



Housing after transfer

The local authority role

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our work covers local government, housing, health and criminal justice services.

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

Introduction

- 1 One-quarter of local housing authorities are no longer landlords, and their former council houses are now owned and managed by housing associations. Since 1988, associations have invested over £10 billion to purchase housing stock and make improvements promised to tenants. Local authorities have re-invested the proceeds into new housing schemes and other local projects. This new investment is underwritten by public funding, so there is a national interest in ensuring the effective and efficient use of funds and continued provision of local authority services.

What is a transfer authority's role in housing?

- 2 Most of the effort involved in transfer is focused on setting up the new housing association. The process has improved over the years as authorities and their advisers have learnt from collective experience but there has not been enough attention paid to how local authorities will meet their ongoing housing responsibilities. Council staff and members do not always understand or appreciate the range of housing services the council continues to be responsible for, and the importance of the council continuing to lead on local housing issues [Exhibit 1].

Exhibit 1

Local authorities retain significant responsibilities after transfer

Councils are still the local housing authority and still have wide-ranging responsibilities.



Making transfer work better

- 3 Transfer changes the way services are provided to tenants and other local people, and affects the internal workings of the local authority, but housing services do not always improve. Many authorities find difficulties with:
- maintaining their position as the recognised leader in local housing. In particular:
 - ensuring housing services have sufficient capacity to respond to new initiatives and contribute to wider council aims;
 - retaining member interest and understanding of housing issues; and
 - building effective relationships with local housing providers in frontline services such as homelessness and housing benefit, and in wider housing strategy and policy.
 - reducing the costs of overheads after transfer in line with the reduction in total revenues; authorities often rely on income from invested capital receipts to support services that may be unsustainable in the long-term.
- 4 Accountability and responsibility for leading, funding and monitoring become less clear, particularly for activities that cut across organisational boundaries such as community safety, neighbourhood regeneration or support for vulnerable tenants.
- 5 Successful authorities:
- understand their ongoing housing responsibilities, balance the local housing market and ensure housing contributes to wider local objectives. Transfer is part of a long term strategy and authorities need to be clear about their new focus and how housing associations can contribute;
 - organise services to align housing with other functions to support the aims of the authority, and safeguard the interests of service users so they do not ‘fall down the cracks’ between different providers;
 - take steps to improve capacity, expertise, and information:
 - maintain links with frontline services, whether outsourced or not, so that information and staff knowledge can contribute to housing strategy;
 - encourage retained staff to take on a broader role, for example, homelessness staff could lead on special needs, register staff could help track trends in housing need;
 - collaborate with other authorities, for example by secondments and joint funding of posts; and
 - buy in specialist expertise if required, for example to help secure affordable housing through the planning system.
 - manage the complexities of working in partnership, where lines of accountability become more easily blurred, and housing partners can be influenced but not controlled. Staff and members must be clear about changed responsibilities for leadership, monitoring and resources. Residents should know who is accountable for what, and who is driving local improvement.

Proposals for change

Selection of housing association partners and procurement of services

- 6 In order to improve the chances that funding is used efficiently and effectively, it is important that the performance of new housing service providers is properly considered. We recommend that:
- before approving a transfer, the Office of the Deputy Prime Minister (ODPM) should take into account the past performance of the authority:
 - landlord services of councils planning to form a new association from existing staff; and
 - post-transfer ‘retained’ housing services and strategy for all transfers
 - standard criteria should be developed by ODPM and the Housing Corporation so that local authorities can more reliably assess the performance of housing associations bidding for stock; and
 - retained services should not be outsourced without a best value review that also looks at the wider impact on the authority; it is difficult to do this at the same time as transfer.

Standardising national funding systems

- 7 The Government should consider standardising systems such as housing benefit and funding adaptations for disabled people, in line with other convergence between council and housing association landlords.

Consulting with local stakeholders

- 8 Tenants are involved in the transfer process but authorities do not always keep them involved in future strategy afterwards. Continued involvement and consultation with users of all services remains important after transfer, including where services are outsourced.

Developing capacity and clarifying accountability after transfer

- 9 Transfer is an opportunity to re-think housing services so that the different parts of a council can work more closely together, and with partners, to support strategic priorities. Authorities should clarify:
- who will monitor what locally, and what actions will result;
 - local financial responsibility for ‘grey areas’ (such as community work on estates or environmental work around homes);
 - local leadership and responsibilities in cross-organisation and cross-tenure issues like community safety or neighbourhood renewal; and
 - how scrutiny arrangements will involve housing partners.
- 10 More joint work across authorities and/or providers is essential in some areas to provide the capacity needed to understand the local housing market and identify the resources with which to influence it.

Local councils as community leaders must take the lead in housing and drive local improvements – to ensure that stock transfer provides not only decent homes, but more quality and choice for all local people.

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