has highlighted a range of challenges for housing associations in including residents on boards. Those housing associations that are making it work have two elements in common: they support the board by investing in training, appraisals and so on; and they include an element of selection in the recruitment process. The latter can sit uncomfortably for some housing associations and some residents. The debate around election/selection reflects the central dilemma for many housing associations: are they businesses or social enterprises? These issues are summarised in **Exhibit 6**. Housing associations and their residents will need to choose the route that is right for them. There would seem to be two clear options:
- to opt for selection or an element of selection and to apply this to **all** board members; or
  - to have an elective route, but make clear that residents sit on the board in a personal capacity.

### Exhibit 6

## Including residents on housing association boards

The inclusion of residents on housing association boards presents challenges and dilemmas for housing associations.



Source: Audit Commission

- 105 If the inclusion of residents on housing association boards works well, it can significantly enhance the governance arrangements and accountability of a housing association. Done badly, it can create tension, distrust and division among those very people who are meant to be working together for the good of the association.
- 106 This chapter has compared the evidence on costs and benefits to draw conclusions on the value for money of engaging residents in service improvement, governance arrangements and in initiatives to improve social capital or community capacity. The next chapter summarises all the conclusions from the study and sets out recommendations for landlords and regulators.

# 5



## Conclusions and recommendations

Housing organisations and residents both want to ensure that they are getting maximum impact for their investment of time and resources. Resident involvement can be a worthwhile activity if it is carried out well. Government, regulators and landlords can all play a part in improving both the approaches to resident involvement and the outcomes.

- 107 Government and society expect landlords to adopt a strong user focus in all that they do. This also makes demonstrable business sense. There are certainly costs associated with effectively involving residents, but it can also produce a host of significant benefits. However, resident involvement provides a range of challenges for landlords and residents alike.
- 108 Most significantly, there remains a lack of clarity about why resident involvement is deemed to be so important and confusion about the purpose behind it. However, it would not be helpful for national regulatory bodies or the government to make detailed pronouncements about how landlords should be engaging their residents: these are decisions best taken locally. It would, however, be helpful for national bodies to support the agenda and to lend some clarity to the debate. This is happening through the Housing Corporation Policy/Regulatory Code (**Refs. 6 and 2**) and will be reinforced by inspections by the Audit Commission. While these approaches help, there remains a particular need to progress the debate with regards to resident board members. Hence:
- The Housing Corporation and the Office of the Deputy Prime Minister should consider whether current advice and support on the recruitment of resident board members in LSVT associations and arms length management organisations is adequate to address the common misperception that they are there in a representational capacity.

More generally, the Housing Corporation should:

- ensure that existing guidance and good practice on the role and purpose of resident board members is effectively communicated to housing associations; and
  - monitor and evaluate the effect of this guidance and good practice to ensure that misperceptions of the role of resident board members are corrected.
- 109 This research has confirmed that the housing association sector does not systematically collect data on the costs of involving residents. A greater understanding about the benefits flowing from involvement is developing, but again very few associations monitor or capture these in a systematic way. These two factors can exacerbate the confusion around why landlords involve their residents. Landlords need to develop a clearer picture of how much is spent on resident involvement and what outcomes are produced, and they must communicate this to residents.
- 110 The study has shown, via a focus on housing associations, that resident involvement does make a difference and can benefit the whole community. It concludes that:
- involving residents to improve services does work and can provide value for money;
  - there are many good examples of housing associations positively affecting community capacity, but these gains are less obvious, tend to be longer term and usually involve a range of partner agencies; and

- involving residents in governance is often more challenging, especially if the organisation is not prepared for their involvement, and in those circumstances the benefits might not easily translate into good value for money.
- 111 But proper accountability is important and many housing associations have effective boards that include residents as members. This evidence suggests that if housing associations believe in including residents on boards, they will need to invest in the process.

In summary, landlords should be:

- Clear about the purposes of involving residents and should evaluate their efforts against these objectives.
- Offering residents a menu of opportunities to get involved.
- Seeking to demonstrate the benefits of resident involvement by means of service reviews, and be more diligent in making the business case before a new activity is started.
- More clear about the real cost of involvement. If tenants have a better understanding of the true cost of activities (and the fact that these will impact on rents or the efficiency of the organisation), then they will be able to assist the landlord in making more informed choices about which approaches offer maximum value for money.
- Prepared to stop supporting resident involvement activities when benefits are unclear.
- Clear about the role/purpose of resident board members and, if committed to including residents on the board, be prepared to back this up with support, training and annual appraisals.
- Exploring incorporating a greater degree of selection in the recruitment of all board members.
- Focusing on those activities that give the maximum value to both the organisation and to tenants – finding the ‘win-win’ situation.

For its own part, the Commission will:

- When inspecting housing organisations ensure that the focus is on the effectiveness and outcomes of resident involvement, rather than the process itself (except in cases of poor performance).
- Ensure that the new inspection methodology reflects the study findings.

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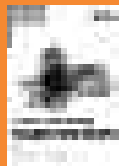


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