

National study scoping exercise

‘Improving performance through a strategic approach to housing’

Review report

Audit Commission

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Chapter 1: Introduction

In January 2008 HQN was commissioned by the Audit Commission to undertake a review of literature, data, knowledge and activity on the theme of 'the approach to strategic housing'.

This review will inform the scope of an Audit Commission national study, which will seek to support improved performance in both the strategic approach and the housing activity which is directed by this. National studies¹ aim to improve local public services 'through independent authoritative analysis of national evidence and local practice', identifying practice that works, highlighting emerging findings and examining national trends to influence local practice and national policy.

This review also makes recommendations for action that other agencies could usefully undertake.

1.1 *The scope of the review*

There is no definition of the 'strategic approach to housing' or 'strategic housing function'.

Chapter 3 presents a review of current descriptions of the strategic approach to housing and their relative merits, and provides background to the definition proposed by HQN.

The strategic approach to housing forms part of the strategic commissioning role of local authorities. On this basis we propose that the definition of the strategic commissioning approach to housing is **'the processes that collectively enable the local authority and local strategic partnership to provide clear direction to the effective delivery of all housing activity in the area to achieve positive outcomes for the community'**.

At the start of the review HQN proposed that the research should be based on the processes that form the strategic approach. These were:

- a) Strategic direction and partnerships.
- b) Understanding the issues.
- c) Plan and policy-making.
- d) Commissioning and procurement.
- e) Performance management.

Further background to these processes is provided in chapter 3.

1.2 Structure of the report

Chapter 2 provides a summary of the external factors that are shaping the direction that local authorities must provide to housing activity in their area. These are particularly important to consider for the scope of the national study to remain relevant at a time of considerable change.

Chapter 3 presents current descriptions of the 'strategic approach to housing', and considers whether these are adequate for local authorities to embrace the concept and apply it in their areas. There is no clear definition of the 'strategic approach to housing'; HQN proposes a definition (see previous page) and provides the background to this here.

Chapter 4 provides a summary of the main issues arising from the review, and particularly those that are felt to have the most impact on the ability of local authorities to carry out a strategic role.

Chapter 5 makes recommendations for action by other national agencies to address significant issues identified by this review.

Chapter 6 presents the review findings on the provision of strategic direction for housing activity. It predominantly focuses on the strategic direction for housing at a local level; however the quality of direction from a national and regional level is also considered where this is felt to have a particular impact on the local authority's role. This chapter also considers the role of partners in setting the strategic direction, and a summary of activity (in progress or planned) that may go some way to filling the identified gaps.

Chapter 7 presents the review findings on the understanding of the housing market, the needs of individuals and communities for housing and related services and how these are used in the strategic approach to housing. It begins with consideration to the availability and use of data, followed by housing market areas and assessments and finally data and information on the needs of diverse communities and vulnerable households.

Chapter 8 explores what has driven plan and policy-making to date, and the evidence that exists to suggest that the quality of the process has an impact on outcomes for people and communities.

Chapter 9 presents the review findings on strategic commissioning and procurement for housing activity. Since the major finding was a lack of understanding about the concept of 'commissioning' in relation to strategic housing, it starts with an overview of the terminology. It then considers findings at national, regional and local levels and a summary of activity (in progress or planned) that may go some way to filling the identified gaps.

Chapter 10 presents the current picture of performance management as a process within the strategic approach to housing, and particularly the local authority's role, capacity and skills. It also comments on the availability of information to support local authorities in this role, and the changes that are needed for performance management to be a meaningful part of the strategic commissioning role.

1.3 Our approach

A series of questions against the five process headings that the review would seek to answer were agreed between HQN and the Audit Commission at the outset (these are in Annex 2). These formed the basis of the literature, data, knowledge and activity reviews.

1.3.1 Methodology for the literature review

The approach is based on 'rapid evidence assessments' as set out in government guidance². It links to the focus on evidence-based policy-making and how research can inform public service improvement³. The key features are:

- *Setting selection criteria and parameters to identify relevant studies:* the focus has been primarily on studies based on evidence from England post 1990 with a specific emphasis on material published since 2000. 'Grey' literature, ie, dissertations and unpublished conference papers were not included within this
- *Searching a range of databases to identify studies for review:* these have included academic databases (eg, social sciences citation index and zetoc), internet sources (eg, Amazon, Google) and the websites of key organisations (eg, CLG and Housing Corporation). The search strategy also adopted a 'snowballing' research technique, ie, additional sources were identified from bibliographies of key studies
- *Analysing the quality of the studies:* this has centred on assessing the reliability and currency of the evidence-base in each study as well as the degree to which it is based on best practice in research.

The literature review material and arising issues were tested through a seminar at De Montfort University that included practitioners, policy makers and academics.

Overall, there have been relatively few good quality evidence-based studies on the strategic housing function in recent years. In the early and mid 1990s there were a series of research reports published⁴, while two good practice guides were published in 1998 and 2000 respectively⁵. The latter are still frequently quoted and referred to in discussions on local housing strategies.

There have been a number of policy-orientated reports published by the Chartered Institute of Housing, the Improvement and Development Agency and the Local Government Association since 2005 on the future direction for strategic housing functions⁶. Although these do not fully meet the criteria adopted for the literature review of studies and reports, ie, evidence-based, current, research-orientated and relevant to the five processes, they have been referred to on the basis that local authorities have taken guidance from them. .

1.3.2 Methodology for the data review

The data review was primarily intended to understand what sources exist to inform the strategic approach to housing and how these are used; this includes how the data is

presented, how informative it is in relation to the strategic housing role and how those who were contacted during the process of this review use the data available to them.

In addition to the obvious secondary data sources (for example Best Value Performance Indicators, the Housing Strategy Statistical Analysis (HSSA) and quarterly homelessness returns to government (P1E), CIPFA data, Housing Corporation CORE and RSR data), we used internet searches to check data sources, links from websites to others giving primary or secondary data and links from documents. We also followed up data sources suggested by those contacted as part of the knowledge and activity review (see Annex 1). This included partners at a national and regional level. We also asked about local data collated to inform specific activity.

Most local authorities are in the final stages of their strategic housing market assessments; the usefulness of these assessments to the strategic approach was considered, and particularly their role in the development of cross-authority/sub-regional housing strategies.

The data review has also been based on our work (since 2006) to develop a framework for assessing value for money across all services directed by the strategic housing function. The framework considers financial inputs, service outputs and performance outcomes, with the intention of linking performance to expenditure. This is expanded in chapter 10.

Our review was mindful of changes in the requirements for performance information and takes into consideration how future information collection can be used to improve the effectiveness of the strategic housing function. This will be particularly relevant to the process of Comprehensive Area Assessment.

1.3.3 Methodology for the knowledge and activity review

There is much work underway to increase the capacity of local authorities to develop their strategic approach to housing. This element of the review sought to pinpoint this activity; through face-to-face and telephone discussions with national, regional and local organisations (see Annex 1).

The review was undertaken in the context of considerable organisational experience of working in the sector; including significant work to support local authorities improve their performance.

HQN is also a delivery partner in the Improvement and Development Agency's Strategic Housing and Rural Excellence Programmes, undertaking a range of activity with local authorities to increase capacity in the strategic housing function. Lessons from this work form part of the review.

HQN manages a number of specialist subscription networks, including the Strategic Excellence Network. Members were asked for input into this element of the review, via email, to answer a number of questions (Annex 3) to inform our knowledge of:

- a) What literature or other forms of support local authorities have found most useful to support improvement in their strategic approach.
- b) What data they use to inform performance management and how this is used.

- c) What they think a national study could do to improve their ability to develop and deliver an effective strategic approach to housing.

We also asked for examples of experience and good practice in each of the strategic approach elements; the national study may wish to follow these up.

Responses to the email questionnaire were received from ten local authorities. Other local authorities responded to questions at four Strategic Excellence Network 'excellence' workshops in February and March, attended by forty three participants representing thirty two local authorities. We have also taken other opportunities to speak to individual local authority contacts during the period of the review, for example through ongoing commissions. Generally, feedback has been consistent across all of these approaches and is included in the review (chapters 6 to 10) and summarised within chapter 4.

Chapter 2: Context

This section provides a summary of the main challenges presented to local authorities by recent and emerging policy, with a particular emphasis on how these need to be considered in developing the strategic approach to housing. This section is important to the process of developing a scope for the national study to ensure its output will be relevant.

2.1 *Economic growth and regional reform*

The Sub-National Review of Economic Development and Regeneration⁷ (or SNR) concludes that national economic growth requires regional reform. The SNR introduces the regional economic growth objective⁸, to be set by the region (regional development agency). Consultation on the next stages of the SNR implementation has just been published⁹, and greater clarity from government is expected on a number of issues, including regional ranges of housing supply.

With the exception of London – the only area in England that is not lagging behind its European counterparts – regional reform includes:

- A single regional development agency (RDA – regional assemblies will cease to exist by 2010), and a single regional strategy (outside of London), integrating planning and housing with the economy and infrastructure. In addition to housing supply, regional strategies should incorporate targets for achieving quality homes for all, including vulnerable and socially excluded groups
- The development of a regional Leaders' Forum, representative of all local authorities, to take strategic decisions and agree priorities in the development and implementation of the regional strategy. Protocols with the new RDA will be agreed; partnership work will include drawing on local authority knowledge of housing need and the potential for growth, to ensure local ownership of the regional housing distribution
- Support for decisions and interventions in the economy at a sub-regional level as they may be more effective. Recent consultation proposes that the government will work with interested local authorities towards establishing statutory sub-regional arrangements for economic development activity other than transport – this could include investment in housing growth and renewal. This recognises that some sub-regions may want to go beyond multi-area agreements, where appropriate
- London included, there will be a new duty on upper tier and unitary local authorities to carry out an assessment of the local economy, which will understand economic challenges at a local level. Powers will be increased, and resources will be more effectively targeted at deprived areas
- There will be a further regional funding allocation exercise. This will include additional funding streams, including housing and regeneration delivery in the 'growth areas' and the Thames Gateway, and other regeneration programmes due to be transferred to the Homes and Communities Agency. Although adult skills funding is not included,

the RDA, local authorities and partners will be asked to develop an agreed view on priorities

- As part of the government's wider programme of reform, there is an emphasis on devolved decision making, which means strengthening the connection between local areas – and communities – and the decisions being made to help achieve prosperity and quality of life at a sub-regional and regional level.

Planning reform (covered in more detail under Housing Activity later) is also a key part of delivering economic growth.

2.1.1 What is the relevance to the strategic approach to housing?

The short answer is that the delivery of new housing, and investment in existing housing and neighbourhoods, has to support plans for economic growth and sustainability. The 2007 Housing Green Paper and the Housing and Regeneration Bill support the SNR. More recent announcements in relation to worklessness also support the potential for housing services to contribute to increasing skills and employment.

For this to happen, local authorities will need to develop their strategic approach to reflect the changes in the region. They should:

- Understand and be participating in regional reform, and particularly work that will lead to the integration of the regional housing strategy (and regional assembly) into the single regional strategy, and the mechanisms for its development, ie, the RDA and Leaders Forum
- Be developing their local and sub-regional understanding of the relationship between housing and the economy. Although the focus is on new delivery the relationship is much broader
- Develop local and sub-regional housing plans and policies that demonstrate a clear contribution to regional economic growth¹
- Be developing the capacity of elected members and officers to engage in a conversation at regional level about housing and the economy.

2.1.2 The challenges to local authorities to do this include

- Capacity (including time and skills) to engage at a regional level, particularly difficult for smaller authorities and for those where the strategic housing function has been marginalised following large scale voluntary transfer
- Communication between upper tier authorities who will have the new economic assessment duty and district authorities, who have ownership of the strategic housing role

¹ It is anticipated that CLG guidance will say that a local response is a requirement, in a format to be determined locally, and sub-regional working is encouraged where sensible

- Corporate lack of focus on the economy, and a low level of understanding about the relationship between housing and the economy
- Political and local resistance to sub-regional working, and regional reform in general
- Limited understanding of the needs for housing and related services amongst vulnerable and socially excluded groups – this is an area that is (only briefly) covered in the government’s strategic housing market assessment guidance but does not appear to have been adopted in practice.

However, there will be some local authorities who should be well-versed in regional conversation and the relationship between housing and the economy, for example housing market renewal pathfinders, existing growth areas and the thirteen areas working to develop multi-area agreements (primarily city regions).

The relationships between local authorities and the region are covered in more detail throughout the review, and there is some work underway on specific topic areas, eg, social inclusion.

2.2 Sustainable communities, value for money and local government reform

To deliver the Sustainable Communities Plan and related plans, the Local Government White Paper in 2006 introduced a raft of proposals for local government reform, intended to ‘create strong and prosperous communities’. Since then the Local Government and Public Involvement in Health Bill, subsequent Act and draft Statutory Guidance (2007) have paved the way for changes in local government; local authorities have a ‘place shaping’ role.

This reform includes:

- Greater community involvement in a) identifying ‘what matters most?’ locally and b) deciding what services should look like to respond to these issues
- Support for local areas to enable greater community cohesion
- Increased accountability, with a stronger leadership role for elected members and where appropriate, unitary status
- The introduction of the local area agreement, as the delivery plan of a local (top tier authority) area’s top priorities, taken from the sustainable community strategy. The role of regional government offices will change to focus on working with local authorities to manage the delivery of the LAA
- New duties for statutory bodies to cooperate with the local authority to develop and deliver the sustainable community strategy
- A new national performance framework, replacing the 1,200-plus performance indicators with a set of 198 national indicators which are closely linked to the delivery of government priorities

- New Public Service Agreements and Departmental Service Objectives which clarify the government's priorities, and against which the government's resources have been targeted or aligned
- A new assessment of performance in a local area, the Comprehensive Area Assessment (CAA), which is intended to be more proportionate and risk-based and enable more targeted support or intervention when things go wrong. It will seek to understand whether a local authority and its partners have identified 'what matters most' locally and that their plans respond to this
- A focus on efficiency gains.

It is also relevant to highlight that there is a much greater focus on delivering 'outcomes' rather than 'outputs', but that this has not been a consistent message through recent policy and guidance. In particular, there is much concern – and a recent challenge from local government – that some of the national indicators are 'irrelevant' and output based. Reports¹⁰ of discussions between local and central government suggest that some of the indicators could be replaced by 2011.

2.2.1 What is the relevance to the strategic approach to housing?

The strategic approach should:

- Be led by the local strategic partnership (as owner of the sustainable community strategy and local area agreement) and elected members (accountable to the community)
- Seek greater community involvement in the process of understanding the issues and developing appropriate responses to these
- Clearly contribute to the delivery of the sustainable community strategy and local area agreement, ie, the contribution should be measurable in a way that the community can understand and that can be assessed through the comprehensive area assessment
- Contribute to plans to deliver increased efficiencies and outcomes, as directed by the Comprehensive Spending Review.

2.2.2 The challenges to local authorities to do this include

- Recent housing announcements have not been explicit in describing what should happen; guidance on local housing strategies is anticipated in 2008
- There is a historical, and continuing, focus in housing policy on outputs and not outcomes (also reflected in the housing specific indicators in the national indicator set). This supports the view that housing is an 'end', rather than 'a means to an end', with the latter 'end' being sustainable communities

- Most housing authorities are second tier, with their own community strategies or plans that strategic housing must relate to and support. Where community strategies are not aligned across the whole of a two tier area, there are potentially conflicts between the housing authority's (district LSP) strategy and priorities and those of the county LSP
- The process of developing local area agreements has come under much criticism locally, with few housing indicators beyond new supply making it into the 35 targets and with little evidence that their inclusion has been on the basis of a conversation between partners to work together in a different and more effective way to achieve these
- The way in which housing activity (as directed by the strategic approach) is currently resourced makes it difficult to integrate into the sustainable community strategy and to seek efficiencies, ie, much of the total resource is in the control of other agencies and organisations that operate beyond the local area.

The Comprehensive Area Assessment, or CAA, will assess the prospects of a local area² and the role of local strategic partners and local authority in this. The detail of the CAA has not been finalised yet but the process of the national study has potential to inform the approach CAA takes to housing.

The detail of this review provides more information on the challenges identified above but it is clear that this is one area where there is significant scope for a national study to 'fill a gap'.

2.3 Housing activity

The Housing Green Paper and the Housing and Regeneration Bill have been developed in the context presented by economic growth and sustainable communities. Targets and activity proposed will support these agendas, and resources have allocated through the Comprehensive Spending Review 2007 and recent budget announcement.

The main targets relate to the delivery of new housing, including affordable housing, in urban and rural areas, and carbon neutral development. There is a national Public Service Agreement (PSA20) to 'Increase long term housing supply and affordability', which is also intended to reduce homelessness, and specifically the use of temporary accommodation.

Proposed activities to deliver these targets include:

- The introduction of new growth points and eco-towns; local authorities have been able to bid for this status with support for new infrastructure through the Community Infrastructure Grant
- The proposed community infrastructure levy (CIL) that will help focus attention more broadly on infrastructure requirements. There is potential for a detrimental effect on affordable housing provision through the planning system

² 'Area' to be defined through CAA consultation

- The introduction of Homes and Communities Agency as the government's delivery partner (replacing the Housing Corporation's investment function and English Partnerships). The HCA will support local authorities to deliver and will have new powers – although not finalised these are likely to include some planning and purchase powers
- The continuation of planning reform (as described by the Planning White Paper and Bill) and amendments to the existing framework including partial reviews of the regional spatial strategy to incorporate the new targets
- Incentives to encourage delivery, including the housing and planning delivery grant. This particular incentive will also be based on performance in bringing empty homes back into use, although no additional resources or legislation has been identified for this purpose
- New models of delivery, (ie, local delivery vehicles or LDVs), including the opportunity for local authorities and ALMOs to develop new homes where this offers the best value for money, and pilot local housing companies and community land trusts
- Pilot quality assurance programmes with local authorities and developers to ensure the focus on numbers does not detract from quality and sustainability
- Support to increase local capacity, through development programmes for planning and housing officers and elected members.

The introduction of Ofstent as the new regulator of social housing is also relevant, although possibly more so in the context of local government reform, ie, there will need to be a relationship between the regulator and local authorities in relation to the performance of housing associations in their area and their contribution to the sustainable communities agenda. The thinking on the role of this organisation is not as well developed as that of the Homes and Communities Agency

Finally, there remain a number of other housing targets (input and output based) that local authorities are still required to meet, ranging from delivering Decent Homes to introducing Choice-Based Lettings. A full list is provided in Annex 4.

2.3.1 What is the relevance to the strategic approach to housing?

In summary the strategic approach has to ensure that the delivery of housing supply is sustainable, ie, that new housing is linked to the relevant infrastructure so that new communities have access to what they need to live independently. This stretches far beyond the physical aspects of roads, utilities etc. to the provision of services such as health and education.

The strategic approach to housing should:

- Be based on a robust understanding of:

- Local markets and housing needs (including those of vulnerable and socially excluded households), and the external factors that influence these, eg, the economy, and
 - The opportunities that exist to meet these, for example, through resources (land, funding, partners, etc) or through the use of policy.
- Be responsive to change at a local, regional and national level
 - Involve major strategic partners, for example, health, in decision-making on the direction for housing activity
 - Be supported by all elected members, including plans to increase housing supply and for activity that will meet the needs of vulnerable and socially excluded households
 - Have effective arrangements in place to enable the delivery of housing, for example through influence or procurement. This includes ensuring the right capacity and skills are available
 - Local authorities should also be anticipating the introduction of the Homes and Communities Agency into the regional context.

2.3.2 *The challenges to local authorities to do this include*

- Limited national policy proposals beyond an independent review of private rented sector housing to encourage and enable local authorities to align housing activity in the private sector with other housing activity
- Local opposition to the delivery of new homes, including from elected members
- Local housing authorities in two tier areas face challenges in developing and maintaining a relationship with strategic partners such as social care, health and education
- Lack of capacity to understand and appraise the options and resources available to deliver housing activity, and limited ability to influence those agencies and organisations who are responsible for these (see previous section)
- Despite investment in increasing awareness and capacity of elected members and senior officers (primarily through the Improvement and Development Agency) to provide a strategic approach to housing, there is still much to be done
- The ‘conversation’ between the local authority and the Homes and Community Agency has not been defined yet.

Clearly the delivery of housing is a national priority and therefore the national study should have a role in supporting this. The review provides more detail on the relationship between the strategic role and housing supply, and the issues faced in ensuring that this supply will be sustainable.

2.4 Equality, opportunity and choice

The government's approach to addressing inequality and enabling opportunity and choice is found throughout national policy and plans as one of the key components of delivering sustainable communities. This is also reflected in the number of recent Public Service Agreements that incorporate targets that relate to tackling inequality and the establishment of the Equality and Human Rights Commission in October 2007¹¹ that brought together three existing commissions.

Of particular relevance to the context within which the local strategic approach to housing must develop are:

- The reports of the Commission on Integration and Cohesion¹², and particularly its final report on 'Our Shared Future'¹³. Recommendations are made to any public agency involved in the provision of affordable housing, to local authority housing policy makers and to housing providers
- The importance of understanding and responding to the needs of vulnerable and diverse communities within the process of developing sustainable community strategies and local area agreements. Consultation on the CAA indicates that this will be a particular feature of the assessment of performance in a local area
- Four 'groups' where there is considerable focus are older people, young people, gypsies and travellers and new and emerging communities. There is also a specific Public Service Agreement (PSA16¹⁴) to address social exclusion, particularly for care leavers, offenders, people with mental health problems and those with a learning disability
- Related to this is a continuing focus on developing policies and plans that support the development of cohesive communities, as part of delivering the government's strategy 'Improving Opportunity, Strengthening Society'¹⁵. Government has also announced support for those areas that face particular challenges from new patterns of diversity
- The national focus on tackling worklessness. Recent announcements¹⁶ support findings of the Hills Review, with funding targeted at the development of enhanced housing services that enable service users who were homeless to access opportunities for training and employment
- Targeted action and resources to areas of the country where levels of deprivation continue to be high, for example the introduction of a replacement for the Neighbourhood Renewal Fund, the Working Neighbourhoods Fund¹⁷, which will focus on worklessness in particular, and continued funding for the housing market renewal pathfinders
- Support for services to be responsive to the individual's needs, for example through the introduction of individual budgets for social care and housing support services. This has the potential to impact on the supply of services unless needs are properly understood and customers are involved in the process of developing services

- The introduction from April 2008 of the 'joint strategic needs assessment (JSNA) as introduced by the Local Government and Public Involvement in Health Act, 2007. In theory this should lead to greater collaboration between councils, primary care trusts and voluntary sector agencies; it is important that this collaboration extends to housing
- A continuing focus on preventing and reducing homelessness; supply of housing is only part of the answer.

2.4.1 What is the relevance to the strategic approach to housing?

Local authorities have to develop their local relationships so that plans for housing activity are directed in such a way that they make maximum contribution to all of the agendas described in this section. This should mean that:

- Mechanisms to understand the needs of vulnerable people and diverse communities should be coordinated; from the collection of data to analysis and plan and policy-making
- There is a wide understanding of the role that housing activity can play in delivering other agendas, and that conversations are developed to consider how agencies and organisations can work together to deliver shared objectives and outcomes for the community and customer.

2.4.2 The challenges to local authorities to do this include

- Local areas are 'data rich and information poor' – there is a considerable quantity of data but little of it is subject to interpretation to make it meaningful to and informative for strategic housing
- Local relationships with strategic partners may be underdeveloped or prohibited by boundaries (see earlier sections)
- The role of local housing partners is not widely understood by local authorities, for example the contribution that housing associations make to the community, which has recently been shown to include over £200m spent in tackling worklessness in the last five years
- 'Choice' in housing terms remains a contentious issue locally, but the concept is also not well understood.

Many of the challenges presented to local authorities in ensuring that housing activity contributes to the equality, opportunity and choice agenda relate to process and issues raised by other contextual challenges; there is scope for the national study to address some of the issues raised here and these are explored in more detail throughout the review chapters.

Chapter 3: Defining the strategic approach to housing

The lack of a definition, or a single and widely agreed description, is often cited as one of the main reasons why local authorities have not developed their role and why individuals and partners do not understand what their involvement should be. This is despite organisations recognising the issue and suggesting a way forward, for example in a 2001 report for the Chartered Institute of Housing (CIH)¹⁸.

For this reason we feel it is necessary to consider current descriptions and their relative merits in the current context.

3.1 Current descriptions

The 2007 Housing Green Paper, 'Homes for the future: more affordable, more sustainable'¹⁹ provides the most recent description of what the strategic housing role should incorporate. This description is repeated in the Public Service Agreement (PSA) 20 'Increase long term housing supply and affordability'²⁰, and has been used as the basis of the 2008 draft³ guidance on local housing strategies from Communities and Local Government.

2007 Government description

The local authority strategic housing role is made up of the strategic decisions and activities associated with effective planning and delivery, in order to meet the housing needs of all residents across all tenures. Strong performance in this role will support effective place shaping and help ensure delivery of the wider sustainable community.

This requires vision, leadership, planning and delivery at a strategic level to:

- Assess and plan for the current and future housing needs of the local population across all tenures
- Make the best use of the existing housing stock
- Plan and facilitate new supply
- Plan and commission housing support services which link homes to the support and other services that people need to live in them
- Work in partnership to secure effective housing and neighbourhood management on an ongoing basis.

The description makes a basic assumption that there is an understanding of what 'strategic' and 'commission' mean in practice and there is no specific recognition of the importance of involving others in the strategic process; particularly the community.

³ Final guidance expected late spring 2008, the draft is currently subject to informal consultation

Importantly there is no clarity on the subject of ensuring that housing activity is directed in a way that delivers wider community outcomes beyond a reference to 'place shaping', a term recently used on a list of 100 words published by the LGA to start a debate about how public bodies communicate effectively with residents.

The Improvement and Development Agency (IDeA) and CIH have both described the strategic housing role in recent publications. The first in a series of five good practice guides on the strategic housing role, 'Community leadership and the strategic housing role in local government'²¹, highlights the role of the strategic housing function in contributing to broader corporate objectives and the delivery of sustainable community plans.

IDeA 'community leadership and the strategic housing role in local government'

- Contributing to a shared understanding of trends and influences on housing, economic development and regeneration
- Focusing on cross-cutting issues such as community cohesion (including the impact of new migrant workers)
- Community involvement in policy-making
- Highlighting how housing contributes to better health and social care outcomes, and improved educational performance.

The CIH joint publication with the Local Government Association on 'Visionary leadership in housing – a new future for the local housing strategy'²². identifies eight elements that comprise the strategic housing role:

CIH Visionary leadership in housing – a new future for the local housing strategy

- Understanding local housing markets
- Identifying existing and future housing requirements
- Creating a long term vision
- Generating and appraising options
- Developing short-medium term investment strategies
- Involving stakeholders including local communities
- Working with partners
- Monitoring and evaluation.

Finally, the Audit Commission, through its Key Lines of Enquiry for the strategic approach to housing (KLOE2) has been the first place many local authorities have turned to when they have sought to understand what their strategic approach should include and how they

can improve it. For this reason the elements that are described by the KLOE are important to consider.

Audit Commission KLOE 2 headings

- Access and customer care and user focus
- Diversity
- Strategic approach to housing:
 - Incorporating understanding the housing market
- Making best use of existing housing
- Enabling the provision of more housing to meet needs
- Value for money.

The detail within the KLOE has led to some confusion, particularly as there is a mixture of service provision and strategic process. It is also not current in the context of local government reform in particular, with any focus on:

- Corporate or local strategic partnership commitment and direction
- The relationship and contributions that housing plans and delivery make to wider agendas of economy, health, community cohesion, community safety, etc, and
- Customer outcomes.

Stakeholder and service user involvement is limited to plan and policy-making, and there is no reference to commissioning and performance management.

The KLOE is understood to be under review, as part of a wider review of key lines of enquiry, and particularly to reflect that local authorities should be focusing on outcomes. Given the reliance on this source as a guide for what local authorities should be doing, this is important.

3.2 Resulting challenges

Despite the existence of a number of descriptions, previous work to describe the function²³, and considerable work during the past year by the IDeA, the process of undertaking this review found a continuing lack of understanding of what the strategic approach to housing encompasses and what it is seeking to achieve.

It also highlighted that changes in terminology (stemming back to the late 1980s) still exist, with continuing confusion around the term 'enabling'. 'Strategic enabling'²⁴ was originally used to describe the all forms of local authority policy-making (not just housing). The 2001 CIH report 'Partners in Strategy' sought to use the dictionary definition of enabling, 'the enabling functions are those which deliver the strategy', and provided useful examples of

the difference between strategic and enabling functions. However, 'enabling' is more commonly used today to mean the activity to enable the delivery of additional affordable housing.

Finally, a common feature of all the current descriptions is that they mix housing specific activity with processes that are generic to developing a strategic approach. There is evidence from recent work undertaken by HQN with elected members and non-housing officers in local government that this presents a barrier to wider involvement in the process. Strategic housing has been described as 'a secret world'.

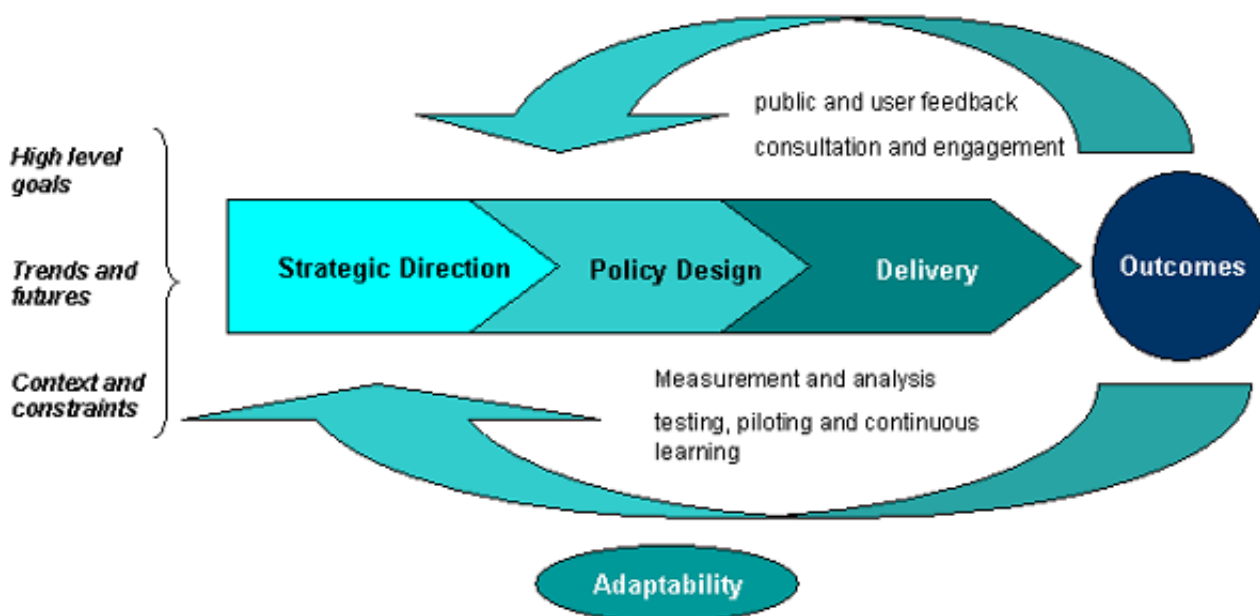
3.3 The review description

As described in chapter 1, at the start of this review HQN proposed that research be based on five processes that together form the strategic approach. These processes are common to every local authority, regardless of the challenges that are faced. The response to these challenges often determines where the processes are delivered, but there is no 'one size fits all' approach.

The processes were presented in a diagram, over-simplified to demonstrate the relationship between the strategic processes, service delivery (outputs) and outcomes for the community and customers.

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The previous diagram was not intended to demonstrate the relationship between strategic processes; they do not have a linear relationship and are more commonly shown in a flow/circular diagram, for example:



Source: taken from 'Strategy survival guide', the Prime Minister's Strategy Unit

The process of this review has led us to suggest that a single definition be adopted that reflects that the process of developing and providing the strategic direction for housing activity is part of the local authorities strategic commissioning role.

There are three particular reasons for this:

- Elected members and others working in the public sector are relatively, and increasingly, familiar with the concept of strategic commissioning; once they understand that the same processes apply to developing the direction for housing 'a light goes on'. This has been tested at a number of events with elected members and non-housing specialists as part of the work HQN has delivered for the IDeA
- The majority of those working within the strategic housing 'function' today have limited understanding that they are in a commissioning role, and therefore no or limited appreciation of how all the processes within this relate to each other. This is explained further in chapter 9.
- Finally, a definition of this nature fits well with other work at a national level designed to enhance the capacity of local authorities to become the strategic leads for their communities and their strategic partnerships. The Beacon scheme for this year (round 10) has 'strategic commissioning' as one of the themes and the definition of excellence in strategic commissioning²⁵ correlates well with the strategic approach to housing as outlined below, and the context described in chapter 2.

The definition of the strategic commissioning of housing activity is suggested as:

‘the processes that collectively enable the local authority and local strategic partnership to provide clear direction to the effective delivery of all housing activity in the area, to achieve positive outcomes for the community’.

Points to note about this definition are:

- The emphasis is on direction and outcomes for the community, ie, the strategic direction for housing activity forms part of the sustainable community strategy²⁶
- Housing activity is a means to an end (sustainable communities); it is not an end in itself
- Housing activity refers to investment in new and existing housing (capital) and to the provision of housing services (largely revenue)
- The direct delivery of housing activity, eg, homelessness services, by the local authority does not form part of the strategic approach; the relationship that exists with such services should be the same as exists with external service providers.

On the basis that the strategic approach to housing becomes the ‘strategic commissioning approach to housing’ the following is the description of activity that forms part of this: -

- 1 Strategic direction
- 2 Assessing needs for housing and housing-related services
- 3 Understanding the operational context – the housing market, the economy, inter-relationship of partners (eg, the local strategic partnership)
- 4 Identifying the inter-dependencies of housing with the economy, health, well being and how outcomes can be maximised
- 5 Developing plans and policies to deliver improved outcomes
- 6 Developing and managing a quality provider market (housing associations, housing advice providers, home improvement agencies, support providers)
- 7 Procuring services that deliver outcomes
- 8 Monitoring and assessing the success of delivery and
- 9 Adjusting services to maximise value for money.

This list of processes has been used in the approach to assessing the options for a national study by the Audit Commission.

It is a recommendation to the government in particular that for local authorities to become better at providing strategic direction to housing activity, future support to elected members and officers should focus on their capacity and skills as 'strategic commissioners' first, with an introduction to the constraints that surround the delivery of housing activity second.

Chapter 4: Summary of issues identified in the review

4.1 Strategic direction

It is a challenge for local authorities to keep abreast of the government's strategic direction for housing, particularly as targets have changed with little explanation. Local authorities rely on national guidance to develop their strategic approach to housing, and working with others, and guidance on a number of important topics is anticipated this year.

Local authorities will have to revise their arrangements for providing strategic direction in response to regional reform and specifically a joint strategic direction for housing that supports economic growth. It is unclear where the responsibility for the strategic direction for housing activity should lie to deliver the best outcomes; regionally, sub regionally or locally – or a mix.

Although cross-authority working is developing well, it is unusual to find a true joint strategic approach, ie, where a number of local authorities have developed a shared vision and from this provide direction to housing activity. More work is needed to support groups of authorities to develop this.

The expectation that local strategic partnerships (LSPs) and their delivery arrangements should provide the strategic direction to housing (through the Sustainable Community Strategy and the Local Area Agreement) will not be realised without considerable support to develop their capacity. The arrangements developed to direct Supporting People are widely recognised as having had positive outcomes; lessons could be learnt and applied to housing. At present, the potential contribution of partners to the development of a strategic direction is neither recognised nor capitalised on; this includes housing associations and other housing partners. The lack of measurement on how housing inputs and outputs impact on health improvements also disengages health from this process.

The Public Service Agreements (PSAs) provide an indication of the national priorities but most local authorities have not yet considered how housing contributes to these wider outcomes for sustainable communities. Equally, there is little awareness of how it contributes to other community outcomes and those working in strategic housing struggle to gain recognition of the importance of housing, other than the obvious 'bricks and mortar' dimension. This is particularly the case in relation to the emphasis on preventative approaches across health, social care and housing-related support.

4.2 Understanding the market

There is emerging evidence of a gap between the concept (as expressed in the government guidance) and the reality of strategic housing market assessments. Some assessments provide inadequate evidence on housing need to support local development frameworks and planning documents on affordable housing requirements and local housing providers across tenure are rarely involved in the process. The substantial body of academic research on housing markets and household behaviour has not been applied in practice and although regional bodies are undertaking a wide range of research, the lack of effective sharing of this does not make most effective use of resources.

Despite the considerable quantity of data available at national level, most authorities report that they do not have the capacity (time and comprehension) to use it effectively. There is a need to explore development of a shared source of data that pulls together the available 'live' data into a more comprehensible format that is consistent across the country; the intention to do this was expressed in the 2007 Housing Green Paper. The potential of information communications technology (ICT) to provide an up-to-date source of data has not been grasped.

4.3 Understanding needs of communities and individuals

There is little definitive guidance on how to undertake efficient and manageable assessments of the housing needs of vulnerable groups that will deliver the required information to the required depth. The national Supporting People programme has generated the most reliable and consistent source of information about people with vulnerabilities and their housing and support needs. Whilst there is extensive regional and local data supporting activities of health and social care, this tends not to be known to local authorities, and it does not include housing intelligence from local authorities and others.

At a local level, although local Supporting People and homelessness strategies should demonstrate a clear understanding of the housing and support needs of vulnerable people in their communities, these have tended not to be robust. The information about black and minority ethnic (BME) populations and especially recent or emerging migrant groups is not current enough to inform understanding of their needs, resulting in poorly informed BME housing strategies.

Most local authorities do not make good use of available qualitative data (including that collected at corporate level) to inform their understanding of housing needs and aspirations.

4.4 Plan and policy-making

There is disparity between what the government thinks local authorities are able to influence and control through their plans and policies and the local authority view; gaps in guidance in some areas have made it difficult to align plans and policies and engage others.

Although regional agencies invest significant resources in activity to support plan and policy-making at regional and local level, silo working means that the benefits from this are not fully realised. While there are some good examples of sub-regional or cross authority working to develop plans and policies, these are the exception. Sub-regional housing strategies developed on the basis of the strategic housing market area alone will not necessarily deliver improved outcomes.

Housing plans and policies have become an 'end in themselves' rather than a means of communicating strategic direction and providing a framework for the delivery of outcomes. The proliferation of 'sub' strategies (despite the opportunity afforded by the government's agenda to rationalise and reduce the number of housing plans) is unhelpful since this results in disconnection of various elements of housing activity, which in turn impacts on the approach taken to analysing data, assessing the options for delivery, involving others and co-ordinating activity.

4.5 Commissioning

The concept of 'commissioning' is poorly understood with most respondents' initial responses to this area of the review focusing on purchasing, for example, services or research. There is no specific work planned to increase the capacity of local authorities to become better commissioners of housing or housing-related activity. The government has identified strategic commissioning as a key leadership role for local authorities but this will impact on strategic housing only if it is recognised to as a 'strategic commissioning' role.

National guidance does not embrace or make explicit the strategic commissioning role of local authorities in relation to housing activity. This lack of direction 'from the top' results in confusion about the real role of strategic housing. There is substantial research and guidance around joint commissioning activity for housing-related support, care and health but other strategic housing activities have not had the same attention. As a result effective, intelligent commissioning for wider outcomes through strategic housing activity is not supported.

Intelligence (a range of data together with its interpretation to inform decisions) has been well developed for separate and joint commissioning activity for health, social care and housing-related support. Intelligence to support other strategic housing commissioning is under-developed. Each of the regions and some groups of authorities are working separately working to address this – but there is virtually no pooling of this activity, resulting in some duplication of effort. This is not a value for money approach.

At a local level, despite the lack of recognition of their role as strategic commissioners, authorities are carrying out much of the commissioning process for some subject areas; particularly prevalent in homelessness. However, the absence of a commissioning framework around varied work with a wide range of agencies results in confusion and conflict; relationships are unclear, undefined and potentially contradictory. This results in ineffective commissioning and an inefficient use of the capacity of all participants.

4.6 Procurement

Despite the extensive guidance on procurement from the government and national agencies, there is limited efficient and effective procurement of the full range of activity required to deliver strategic housing. There is good practice around procurement of some single purpose services or research. Generally, however, local procurement for services to deliver the housing strategy demonstrates lack of understanding about how services should be procured, monitored and performance managed to deliver best possible outcomes.

4.7 Performance management

Local authorities don't challenge their own performance unless forced to do so by 'external' agencies, for example, their internal or external auditors, the Audit Commission, regional organisations or central government.

Despite the national emphasis on identifying desired outcomes that contribute to sustainable communities, performance management emphasises outputs. Outcomes from

strategic housing activity can take years to become measurable. There therefore needs to be better understanding of which outputs will best achieve outcomes.

The paucity of housing-specific indicators in the national performance framework leads to contributions being overlooked and has potential to limit community engagement in service improvement. There is a danger that the priority of delivering new homes will further reduce the focus on other housing activity. If the strategic approach to housing is to be embedded in the Sustainable Community Strategy, these issues need to be addressed.

Measuring and managing performance to inform the strategic approach at a local level is fraught with difficulty. Resource availability and the relative effectiveness of different approaches (how inputs result in effective outputs to contribute to desired outcomes) are not identified, understood or assessed and there are inadequate measures of input, output and quality. Appraisal of options to deliver strategic objectives is therefore not robust. The framework for financial reporting does not support local authorities' understanding. The lack of measures also impacts on the ability to benchmark, which is therefore not well used to inform strategic direction and decisions.

An outcomes framework that measures and demonstrates the housing contribution to outcomes for sustainable communities would be a valuable tool in advancing strategic partnership approaches and enabling the effectiveness of the strategic approach to housing to be measured.

There are uncertainties about how the relationship between local authorities and housing associations should be used to manage or influence performance of the latter to deliver housing activity that contributes to sustainable community outcomes. There are important lessons to be learnt from performance management arrangements between local authorities and housing associations elsewhere in the UK and from the Netherlands. It is important that agreement is reached between local authorities and housing associations, Oftenant and the Homes and Communities Agency about the local authority performance management role.

Chapter 6: Strategic direction

This chapter presents the review findings on the provision of strategic direction for housing activity.

It predominantly focuses on the strategic direction for housing at a local level; however the quality of direction at national and regional levels is also considered where this is felt to have a particular impact on the local authority's role. This chapter also considers the role of partners in setting the strategic direction at each and a summary of activity (in progress or planned) that may go some way to filling the identified gaps.

6.1 National strategic direction

It is a challenge for local authorities to keep abreast of the government's strategic direction for housing, particularly as targets have changed with little explanation

National targets are spread throughout housing policy; there is no single source. Targets also come and go, sometimes without any warning or explanation, and policy and legislation do not always support a consistent approach.

An example cited by a number of authorities during the course of the review is the direction for private rented sector housing, which appears to have been marginalised:

- PSA7 'decent homes for vulnerable households in the private sector' is not within the current PSA set, but there was evidently less attention to this target prior to the new PSAs being published
- Whilst homelessness and housing options issues continue to receive national focus, the issues for private sector housing are more fragmented; with adaptations and minor repairs issues being pulled into the 'ageing population' agenda and (limited) licensing and enforcement being delivered through statutory duty.

Local authorities and their partners take the lead from government when it comes to developing a joint strategic approach

Despite the recognition by government that it needs to provide strategic direction and to work in a more co-ordinated way to support local government, in housing this has yet to be supported by evidence of action. The poor quality of local strategic approach, and particularly the variable involvement of strategic partners, is felt by many working in the sector to be a reflection of the quality of these in central government.

The Public Service Agreements (PSA) were heralded as evidence of commitment by a number of departments to deliver national priorities together; the PSA for affordable housing (PSA 20) is particularly relevant to the local strategic approach to housing. However, beyond this PSA there is less evidence of a joined up approach that in turn encourages local authorities and their partners to work together strategically to deliver outcomes.

A commonly quoted example is the lack of evidence that Communities and Local Government and the Department of Health are working together in relation to housing, health and social care policy; this is replicated at a local level by difficulties in engaging Primary Care Trusts and social care in conversation to develop joint plans and policies.

Local authorities rely on national guidance to develop their strategic approach to housing, and working with others, and guidance on a number of important topics is anticipated this year

It is widely felt that the increased focus on the existence and role of the strategic housing function in policy (see chapter 3 definitions) has been helpful, particularly in terms of raising awareness amongst local leaders and decision makers, and partners. The Housing Green Paper 2007 and Housing and Regeneration Bill 2007 are two examples given by local authorities. Other publications on the role of strategic housing, for example the CIH/LGA reports 'Visionary Leadership in Housing' and 'Housing and the Local Area Agreement' were stated as helpful in developing strategic direction.

Sources of support cited include the IDeA Strategic Housing Programme, in particular the two recent practice publications, and briefing papers produced by the Housing Quality Network and Strategic Excellence Network.

In the coming year there will a number of relevant publications:

- Guidance on the relationship between local authorities and the Homes and Communities Agency
- Guidance on the regional single integrated strategy
- Guidance on the second generation local area agreement: operational guidance in July 2008, review guidance in October 2008.

6.2 Regional direction

Local authorities will have to revise their arrangements for providing strategic direction in response to regional reform

As described in chapter 2, the government review of sub-national economic development and regeneration²⁷ made a series of policy recommendations in their reports in July 2007 and March 2008 that will require a change in the regional landscape to increase the overall rate of economic growth by tackling disparities between regions and sub-regions.

The current position is that the Regional Housing Board (sometimes a joint board with planning) provides direction to capital investment-related housing activity through a regional housing strategy. After 2010 this strategy will be integrated with other regional strategies to form a single regional strategy, focussing on delivering regional economic growth.

There is national research underway that aims to make recommendations for improvements in regional strategic direction and interaction with local direction to benefit

vulnerable households. CLG and the Housing Corporation, with the support of the Care Services Improvement Partnership (CSIP), have commissioned Matrix Knowledge Group to research the approaches taken to meeting locally identified needs of households with health, social care and housing support through regional relationships and plans, including the regional housing strategy. This is with a view to:

- Ensuring that the housing, care and support needs of vulnerable people, including black and ethnic minorities, are included in the new regional strategic framework and that success in this can be measured
- Enabling and encouraging partnership approaches to local investment and delivery within the strategic framework
- Developing a process for identifying where, and for whom, there is a need for regionally (or sub-regionally) commissioned services, and what those services should be.

The project is due to complete in June; the first stage (a literature and data review) is due to complete shortly. It will have outputs that are relevant to a number of the strategic housing elements, for example understanding the issues and plan and policy-making; more information is provided within these chapters.

Objectives which particularly relate to strategic direction and enabling include:

- To identify to what extent the current relationship between the housing functions of the Regional Assemblies, Supporting People and health and social care ensure that locally identified needs are included in Regional Housing Strategies and Joint Strategic Needs Assessment, and are met
- To provide recommendations for improvements to the strategic interaction between Regional Assemblies, Supporting People and health and social care that can be sustained in the new strategic framework.

6.3 Sub-regional and cross-authority strategic direction

Local authorities will have to explore the potential benefits of developing a joint strategic direction for housing that supports economic growth

Sub-regional working is recommended as one of the mechanisms through which economic growth can be more effectively delivered. Emerging policy supports City regions²⁸, the development of multi-area agreements, and the potential for local authorities to talk about a statutory footing for sub-regional partnerships where appropriate.

In more detail initiatives include:

- City Regions²⁹: a group comprising eight 'core' cities have been working with the government on developing integrated cross-boundary strategies covering economic development, planning, transport and housing. They include Birmingham-Coventry-Black Country

- Multi Area Agreements (MAAs): as part of the further development of local area agreements (LAAs), the government has been encouraging groups of unitary and county councils to consider piloting cross-boundary MAAs with a specific emphasis on economic development. Thirteen MAA pilots are being developed
- Regional and sub-regional governance: an increasing concern within government departments of the unintended consequences of the development of regional and sub-regional tiers and especially the proliferation of agencies.

Although cross-authority working is not uncommon in delivery, it is still unusual to find a true joint strategic approach, ie, where a number of local authorities have developed a shared vision and from this provide direction to housing activity

It is common to find cross boundary forums that focus on housing issues, share experience and examples of good practice and sometimes prompt joint actions on common issues, eg, the need for supported accommodation or floating support or joint commissioning of research (see chapter 7 understanding the issues, and chapter 9 commissioning and procurement). The value of cross authority working is recognised by strategic housing staff (and also service-specific staff), who have expressed the view that working together enables good practice sharing, economies of scale and efficiency.

It is also becoming increasingly common for sub-regions to jointly fund a sub-regional coordinator; this has improved working across boundaries and coordination of sub-regional bids for funding, etc. Examples of where such a post exists include the Greater Haven Gateway in the East of England and Shropshire and Herefordshire.

However, many of the existing sub-regional areas with joint housing strategies have recently reviewed their approach, recognising that they did not necessarily share a vision. This includes Cumbria, cited as a good practice example by the Improvement and Development Agency, and the Greater Haven Gateway. This is not to say that these areas have not delivered good performance in particular areas, for example seven of the eight local authorities in the Greater Haven Gateway share a common allocation policy, an unusual feat given that this is an emotive subject and requires political support from a number of authorities.

Other sub regions, for example, the North London authorities, have a programme of joint working whilst recognising that they cannot share a vision; either because of their diversity or because of difference in political control and direction. Nevertheless there are examples of very significant developments in joint policies, shared services, shared resources (eg, project work) and shared bids to develop more innovative or specific responses to local issues and to undertake research.

Areas that already have a clear reason to work together are much more likely to be able to develop a strategic direction for housing together, for example, Transform South Yorkshire was established to address a wide range of issues, of which housing is one. Forcing areas to work together when there is no obvious relationship is unlikely to work; it has to be a 'bottom-up' approach.

The issue of upper and lower tier local authorities continues to present a challenge to developing a strategic approach to housing; the lower tier authority has responsibility for the strategic direction for housing, whilst the upper tier authority has strategic responsibility for most of the supporting services, eg, social care, education, etc. Problems have been compounded recently as strategic housing market areas and sub-regions fall across more than one upper tier local authority area.

Elected members are understandably wedded to their administrative boundaries, but there is evidence, for example through involvement in the IDeA strategic housing programme (see later in this chapter), that executive elected members in particular are recognising that working outside of these will bring benefits to the local communities.

There is some work underway to support groups of authorities to develop their capacity for strategic direction but this is likely to fall short of the actual need

The Improvement and Development Agency's (IDeA) strategic housing programme has facilitated sub-regional workshops on issues specific to the area including reviewing/developing sub-regional housing strategies, developing a sub-regional approach to scrutiny and overview with elected members and developing a joint understanding of the relationship between housing and the economy. Work has included support to two-tier areas, and the development of a sub-regional peer review process.

This programme has gone some way to increasing the capacity of elected members to think outside of their local authority boundaries. However, not every authority has taken up support and it is understood that there isn't current capacity for the programme to support all the demands. For this reason alone it is inevitable that there remains work to be done.

6.4 Local direction

It is unclear where the responsibility for the strategic direction for housing activity should lie to deliver the best outcomes; regionally, sub regionally or locally – or a mix

As described previously, while local authorities are working with others in many ways, for most the implications of developing a shared strategic direction are only just becoming clear to them. There is a lack of understanding about balancing their local role with one in the sub-region and region.

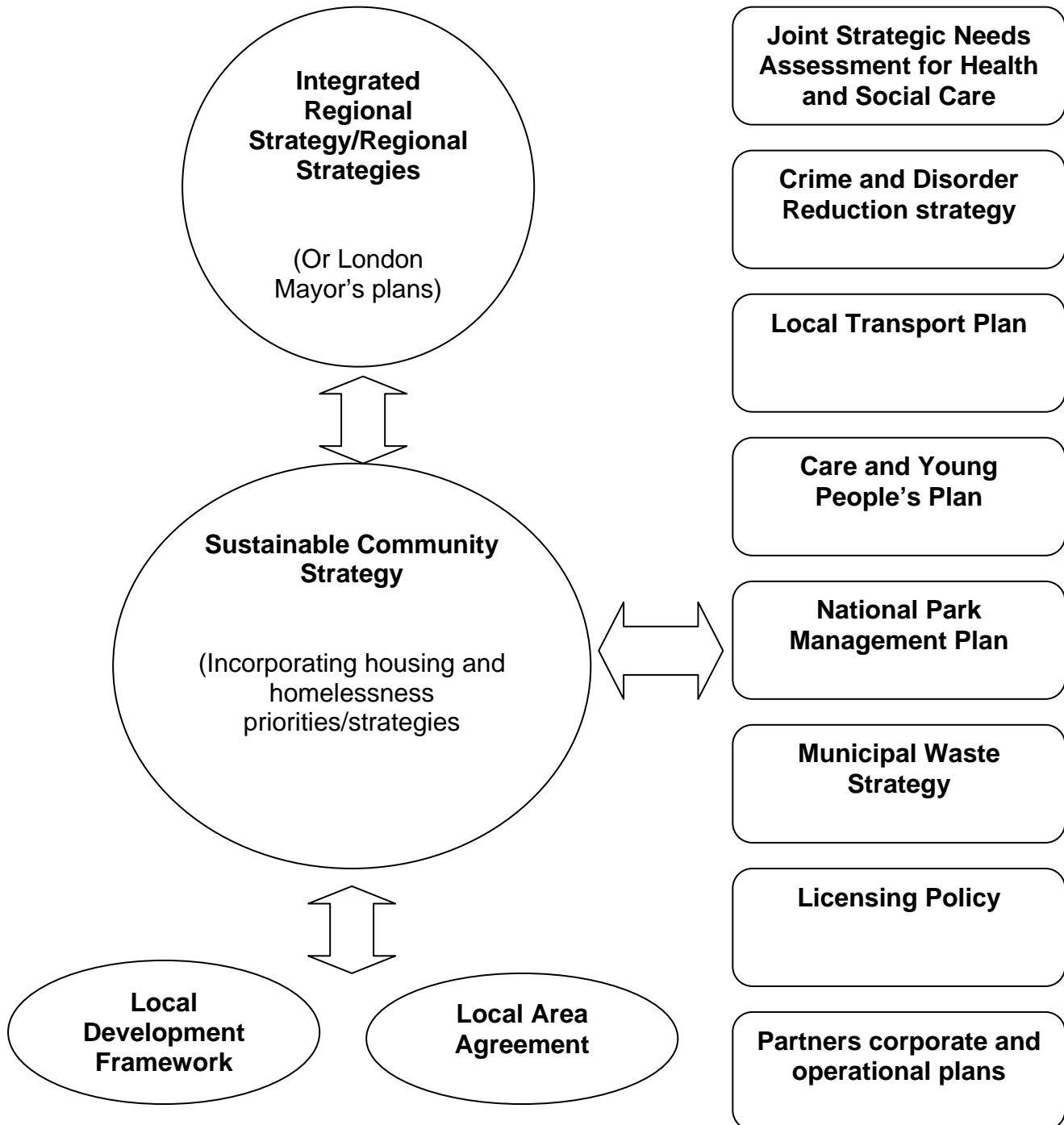
Local authorities are generally being encouraged to take a more strategic role locally:

- The Lyons Inquiry recommends a revitalised role for councils as 'place shapers', ie, an enhanced strategic role³⁰. It recognises that 'place' has been challenged by economic and sociological analyses, but argues that 'place remains relevant'
- This approach has also been emphasised in the Local Government White Paper (2006)³¹ and the Local Government and Public Involvement in Health Act, 2007³².

'Creating Strong, Safe and Prosperous Communities Statutory Guidance: Draft for Consultation'³³ indicates that housing and homelessness priorities/strategies (as statutory plans) should be incorporated into the sustainable community strategy; a sensible

conclusion from this would be that strategic direction for these plans clearly lies with the local strategic partnership. The draft housing strategy guidance from CLG supports this.

Summary of relationship between Sustainable Community Strategy and the remaining statutory local and regional plans



Source: *Creating Strong, Safe and Prosperous Communities Statutory Guidance: Draft for Consultation*

A wide range of national stakeholders including the Chartered Institute of Housing, the Improvement and Development Agency and the Local Government Association have

identified significant progress in this direction³⁴. Audit Commission inspection reports have also identified good practice including:

- Doncaster: Aligning the housing strategy functions (including enabling) with the local community plan³⁵
- Redcar and Cleveland: Collaboration on strategic housing through the local strategic partnership³⁶.

It is worth noting that the good practice examples highlighted by the Audit Commission and by other national stakeholders often relate to case studies from the early part of this decade.

There are some proposals that aim to 'bridge the gap' between regional and local. Within each region, local authorities, through the Leaders Forum, are expected to represent local issues (particularly challenges to economic growth) at a regional level. The proposed protocol between the Forum and the new regional development agency is intended to ensure local understanding and support for the outcome of regional decisions, including housing distribution and the contribution this makes to economic growth.

However, these proposals have the potential to undermine the local authority role in providing strategic direction for housing. For example, in the West Midlands the existing forum represents upper tier authorities, with one district authority within each county participating, ie, not all housing authorities are represented; this is being reviewed.

The Improvement and Development Agency's guide 'Community Leadership Role of Strategic Housing' raises the issue of the balance between a sub-regional and a local authority emphasis.

Local strategic partnerships (LSPs) and their delivery arrangements do not provide the strategic direction to housing and will need considerable support to develop their capacity to do so

LSPs do not always include representation from anyone involved in the process of providing strategic direction to housing activity. Where there is a housing representative, it is often a senior figure from a housing association or arms length management organisation; the quality of their strategic input depends on the quality of their relationship with the rest of the strategic decision making process for housing.

It is not uncommon to find local strategic housing partnerships, particularly in larger authorities. Some, but by no means all, have a direct link to the local strategic partnership. An example is Oldham, a housing market renewal pathfinder area, where the local strategic housing partnership was recognised by the LSP as key to the development and delivery of the sustainable community strategy; the partnership has responsibility for a fifth 'block' of the local area agreement.

Membership of housing partnerships typically includes the local authority (housing and planning as a minimum), housing association partners and/or arms length management organisation (ALMO), and representatives from the voluntary and community sector. Some

partnerships incorporate representatives from the private sector – landlords and developers, and representatives of other significant partners, for example, universities.

Beyond assessment as part of an Audit Commission inspection, the quality of the strategic direction and management provided by these partnerships (and outcomes achieved) have not been assessed.

Over the last three years it has been evident through conversations with members of the Strategic Excellence Network that strategic housing partnerships ‘run out of steam’ after a year or so; this appears to occur because members feel they do not have a long term role to play. This is also evident from the review of practice in the other strategic processes, for example, there is variable but generally limited involvement of partners in the process of informing the understanding of the housing market, or in the process of developing and reviewing plans and policies.

Local authorities feel that partnership working has been crucial to delivering strategic objectives at a local level for customers, and there is recognition that working with partners is one way of increasing capacity – although there is also a view that partnerships are resource intensive. However, one local authority with a particular reputation for positive partnership working suggested that care should be taken to avoid the strategic direction being ‘contracted out’.

In 2007 the IDeA commissioned CIH and Ipsos Mori to undertake an audit of local authorities’ skills and capacity to deliver the strategic housing role³⁷. Findings highlighted successful and less successful partnerships. Successful partnerships included those with housing associations and the Housing Corporation (see later). Least effective partnerships include those with health, private landlords, the voluntary sector, residents and economic development; these are (or should be) agencies that are represented on the LSP.

The arrangements developed to direct Supporting People are widely recognised as having had positive outcomes; lessons could be learnt and applied to housing

A number of local authorities have identified that working within other strategic partnerships has improved their strategic direction to housing. Local authorities and national contacts have also identified that there is evidence that cross-agency partnerships can be effective in delivering outcomes, particularly for vulnerable people.

The best example, cited by local authorities at all levels and by national contacts, is Supporting People (SP), which brings together four main players in housing, health, social care and probation to direct support activity to enable vulnerable adults to live independently.

Even though the Audit Commission’s inspection programme has highlighted programmes that do not always achieve the best in practice around partnership working, several contacts stated that the most positive partnership they have been involved in is the SP partnership. For example, Surrey County Council and all the districts and boroughs across Surrey were asked to define the features of good partnership working and used their experience of SP cross-agency working to inform their definition.

Brighton and Hove is another example of where this partnership has been felt to provide 'a new insight', enabling the development of complementary activity and particularly to meet the needs of vulnerable households, for example, people with mental health problems or learning disabilities.

Example of arrangements developed at initial stages of directing a 'three star and excellent' Supporting People programme

Error! Objects cannot be created from editing field codes. Source: Bolton MBC 2004

The shift in responsibility for decisions on affordable housing investment from local authority to Housing Corporation has significantly detracted from the local authority's strategic role

The 2007 CIH/Ipsos Mori survey identified that the most effective partnerships include those with housing associations and the Housing Corporation.

The Housing Corporation has increasingly supported local authorities in their overall strategic role, but in relation to the actual direction it has perhaps been most useful in the publication of strategies and research that encourage and support housing associations to work with local authorities, for example, strategies on homelessness, vulnerable people and older people. These have been supported by the provision of direct guidance to local authorities and housing associations, for example through the Homeless Action Team (HAT).

The Housing Corporation also contributes to strategic direction through their participation in regional groups. In addition to the regional housing board the Corporation has evidently increased its involvement in the processes of setting strategic direction and not just for the delivery of new homes, for example, in the North West the Corporation has supported and is involved in the development of regional homelessness and supported housing strategies.

The Housing Corporation is currently working with the LGA to produce a good practice note for housing associations to support their working arrangements with local authorities and to provide clarity on the duties of each. This builds on earlier work (in 2005) to develop a joint protocol setting out how they would work together more closely in promoting affordable housing and building mixed communities.

Despite these very positive examples, there is a widely held view that as a result of the Housing Corporation taking a more direct commissioning role with housing associations (around 2004/05) local authorities have had much less of a need to provide direction, and that their role as 'enablers' amounts to 'passing messages on'.

An example from respondents is the increase in bids from housing associations for funding to develop extra-care housing in response to the national agenda, whilst many strategic housing officers in local authorities do not feel it is a priority but don't feel they are in a position to influence.

In 2001 CIH suggested that 'a reappraisal of the respective roles of and the relationship between local authorities and the Housing Corporation will be needed' in response to the new demands of the strategic housing role. However, the report primarily focussed on the

degree to which local authorities could influence through monitoring the housing association sector, rather than exert influence over the direction of investment by the Housing Corporation.

The role of housing associations and other large housing partners, eg, Arms Length Management Organisations (ALMOs) in influencing strategic direction has not been fully recognised or capitalised on by local authorities

The role of housing associations as a partner in strategy is not always recognised, despite publications³⁸ that have sought to raise awareness of the potential benefits from involvement, and to encourage joint working. In the process of supporting local authorities to develop their strategic direction there are often difficult relationships at a strategic level between large scale voluntary transfer organisations or the ALMO, and the local authority. This is a particular 'waste' as many of the strategic thinkers who once worked for the local authority are now in senior roles in these organisations.

Most local authorities still do not understand that housing associations and ALMOs are businesses and take decisions on this basis. Housing associations in particular operate in an environment that includes lenders and regulators, in addition to tenants and residents. The existence of two different regulatory frameworks for local authorities and housing associations is also considered to have driven a 'wedge' between the two, rather than encouraging a common purpose.

There are some examples of local authority/housing association working arrangements that could be built upon to become more strategic:

- Housing associations are often members of local strategic housing partnerships where they exist (see earlier)
- The development of local protocols between local authorities and housing associations is lauded by some authorities for resolving many of the relationship difficulties that existed. However, there are others who feel it is a 'soft approach' to tackling the issues, that it focuses heavily on improving housing associations and not local authorities and that the detail primarily relates to the delivery of activity rather than a strategic relationship
- *Preferred developer partner arrangements:* recognising that housing associations primarily engage with local authorities on new development, these arrangements were developed a number of years ago and sought to maximise the contribution that housing associations make to the wider community in return for support to develop. These arrangements floundered to some extent when the Housing Corporation selected developer partners, including private developers; local authorities felt they no longer had control of the 'carrot'
- *Preferred housing management partners:* a more recent 'innovation', first piloted in Northamptonshire with interest from other authorities in developing similar arrangements. Local authorities are selecting to work (ie, support development) with only those housing association partners who they feel manage housing to a good standard. This arrangement is causing concern amongst housing associations;

developing associations may be required to develop and then 'hand over' new housing through this arrangement.

Although local authorities have sought to learn from others about both of these arrangements, the reality is that decisions on partners are based on different criteria across the country, and that housing associations are not always involved in, or clear about, how the criteria were determined. Inconsistent approaches by local authorities in their relationships with housing associations is also a common issue raised by housing associations, many of whom deliver across a number of local authority areas. For those smaller organisations, there can be difficulties engaging when there is limited resource.

There are a number of organisations working to develop the capacity of local authorities to provide strategic direction and leadership and to work more effectively with partners; there is a need to manage this work at a national level to maximise outcomes for local authorities

The *IDeA Strategic Housing Programme*, funded by CLG, has been supporting local authorities to deliver their strategic housing role since early 2007. This was initially in response to an increasing awareness of a national housing shortage and that the local authority, as the planning authority, has a clear role to play in addressing this.

There are four intended outcomes of the programme:

- Local authorities will be better equipped to connect and manage their housing, planning and economic development functions
- Housing strategies will be strengthened by improved integration into sustainable community strategies, and local authorities will be better equipped to deliver outcomes through local area agreements and multi-area agreements
- Local authority leadership and influence with local strategic partnerships which enable the delivery of outcomes in other service areas, for example, health, community safety, etc
- Local authorities, and particularly elected members, will develop their skills and abilities in ensuring local people are able to influence strategic housing outcomes, including investment in new and existing housing.

The programmes activity seeks particularly to influence the behaviour of:

- Elected members – with a focus on leadership, housing and 'place-shaping', integrated strategy development and community involvement; activities include leadership academies, contributions to the Planning Advisory Service academies, visioning events for individual local authorities and sub-regions and an elected member 'strategic housing pocket guide'
- Chief executive and corporate policy officers – housing and 'place-shaping', LAAs and MAAs, LSPs, etc

- Housing professionals – integrated strategy development, confidence to contribute to corporate agendas, etc
- Planners and regeneration professionals – inter-relationships, for example, through the housing and regeneration training programme by the British Urban Regeneration Association, BURA.

Although the programme will hopefully have an impact on the quality of each process of the strategic function, its emphasis on raising awareness, leadership and partnership working means that will have a particular impact on the ability of local authorities to provide strategic direction.

The programme is delivering a mix of national activity and regional activity; the latter tailored following an audit in 2007 at the start of the programme. This audit involved the Regional Assembly, Regional Improvement Partnership, Government Office and individual local authorities, and scoping events involving CIH members and regional housing forums.

The initial programme is now being evaluated; funding is anticipated to be available for delivery until September 2008 and a decision has yet to be made on what this activity should focus on. This could include activity to support newly elected members.

It is also relevant to note that the tenth Beacon Scheme has recently been announced by the IDeA³⁹, including a theme on 'Homes for the Future'. The application criteria includes the role of local leadership and strategic approach in ensuring efficient delivery and strong partnership working with neighbouring authorities, housing associations, private landlords, developers, utility providers and the third sector. A further theme is 'Strategic Commissioning' which, whilst strongly related to strategic direction and partnership working, is more appropriately included in the 'Commissioning and Procurement' section (chapter 9) of this report.

The *Local Government Association (LGA)* plans to run six 'campaigns' in the coming year, of which housing is one. With the intention of raising the profile of housing, this will include:

- 1 Work with decision makers in local government, for example, leaders and chief executives in response to the audit of capacity and skills. This identified a low level of awareness of the leadership role in strategic housing. It is also to ensure that local authorities understand that if they want new housing delivery to be a positive thing for their communities, they need to take control and provide direction. This forms part of the LGAs work to support the development of local leadership.
- 2 Dialogue with the government and Homes and Communities Agency over the relationship with local authorities. This includes the development of a Central-Local concordat⁴⁰ that is applicable to housing.

Alongside the campaign, the LGA is working with local authorities to:

- Improve communication with the community, particularly around the role of the authority in housing ('not just a landlord')

- Deliver new development and regeneration in the face of opposition
- Improve communication between officers and elected members, particularly important as their role is changing; this is a corporate issue.

The *National Housing Federation (NHF)*, beginning in April 2008, will be running a 'local structures and partnerships' project. They will also be appointing a local government officer, who will form part of the NHF Neighbourhoods Team and will undertake the majority of work associated with this project.

The project will be seeking to understand and influence the emerging local government framework, of which the strategic housing role is one part, on behalf of NHF members. As an organisation representing housing providers, the project will also seek to understand the role that they could play, and what needs to happen to enable this, taking into consideration the size of the organisations.

This work is in the context of seeking to ensure that housing associations are able to influence the strategic direction for housing (and other issues), but are not over-burdened by the frameworks that are established to develop, deliver and monitor this. See also chapter 10 on performance management.

Finally, the *New Local Government Network (NLGN)* is undertaking a research project with the title 'Social Inclusion through Better Housing: The Financial Challenge'.

This research seeks specifically to identify the range of solutions that exist, or could be developed, to deliver more affordable housing, without either the side effects of social exclusion, or unsustainable increases in public spending.

Of particular relevance to strategic direction and partnerships could be the assessment of the *influence* local authorities have over housing provision, across tenures (including buy-to-let, market rent, etc), and social groups, and the skills and strategies for this broader challenge. The project is not seeking to look at local relationships in detail but it is considering the role of the Homes and Communities Agency and what they need to do to support local authorities.

The work will involve a mixture of desk research, interviews, documentary evidence and round table policy discussion with experts in local government, housing management and mortgage lenders and other financial institutions. Completion of the project is expected by the end of May 2008.

Chapter 7: Understanding the housing market and the needs of individuals and communities

This chapter presents the review findings on the understanding of the housing market, the needs of individuals and communities for housing and related services and how these are used in the strategic approach to housing.

It begins with consideration to the availability and use of data, followed by housing market areas and assessments and finally considers data and information on the needs of diverse communities and vulnerable households.

7.1 The availability and use of data

Despite the considerable quantity of data available at national level, most authorities report that they do not have the capacity (time and comprehension) to use it effectively and in particular to update the assessment

Considerable national data collections are readily available, mainly, through Community and Local Government's (CLG) website. The data collected and reported covers a huge range of housing and related issues although not all reports are at local level. The Audit Commission area profile also provides a useful source. Finally, CORE and RSR returns are available and offer information about activity in individual agencies. However, local authorities vary in their use of the latter two sources in particular.

Current data supports a range of business activities. This includes use within the Corporation for regulatory purposes, and for policy development and research. The information is also used by other government departments, including CLG, to inform the broad picture of social housing across local authorities and housing associations. Individual housing associations and local authorities also use the data for general business management purposes. More generally the data is used by academic researchers, and some commercial research and data analysis companies.

Local authorities are expected to keep the data that informs their assessment of markets and needs up to date through the use of various data sources, many of which are held at a national level by the government or the Housing Corporation. This will enable more sensitive responses to housing market changes to inform both local development frameworks (LDF) and the national affordable housing programme.

The process of 'regular market engagement' (also known as 'in year bidding') will require housing associations and local authorities to be able to evidence need, and ideally this should be based on up-to-date information if new supply is to be most effective. Engagement is expected to occur as a minimum on a quarterly basis. Guidance on the process of regular market engagement has just been published⁴¹.

However, although the data that is available is comprehensive and very relevant to understanding market shifts, local authorities' report that they struggle to use them in a meaningful way to inform their understanding of the housing market or of needs. The very quantity of the data together with the fact that there is little interpretation applied to it at a national level overwhelms authorities trying to identify which data is useful and relevant to what they are trying to achieve and the capacity required to analyse the data (time and

comprehension) is rarely available in smaller local authorities. Findings from an initial audit of local authority skills and capacity by the Chartered Institute of Housing and Ipsos Mori to inform the Improvement and Development Agency's strategic housing programme highlighted a particular gap in technical skills such as understanding housing markets (half of those surveyed).

Activity aimed at rationalising data collection and improving its applicability includes:

- The NROSH (national register of social housing) project is being developed to bring together information from CORE, RSR and housing strategy statistical appendices (HSSA) returns. The aim of the project is to map social housing at middle super output area level to inform strategic housing and other related activity. At end February 2008, 183 landlords had returned their data⁴²
- Grant Thornton has been commissioned to:
 - To carry out an audit on the fitness for purpose of the key data collected by the Corporation and assess its quality
 - To provide recommendations on improvements and create tools by which quality can be managed
 - Investigate the economic value of to data to commercial users.

The data collected from housing associations (and in some cases from local authorities) by the Corporation for these purposes, is the focus of the project. The context for the work is that while much of the operational detail of the new social housing regulator – the Office of Tenants and Social Landlords – and the Homes and Communities Agency has yet to be clarified, it continues to be the case that key social housing data will be required from housing associations and subsequently local authorities, to underpin evidence based decision making. The first stage of the project is nearing completion; if the second stage goes ahead this will be complete by September 2008

- The housing statistics team in CLG, with the Central and Local Information Partnership⁴³, is beginning an exercise of reviewing the information that is collected by the government on housing. This includes the quarterly homelessness return (P1E), and the annual HSSA returns from local authorities to the government. This work is intended to identify duplication and whether there remains a need to collect it, particularly in light of the new national performance framework.
- CLG undertook work to identify what information local authorities used to inform local housing plans and policy; this was related to the 'reducing the burden' drive. It involved the completion of a significant questionnaire by local authorities; responses from this would be worth reviewing (but were unobtainable during this review).

The Housing Corporation has done a considerable amount of work to support a robust understanding of housing issues; this is clearly linked to the need to ensure that investment decisions in new development are based on evidence of need and to support

housing associations in their business planning processes. The Corporation's Innovation and Good Practice (IGP) programme is recognised as a good source of information about the approaches that can be taken to understanding needs.

Although there is a wide range of research taking place at regional level, outputs are not reaching the most appropriate people in local authorities, and are not shared with other regional agencies. This is not the most effective use of resources

Government offices, regional assemblies and regional development agencies work together to commission research and studies to support their investment decisions and the work of local authorities. Contact with regional organisations highlighted, however, that although they make efforts to ensure that local authorities know about results of research and recommendations at regional level, their understanding is that messages do not necessarily get through to those who need to understand them. Equally, regional agencies highlighted that they tend not to know what research is happening in other regions, which they consider could be leading to duplication of effort.

An example of significant research being underused is in the South East. The South East Regional Development Agency and South East Regional Assembly commissioned a piece of work to examine the balance between flats and houses. Where housing needs studies had identified that there was a shortage of flats across many areas of the South East, equally this had for some years been the preferred form of development on high value land sites. The lack of local planning documents stipulating the type of homes that were required to meet housing need in authorities had resulted in an inability to fend off flats as the affordable housing contribution on development sites. The research concluded that the balance has been restored and that the gap is now for family homes.

This research, 'Housing Type and Size'⁴⁴ is now available to inform the development of planning documents and support authorities' demands for family homes. However, authorities in the South East contacted as part of this review and through other work were not aware of this significant piece of research, which tends to bear out the regional agencies' concerns.

The potential of information communications technology (ICT) to support an up-to-date source of data has not been grasped. There is a need to explore development of a shared source of data that pulls together the available 'live' data into a more comprehensible format that is consistent across the country

The developments in the availability of a wide range of 'live' data and its analysis through ICT should enable a more cohesive approach to complex processes, such as housing market assessments. The use of geographical information systems (GIS) enables detailed mapping of data, while secondary data sources on house prices and incomes are readily accessible. Technology therefore enables market assessments to be undertaken in a cost effective manner using only secondary data.

There is variable understanding at a regional level of the difficulties that local authorities are experiencing in using data to understand and update their market assessments and the needs of their communities. Where this has been identified as an issue, there is work to address this by bringing together data at regional level. This is an effective way of

ensuring a 'common currency' amongst local authorities and particularly useful for informing cross-authority and regional plans.

Existing examples include:

- Hi4em – Housing Intelligence for the East Midlands⁴⁵
- Tees Valley Joint Strategy Unit⁴⁶
- The 'Building for All' model (London and the North West).⁴⁷

These are highly valued by local authorities of all sizes who can use the data sources at nil cost and find that the information is in a format that is practical and therefore easily applicable. Whilst some of the information is very detailed and directly applicable, other issues are less well served; although these information sources continue to develop.

Two private organisations have taken a more comprehensive approach:

- *Hometrack*⁴⁸ is a commercial venture that provides access to large quantities of data for housing market assessments. These sources are constantly updated (and therefore take account of the need in government advice on regular assessment reviews). Data can be supplied, analysed and mapped in relation to affordability by house type, cross tenure affordability and house price changes
- *BLine Housing Information*⁴⁹: this housing consultancy specialises in using ICT to analyse and understand housing markets. A sub-regional housing market assessment covering the Nottingham Core was completed in 2007⁵⁰ and currently work is underway on a Leicestershire assessment. The focus of this approach is on data mining and warehousing. This enables the identification of neighbourhood housing markets. More importantly, it enables interactive maps to be produced and updated at village, neighbourhood and estate scales⁵¹.

Some regional organisations, for example, Government Office for East Midlands (GOEM) are enabling access to Hometrack data through their own intelligence services, although this is not yet fully developed. GOEM also paid for eleven authorities to join the Hometrack service but found that some rarely, if ever, accessed it, or only used small elements of the available information. Two main issues were raised; the expense of the service (well beyond the means of smaller authorities) and a lack of capacity (time and knowledge) to fully use it.

Local housing providers across tenure are rarely involved in discussions to help the understanding of the market or housing needs

Local work with housing providers across tenures is focused on delivery rather than understanding the market. This is a missed opportunity to inform understanding both of the housing market and of housing needs. Two examples are:

- Social landlords have acknowledged the need to know more about the characteristics of their tenants and are building up databases from individual returns. Generally,

however, little use is yet being made of this information to inform service delivery and it is rarely reported to or collected by those working in the strategic housing role

- Private landlord forums are usually focused on issues around decent homes and enforcement. There is little attempt to open a dialogue about their knowledge of the market.

The role of housing organisations in influencing housing markets is illustrated in the work of Smith et al⁵² on housing markets in Edinburgh. She and her colleagues highlight the role of property professionals (for example, estate agents), institutional private landlords, landowners and house builders in structuring the nature and characteristics of local housing markets. She argues that local authorities need to have a much better understanding of the role of these stakeholders.

The Housing Corporation undertakes or supports specific pieces of work that are necessary to resolve particularly challenging issues or to advance the use of data to inform business planning. This has included research into houses in multiple occupation in Blackpool and shared ownership, and work with Manchester City Council to develop a GIS system.

The National Housing Federation has produced guidance for housing associations to support their engagement in the process of strategic housing market assessments. Funded by Corporation Innovation and Good Practice Grant, housing associations have reported that this has been particularly useful. Although the actual extent of housing association involvement in the assessment process is not known, the intention of the guidance was to ensure that the information generated by the assessment could be useful to housing associations in their business planning processes.

The work local authorities and their partners have undertaken with service providers in the development and delivery of the Supporting People programme has broached the subject of relationships between commissioner/provider and particularly to try and understand what the 'market' is for housing support; without this level of understanding the SP programme would have failed to reach the people most in need.

Most local authorities do not make good use of available qualitative data (including that collected at corporate level) to inform their understanding of housing needs and aspirations

Qualitative data (to understand the perception of users about services, their needs and aspirations and other issues) is already gathered at a local level, including the best value user satisfaction surveys carried out three yearly by local authorities (which will be replaced by the place surveys of citizen perspectives). Some qualitative surveys are treated as quantitative (ie, the opinions of users are reported in numeric form) and often trends are tracked over time. STATUS surveys are examples of this approach. Others are used to inform service improvement and may be one-off opinion surveys or periodic.

We found that there is extensive use of qualitative data by some authorities to inform performance management but few include qualitative data in mapping or understanding housing needs. The exceptions relate to qualitative work undertaken for specific strategies,

for example, older persons or learning disability housing strategies. It is not uncommon for housing research and policy teams to be separate to, and unconnected with, corporate research and policy and consultation teams. The effect is to disconnect work on housing from the corporate whole. It is to be hoped that the recent Audit Commission report on the use of data in the public sector will contribute to a more joined up approach between and within organisations⁵³.

There has been considerable research from an academic perspective on housing markets and household behaviour. However, there are few examples of learning being applied

Although there is a substantial body of research into methodologies for understanding housing markets and individual behaviours within markets, little of this appears to be utilised at local or regional levels.

There has been a vast amount of research into household behaviour and housing markets that was initiated through work by Maclennan⁵⁴ in the early 1980s. This literature has been summarised by O'Sullivan and Gibb⁵⁵. Key points include:

- Factors that influence customer search behaviour include housing characteristics (eg, cost, space, distance to employment) and non-housing considerations (eg, quality of schools, perceptions of community safety and employment opportunities)
- There are considerable variations in search behaviour and housing market knowledge among different groups. Households on low incomes, vulnerable households and black and minority ethnic groups have relatively little information and tend to search for properties in neighbourhoods where they currently live
- Building large amounts of new housing for middle income households does not necessarily benefit low income groups as vacancies do not filter down through the housing market.

The one exception to the gap between research and practice is the work on strategic housing markets in Scotland. There have been a number of in-depth studies undertaken by university researchers⁵⁶. These have, for instance, highlighted:

- Importance of clarifying the geography of housing markets and in particular their overlapping nature in urban conurbations
- Need for a better understanding of customer behaviour in housing markets especially the importance of the quality of schools and community safety
- Importance of having cross-boundary policies that reflect the reality of real housing markets.

These findings have influenced the Scottish Government's approach to affordable housing and housing market studies⁵⁷ and the work of Communities Scotland⁵⁸. In particular, the latter produce housing market context statements on a sub-regional/regional basis. It is argued that this leads to a high degree of consistency in local housing market studies.

7.2 Housing market areas and assessments

There is relatively recent government guidance on local strategic housing market assessment, although this was received late in the process of undertaking assessments for some groups of local authorities

Government guidance on housing market assessments was published in 2007. It was strongly influenced by a number of government-sponsored reports such as the Barker Review of housing supply⁵⁹ that highlighted a broader and more robust approach to understanding housing markets was required. It builds on Planning Policy Statement 3 on 'Planning for Housing'⁶⁰, on earlier work⁶¹ and a lengthy consultation process from 2004 onwards⁶². There have also been a number of studies and reports on housing market analysis that are readily available⁶³

Guidance on assessments consists of:

- Advice Note on Housing Market Information – see: <http://www.communities.gov.uk/publications/planningandbuilding/housingmarketinformation>
- Advice Note on Identifying Sub-Regional Housing Market Areas – see: <http://www.communities.gov.uk/publications/planningandbuilding/identifyingsubregionalhousing>
- Guidance on Strategic Housing Market Assessments – see: <http://www.communities.gov.uk/publications/planningandbuilding/strategichousingmarket>.

Some strategic housing market assessments provide inadequate evidence on housing need to support local development frameworks and planning documents on affordable housing requirements

There is a major challenge in balancing the housing market assessment approach with the requirements of the planning system. Local authorities are currently developing their local development frameworks especially core strategies⁶⁴.

A key requirement is to have robust evidence to support and justify planning policies – particularly those on affordable housing provision. This was highlighted in 2006 when the draft core strategies produced by Lichfield Borough Council and Stafford Borough Council were subject to independent examination by inspectors. They were not approved for a number of reasons including the lack of an up-to-date and robust evidence base for affordable housing⁶⁵. Both councils have been required to re-commence work on their development frameworks.

Planning officers in local authorities have, therefore, been keen to ensure that assessments are sufficiently focussed on local housing needs. More specifically, they argue that there is a need to ensure that there is evidence to justify:

- Overall affordable housing figures and targets
- Specific targets for sub-areas, ie, neighbourhoods, market towns and parishes
- Specific targets for housing tenure and type.

This often leads to a range of concerns about sub-regional assessments and whether the evidence will stand up to independent scrutiny and examination. These include:

- Adequate and sufficient focus on housing needs at a local authority and sub-local authority scale
- Satisfactory levels of funding to ensure that local housing needs studies are fully completed
- Appropriate methodology and whether the well-tried and tested methodology outlined in the DETR 2000 guidance⁶⁶ can be operationalised using secondary data in the CLG 2007 advice.

Housing needs surveys by rural enablers have the advantage of focusing on a smaller population but at a higher level of coverage and with greater qualitative control. The data collected is usually persuasive.

Although Audit Commission strategic housing inspections and the KLOE guidance⁶⁷ have not placed a major emphasis on the quality of housing needs studies, a number of councils have been identified as exemplars of good practice including:

- Cotswold: use of corporate state of the district information⁶⁸
- Stratford-upon-Avon: rural housing needs⁶⁹
- Wychavon: comprehensive baseline information on housing needs and housing stock condition.⁷⁰

There is emerging evidence of a gap between the concept (as expressed in the guidance) and the reality of strategic housing market assessments

In each region in England, work commenced in 2003/2004 on identifying sub-regions as part of the regional housing strategy and regional planning strategy (and now the regional spatial strategy) processes. The approach was generally based on functional city regions/urban areas⁷¹.

However, regional stakeholders have tended to ignore the complexity of housing markets as identified by consultants. Needing to simplify the boundaries and process, they have allocated local authority areas to one of the possible sub regions, even though consultants had identified that it belonged to a number of markets. In each region, sub-regional housing market assessments have either been completed or are due to be finished by the end of 2008. It is therefore an opportune time to begin to take stock of the lessons learnt

from the assessment process, and to understand how any shortfalls in the process will translate into the process of plan and policy-making.

Regional stakeholders have facilitated the completion of sub-regional housing market assessments by a range of approaches to guidance and by partly funding the work. Even so, the degree of divergence in assessment methods has caused concern at a regional level about the validity of findings to support regional investment.

In the East Midlands, this has been highlighted as a significant concern by the government office. The ten housing market area studies have been undertaken by a wide range of consultants that have employed different methodologies. The nature of these studies has also varied with some primarily focussing on affordable housing targets. As a result, Savills have been commissioned to undertake a review so that guidance can be provided to ensure greater consistency. A similar review has been completed in the East region.

A different approach has been attempted in the West Midlands. The regional assembly has attempted to take a proactive approach in ensuring consistency between studies but this has resulted in major delays and is leading to some local authority's commissioning their own independent studies.

The emerging findings suggest that some elements of government guidance are unrealistic while sub-regions have responded to the requirement in substantially different ways:

- There have been different approaches to the use of primary and secondary data. In some cases methodologies from traditional housing needs studies have been built upon, including primary data collection from interviews and/or postal surveys. It is argued that primary information is needed because of the lack of sources on housing aspirations of households and the inadequacy of secondary data. However, those in favour of the use of secondary data highlight the cost and the statistical validity or reliability of survey data.
- Geographical boundaries are problematic, as described in chapter 6 (strategic direction). The geography of housing market areas with most studies merely replaces one set of administrative boundaries by another, ie, sub-regions based on groupings of local authorities. There is also lack of consistency in approach, for example, in the East Midlands ten sub-regional housing market areas have been identified, while in the West Midlands there are five large housing market areas – one of which covers the Birmingham conurbation, Solihull and Coventry. Some local authorities are unconvinced by their sub regional/housing market boundaries and identify that different boundaries would be more appropriate. Greater Manchester housing market studies have not adopted local authority boundaries. Officers have commented that this creates significant challenges in terms of research and policy-making but is a more realistic expression of housing markets
- The approach has tended to focus on city regions and functional urban areas. This helps to make connections with the government agendas on sub-regional economic strategies and city regions⁷². However, it, poses many challenges for rural areas where there is not an obvious urban centre that dominates the housing market. DTZ

Pieda in their work in the South West and the East Midlands acknowledged this difficulty and highlighted that further research was required. There is also a view that focusing on urban-based geographies ignores rural sub-regions. In the East Midlands, for instance, the Welland Sub-Region was established in the late 1990s by a group of councils with similar and overlapping housing markets based on market towns. A sub-regional housing strategy was produced along with a homelessness strategy and a housing investment policy⁷³. However, this sub-region is not recognised by regional stakeholders

- There has been a lack of a focus on black and minority ethnic communities and vulnerable groups (see below)
- There has been a failure to plan for or even discuss how to undertake regular updates on assessments (see below)
- There has been a lack of widespread involvement of local stakeholders in sub-regional housing market partnerships.

Modeling urban housing markets is a well-established trend in academic research⁷⁴. The most useful study is research on the demand for social housing in Glasgow. It involved estimating the demand for social housing by taking account of a range of assumptions about migration, neighbourhood change and incomes. It is possible that this type of approach may be further developed by the National Housing and Planning Advice Unit. The prospectus includes a number of potential research areas including 'drawing on the work by the regions to identify sub-regional housing markets which are useful for the purposes of measuring and forecasting affordability'.

7.3 The needs of diverse communities and vulnerable households

There is little definitive guidance on how to undertake efficient and manageable assessments of the housing needs of vulnerable groups that will deliver the required information to the required depth

Guidance on housing market assessments in 2007 emphasised the importance of focusing on vulnerable groups to some extent⁷⁵. Similar comments were made in good practice advice on housing needs in the 1990s⁷⁶. The Audit Commission's key lines of enquiry (KLOE) on strategic housing highlight the importance of councils understanding the 'diverse housing needs of all of its residents including support and special needs'⁷⁷.

Whilst all authorities acknowledge the requirement to understand the differential needs of their communities and of individuals within the communities, our respondents reflected that national guidance is limited to homelessness, Supporting People and gypsy and traveller accommodation assessments. Whilst these are felt to cover the most critical vulnerable groups, there are guidance gaps on needs for housing as opposed to the needs for support.

Gypsy and traveller accommodation assessments are more reliable and consistent, being driven by more detailed government guidance and often undertaken on a cross-authority

or regional level, and there is a general acceptance that these will give a reasonable picture of needs amongst this population.

The national Supporting People programme has generated the most reliable and consistent source of information about people with vulnerabilities and their housing and support needs

Information generated through the Supporting People (SP) programme is the most reliable source of information about vulnerabilities as the way that data is collected and collated is defined at a national level. There has been considerable input of effort over the last five years to try to ensure that all data collected is based on the same definitions and are drawn together into useful formats.

CLG commissions St Andrews University to collect client records and outcomes data from providers of housing support services. This collects information on the number and type of vulnerable households accessing housing support services each year, and how successful those services were in meeting their needs⁷⁸. The data is recorded on a local, regional and national level so can be used to monitor the make-up of vulnerable households at a sub-regional level. However, as Supporting People is managed by upper tier authorities, there is an issue in disaggregating data down to a district, and strategic housing authority, level.

In addition, local authorities submit SPLS (Supporting People Local Systems) data to CLG which details the number of service and units of support that authorities procure. This can be broken down by client group, service type, authority and region. To this has now been added the Outcomes Framework for support. This, although relatively recent, is already informing SP partnerships about the issues and impacts in their areas and enabling strategic direction to be adjusted (this is discussed further in chapter 10 – performance management).

The national programme is also supporting a range of research activity to understand in more detail the needs of, for example, young people and offenders. CLG's SP team continues to advise local SP teams about emerging findings.

Whilst there is extensive regional local data supporting activities of health and social care, this tends not to be known by local authorities, and it does not include intelligence from housing authorities

Regional and public health observatories together provide a huge range of data on the diversity of populations. This includes labour market, health and social care issues that together can be used to build up a picture of deprivation and pick up key issues for the communities they record. The public health profiles produced annually are used extensively by health and social care policy makers and commissioners but seem to be relatively unknown to housing strategists. Nor is intelligence from housing authorities normally included in the data which contribute to these.

There are excellent sources of interpretative data on some populations, for example:

- Older people (through Projecting Older People Populations – POPPI)
- People with a learning disability (work produced by the Valuing People Support team)
- A guide for estimating needs using available demographic data, prevalence and incidence data has been produced through the Change Agent Team, CSIP⁷⁹.

Regional agencies are prompting, and in some cases leading, research into the housing needs of vulnerable groups. Two regions have commissioned a model to identify the need for supported housing (accommodation and non-accommodation based); in the North West this work is being linked to housing market assessments and will inform the review of the regional housing strategy and regional investment plans. Homelessness is another area of activity, with several regions developing regional homelessness strategies. These are in addition to the encouragement to produce sub-regional strategies or at least plans derived from regional strategies and reviews.

PCTs and social care services often have access to valuable and relevant sources of data through a combination of public health strategies and annual reviews, social care service data and research and policy teams. However, whilst health and social care have often joined up their data sources (often as part of their joint commissioning approaches) most contacts in housing authorities were only tangentially aware of these sources of data and for the most part had only had access to data when considering the needs of older people for extra care housing or where there is pressure to provide, say supported housing for people with learning disabilities. In other words, health and social care are using prevalence and incidence data to inform their own commissioning but rarely offer (or are asked for) data to inform wider housing needs.

Where there has been involvement of partners in developing the evidence base, for example in Brighton and Hove (see chapter 8 – plan and policy-making), this has been on the basis of a previously established partnership. An example of the output of this has been the PCT carrying out a Health Impact Assessment of the city's housing needs alongside the development of the housing strategy.

Research being undertaken by Matrix Knowledge Group, commissioned by CLG and the Housing Corporation, with the support of the Care Services Improvement Partnership (CSIP) will consider the approaches taken to meeting locally identified needs of households with health, social care and housing support through regional relationships and plans, including the regional housing strategy.

The guidance on Joint Strategic Needs Assessments refers to housing as one of the issues impacting on the health and well being of local populations and anticipates the assessment informing housing strategies. However, assessments can be (and have been) completed without any in depth understanding of the local impact of housing on health

Department of Health guidance on completion of Joint Strategic Needs Assessments⁸⁰ required through the Local Government and Public Involvement in Health Act 2007 and the responsibility of top tier authorities and Primary Care Trusts (PCT), anticipates that the assessment will provide a framework to examine all the factors that impact on health and wellbeing of local communities, including employment, education, housing, and environmental factors. It refers to the housing strategy as one of the strategic links. The guidance includes reference to 'neighbourhood services staff including housing leads and community safety officers' in the list of 'examples of who could contribute to the assessment'.

However, the core data requirements on housing are minimal; being tenure and overcrowding for all, living alone and heating for older people and then the two national indicators (NIs 145 and 149) referring to adults with learning disabilities and adults in contact with secondary mental health services who are living in settled accommodation. In reality, there is no requirement to open a dialogue with strategic housing in order to complete the assessment.

No doubt partly because of the short timescale within which the assessments have had to be completed, respondents have reported that few working in strategic housing have been involved in the process and many did not know that the process was being undertaken.

Although local Supporting People and homelessness strategies should demonstrate a clear understanding of the housing and support needs of vulnerable people in their communities, these have tended not to be robust.

This has remained a marginalised issue in strategic housing research. Nearly 75% of Audit Commission inspection reports published in 2006/07 and 2007/08 have commented that there is an inadequate assessment and understanding of the diversity of housing needs by councils.

In some cases, the needs of particular groups are being identified through specific studies. Examples include:

- Gypsies and Travellers (see above)
- Older persons' housing strategies
- Learning disability (Valuing People) housing strategies.

It might be argued that aggregate assessments of needs in more specific sub-strategies (for example, SP strategies and local homelessness strategies) meet the requirements of understanding the housing requirements of more vulnerable groups. However, evaluation of the shadow SP strategies by Leeds Metropolitan University⁸¹ and local homelessness strategies by HQN⁸² both highlighted that one of the weaknesses was the inadequate assessment of needs.

Since then, Audit Commission reports of Supporting People inspections have frequently highlighted the lack of robust approaches to identifying the housing and support needs of local vulnerable groups. As highlighted earlier, the national data collections for SP are

considerably more robust but these only consider the needs of those actually in receipt of support services, rather than the needs of potential service users.

As described earlier there is some work underway to gain a regional understanding of need; in the North West this will be disaggregated to lower tier authorities, although this will present some challenges as data on SP and social care is held at upper tier level.

There is inadequate up-to-date information about black and minority ethnic (BME) populations and especially recent or emerging migrant groups to inform understanding of their needs. Resulting BME housing strategies are generally poorly informed

National data on the ethnicity of communities is known to be flawed; partly because of the age and basis of the 2001 census but mainly because of the rapid change in migration over the last few years. Whilst the challenge of establishing data on new and emerging communities is recognised by most, there is little work underway that will truly address the lack of data.

BME housing strategies are recognised to be of variable quality and levels of understanding about the real issues in areas vary. Authorities with little experience of engaging with minority populations have relied on base data from the 2001 census. Although data about tenants of council and housing association property, from housing needs surveys and other larger scale survey approaches, can be used to improve understanding, this is rarely used.

These larger scale surveys are in themselves occasional or are incomplete (especially tenant audits). Data is often known about the diversity of people who use services (although many authorities and related stakeholders are only now monitoring diversity issues other than ethnicity) but a comparison to the population base (from the census) is not a reliable measure of how users of services reflect local populations, since minority ethnic groups, for example, are often under-represented in the baseline data from the census. There is a gap in understanding the profile of people who do not use services, but do have a need for them.

A review by the University of Warwick and De Montfort University⁸³ identified nearly twenty well-established statistical and mathematical models on measuring segregation and dispersal. These are widely referred to and debated in academic research but there is little if any reference to these approaches in the various guides on meeting the housing needs of black and minority ethnic groups⁸⁴. Yet the changing patterns of segregation and dispersal are central to understanding the dynamics of local housing markets.

Chapter 8: Plan and policy-making

Having established a vision, based on an understanding of where we are, the next step is to develop plans and policies to take us there.

This chapter explores what has driven plan and policy-making to date, and the evidence that exists to suggest that the quality of the process has an impact on outcomes for people and communities.

In this context a plan describes the action that is needed to deliver the vision. A policy provides the framework within which this action has to be delivered to achieve the desired outcomes.

8.1 National guidance and support for plan and policy-making

Gaps in guidance in some areas of plan and policy-making has made it difficult to align plans and policies and engage others

Guidance on plan and policy-making in planning and neighbourhood renewal was cited by a number of local authorities as important to improve their approach.

There are three areas where local authorities feel there is a gap in guidance:

- Planning, housing and economic development
- Housing, health and social care
- Housing, sustainable community strategies and local area agreements.

As described in the chapter on strategic direction (chapter 6), the gaps are felt to have had a negative impact on the ability of local authorities to develop a strategic approach to meeting the needs of more vulnerable households, particularly in two tier authority areas where the distance between housing and health and social care is greater.

It is only in very recent guidance, for example, Creating Strong, Safe and Prosperous Communities Statutory Guidance: Draft for Consultation⁸⁵ that support for the integration of housing strategies into the sustainable community strategy has been specifically given – this consultation document has not been widely read by local authority strategic housing officers.

There is disparity between what government thinks local authorities are able to influence and control through their plans and policies and the local authority view

The 2000 housing green paper, Quality and Choice, indicated that local authorities have a number of levers to influence delivery of those elements of the housing strategy that they do not directly provide themselves, notably:

- The planning framework (including provisions for affordable housing)
- Authorities' involvement in the selection of specific development projects to be funded through the Housing Corporation's Approved Development Programme
- Enforcement action that can be taken on unfit properties and anti-social behaviour.

The more recent housing green paper, Homes for the Future, does not build on this.

Prior to this, a major study undertaken on the implementation of housing policies in the 1990s⁸⁶ highlighted that councils were increasingly finding it difficult to ensure that policies were translated into action because of the lack of powers and resources compared to the 1970s.

More recently work by HQN with local authorities to develop their strategic approach over the last few years has also highlighted that local authorities are unaware of how to be innovative in their use of existing powers and resources, for example, the power of wellbeing. There also different approaches to the use of legislation by officers who come from a regulatory and enforcement background to those who work in regeneration or development.

8.2 Regional plan and policy-making, and support for this locally

Although regional agencies invest significant resources in activity to support plan and policy-making at regional and local level, silo working means that the benefits from this are not fully realised

Regional assemblies, government offices and other agencies that operate on a regional basis are all sources of guidance and support in the practice of plan and policy-making on a wide number of issues. Every regional housing board has a programme of activity largely focused on development of policy approaches to housing in their region.

Examples include:

- Government Office West Midlands and the West Midlands Regional Assembly produced guidance on the delivery of affordable housing and held a regional conference
- The North West Regional Assembly, Government Office North West and the Housing Corporation are providing support to local authorities in relation to Supporting People and housing support services, for example in the process of developing local area agreements
- Homeless Link has provided national guidance and delivered regional events on homelessness and local area agreements
- Government Office East Midlands has used some of its regional housing money to pay for staff resources to develop policies and plans to deliver them that can be used

by any authority instead of each authority having to develop their own. An excellent example was the development of a policy and standard documents to support the introduction of licensing for houses in Multiple Occupation.

An issue highlighted by every regional contact (which included government offices, regional assemblies and regional development agencies) is that there is a tendency to regard regions as 'unique', and that there is generally little that brings together the activity of separate regions. This applies, for example, even in the south east where the region is widely spread geographically and is acknowledged to be extremely diverse, with little in common between the two geographic extremes of the region, ie, there will be parts of the region with more in common with neighbouring regions.

Regions invest significant resources in research to understand the housing market, the needs in private sector housing, etc, but may commission projects that duplicate or have strong similarities to research carried out in other regions.

There is a gap between local and national plan and policy-making in relation to access to housing and housing services, including those for vulnerable people

Housing plan and policy-making at a regional level has to date been predominantly focussed on informing investment in new homes, major regeneration and existing homes. This has left a gap between national and local plans and policy-making for other areas of activity that the local strategic approach provides direction to.

Most regions have developed a plan to tackle homelessness but only some of these are recognised as having a process behind them that has added value, notably the West Midlands.

Despite the existence of Supporting People Regional Implementation Groups (RIGs) since the start of the programme in 2003, until recently most regions had focussed activity – as the name suggests – on implementing the programme, rather than considering the merits of developing regional plans and policies. Although a number of the regions have recently appointed regional supported housing co-ordinators, there are reports that the focus of regional working has switched to improvement in value for money rather than establishing strategic direction and plans.

The research being undertaken by Matrix into regional investment, housing support and health and social care described in chapter 6 will be seeking to understand the processes that exist to ensure that the regional housing strategy in particular takes these needs into account. This is with a view to identifying where the process should sit in the future, and to inform future guidance.

While there are some good examples of sub regional or cross authority working to develop plans and policies, these are the exception

The Audit Commission through its strategic housing inspection process has highlighted a number of examples of good practice including:

- Broadland: Greater Norwich Housing Partnership⁸⁷
- Canterbury: East Kent joint housing strategy and homelessness strategy⁸⁸
- Rutland: Welland Partnership in the East Midlands comprising East Northamptonshire, Harborough, Melton, Rutland and South Kesteven⁸⁹. This partnership produced a joint housing strategy and a joint homelessness strategy in the early part of this decade.

Other areas where local authorities are seeking to develop common policies include planning policy; for example the Partnership of Urban South Hampshire authorities, PUSH⁹⁰, has been working to develop a common affordable housing framework and policies.

Other national stakeholders have highlighted good practice examples of joint working. These have included the Chartered Institute of Housing in its study on housing associations, councils and the strategic housing function⁹¹, and a joint Royal Town Planning Institute, Local Government Association and Chartered Institute of Housing report on integrating planning and housing⁹².

However, as described in chapter 6, the existence of joint plans does not necessarily reflect a joint strategic direction; where this is the case the value of such plans is questionable.

A lack of political commitment is clearly a challenge to the development of shared policies in particular, for example despite funding being made available to groups of local authorities to develop sub-regional choice based lettings schemes, many of these are not based on a common approach to allocations. Two exceptions to this are the Greater Haven Gateway in the East of England and Bedfordshire. However, it is more common for local authorities to share only the 'back office' function; elected members are concerned about the perceived impact of mobility on their local areas.

One of the intended outcomes of the IDeA Strategic Housing Programme is to enhance the ability of housing professionals and partners to develop integrated plans and policies. This includes support to enable sub-regional plan and policy development, and to address particular issues, for example growth, rural and coastal issues. The programme has sought to share practice from existing sub-regions with others through the use of peer members and officers.

Sub-regional housing strategies developed on the basis of the strategic housing market area alone will not necessarily deliver improved outcomes

An emerging issue is the relationship between housing market areas and policy-making.

2008 government guidance on local housing strategies is expected to say that local authorities should explore the benefits of working together and to develop sub-regional or

cross-authority plans where it is sensible to do so. However, the sub-regional approach to assessing the housing market is now being translated into a requirement to develop a housing strategy for the housing market area, using the strategic housing market assessment area as the basis. Local authorities and regions also appear to be 'grasping' the assessment area as the basis for strategy development in response to a lack of capacity to understand what the vast amount of data available to the local area is telling them (see chapter7).

Aligning data and information with policy-making has become an increasing focus of attention in the public sector. The recent Audit Commission report, 'In the Know', has centred on this topic⁹³. In addition, there have been a number of academic-orientated studies on the need for evidence-based policy-making⁹⁴. The Cabinet Office and the Civil Service through its 'Policy Hub'⁹⁵ has also highlighted the importance of data and analysis in improving policy-making and decision taking. However, this does not mean that the strategic housing market area should be the only basis for developing housing policy.

Feedback from local authorities who have accessed the IDeA strategic housing programme for support to revise or develop their joint approaches suggests that there is a preference for allowing local authorities to take the decision about who they develop joint plans and strategies with and that this should not be on the basis of making life simpler for regional agencies.

Finally, the process of developing joint plans and policies is also highlighting that difficulties arise from authorities being in very different places, eg, they have a lesser or greater political commitment to housing, understanding of the issues, capacity to address these and partnerships, etc.

8.3 Local plan and policy-making

There is a strong case to abolish the statutory requirement for a local housing strategy (if indeed it exists) to reflect that the strategic direction for housing should form part of the sustainable community strategy

Although s.87 of the Local Government Act 2003 requires local authorities to have a housing strategy, and local authorities (unitary and district councils) have responded to this, this section is also widely believed not to have been enacted, ie, there is a question as to whether there actually is a statutory duty. The CIH and LGA called for introduction of a statutory strategic housing function in 2001; although there was some focus on process, eg, require councils to produce regular assessments, to consult, etc, the emphasis was on the requirement to prepare a local housing strategy.

The processes of developing and communicating strategic direction for housing need to change for plans and policies to be integrated or more directly aligned with the 'core' local authority plans that aim to deliver sustainable communities

The following issues highlight that a change is needed to focus on process rather than paper.

The focus on sustainable communities and local government reform in particular are contributing to a growing consensus that the core documents for councils are the sustainable community strategy, the corporate plan and the emerging local development framework. The latter is generally regarded as the spatial expression of the community strategy⁹⁶.

Despite considerable guidance from government⁹⁷ since 2002 on the production of community strategies, studies⁹⁸ have highlighted a number of challenges to the integration of housing plans and policies into the central framework:

- There are complexities and tensions in two-tier local government between county and district local strategic partnerships (LSPs) and community strategies, particularly in relation to the priorities that have been incorporated into local area agreements (LAA). This has implications for housing as a district function; there is some evidence that the lack of LAA targets on housing stems in part from this organisational issue
- There have been challenges in aligning LSP theme groups (traditionally defined by the four LAA 'blocks' introduced in the first round of guidance) and delivery/action plans with service strategies. It is generally recommended as good practice that updating and refreshing community strategies ought to take place in a co-ordinated manner with the development of service plans (such as local housing strategies). As housing is a cross-cutting theme, its inclusion within this process – and consideration given to housing by the LSP – has been variable
- Strategic housing policy and delivery has focused on additional affordable housing provision and the planning system. This has been at the expense of meeting the decent homes standard in the public and private sectors as well as the links with health and social care around vulnerable groups.

Timing of the development of the sustainable community strategy, local area agreement and local development framework also presents a challenge:

- The process of developing the first generation of local area agreements led to many local strategic partnerships revising their sustainable community strategies; this was the wrong way round and in many cases the revision has not sought to integrate housing
- The process of producing local development frameworks (LDF) has not progressed as quickly as the government had hoped; it is currently consulting on a replacement statement following the Planning White Paper in 2007⁹⁹ in order to speed up the process. The new national targets for delivering an increased supply of housing have also delayed the publication of regional spatial strategies, impacting on the production of the LDF. This has resulted in councils approving and implementing internal policies on the delivery of affordable housing that have not been subject to the rigours of the LDF process.

Devolving power and resources to the neighbourhood level, through, for example asset transfer (as recommended in the Quirk Review that has subsequently been endorsed by the government¹⁰⁰) and participatory budgeting¹⁰¹, suggests that there will be the need for

neighbourhood plans to incorporate a housing dimension. There is a question about whether local authorities have the capacity to manage the relationship between neighbourhood and local authority level (sub-regional working is considered earlier).

Housing plans and policies have become an 'end in themselves' rather than a means of communicating strategic direction and providing a framework for the delivery of outcomes

District and unitary councils in England currently prepare local housing strategies¹⁰². There has been an expectation that they will achieve 'fit for purpose' (FFP) status, ie, government offices will sign off each strategy as meeting ten predefined criteria¹⁰³. This FFP system was introduced in 2001/02 and replaced an annual rating system based on a five-fold classification¹⁰⁴.

The government requirement for a FFP strategy is a good example of a perverse or unintended consequence; commentaries and analysis of local housing policy-making suggest that one of these is that councils have adopted a 'tick box' approach, ie, achieving FFP is seen as an end in itself¹⁰⁵. Much of the activity of HQN and its subscription service in 2004/05 was responding to individual authorities who sought to achieve a 'FFP strategy'; there was relatively little interest in outcomes, ie, making a difference on the ground for people and communities. There is evidence that this approach is changing, but slowly. The requirement housing strategies to be assessed as fit for purpose is now being discarded.

It is still common to hear of housing plans and policies being developed in a 'dark room', even in those local authorities who are 'excellent' in their CPA, have a strategic housing partnership, and evidently deliver outcomes for their local communities. This suggests that the written document has no real purpose; strategic direction is communicated effectively without it. However, there is a question about whether this can be a truly joint approach, ie, the strategic direction is shared by others, and whether the successes that are achieved are in response to the most important issues and are the intended outcomes.

The focus on plans and policies as the 'end' has impacted on the approach taken to analysing data, assessing the options for delivery, involving others and co-ordinating activity

It is common for plan and policy development at a local level to begin with 'I need to develop a housing plan; what data do I need?' – why the plan needs to exist in the local context, the availability of powers or resources, and the involvement of others is often an afterthought. On this basis the plan or policy is unlikely to achieve the best or the right outcomes.

The contribution that others can make to the delivery of outcomes is also affected. For example, despite the recognition that the voluntary and community sector (VCS) make a considerable contribution (almost two thirds of the providers of housing related support are voluntary and community organisations), those working in strategic housing are frequently unaware that their local authority has signed a compact with the VCS that includes an agreement to allow twelve weeks for consultation. The consequent lack of feedback is

interpreted as obstructive, whereas it is an indication of the small resources available to most such agencies.

Elected members also feel they have limited involvement in the process of plan and policy-making and that their role is largely one of 'rubber stamping'; this has been evident through the delivery of the IDeA's Strategic Housing Programme.

Another issue is timing; it is common to find a number of housing plans and policies in one area that do not particularly relate to each other as they have been developed at different times. If their main purpose is to communicate direction and delivery, then there are likely to be mixed messages and missed opportunities.

Brighton and Hove has recognised that this presents a difficulty; they have coordinated reviews of the housing, Supporting People and homelessness strategies. There is a common methodology and consultation mechanisms, resulting in economies of scale that have allowed much wider consultation with service users, partners and communities. They have developed a stakeholder focussed (and led) approach to developing housing plans, policies and service reviews; it does this through working groups that have a clear role in the longer term, including in performance management. They feel this has led to more effective outputs, and hopefully outcomes.

It is also not uncommon to find action plans developed after the strategy has been written and agreed. These can easily be identified; most activity appears to be the responsibility of the local authority, and resources to deliver the plan are not specifically laid out - 'within existing resources' is a common feature.

Beyond the housing strategy local authorities have many other housing 'sub' strategies; their numbers diminish their effectiveness and the priority attached to them

There has been a growing use of the local housing sub-strategies over the last decade. This has been highlighted in many studies and good practice guides¹⁰⁶. They include:

- *Local homelessness strategies*: a statutory requirement, these were introduced formally in 2002/03 with a requirement that they are refreshed and updated by summer 2008 (apart from councils that are rated as excellent by the Audit Commission)¹⁰⁷. Some councils produce more specific plans covering rough sleeping and youth homelessness (and this has been encouraged by Shelter¹⁰⁸). HQN carried out a review for the government on the quality of the first round of local homelessness strategies¹⁰⁹. It found a mixed picture on performance especially the degree to which a proactive approach was being adopted, and the level of involvement of others in the process of development
- *Supporting People strategies*: these are produced by the local administering authorities (upper tier authorities) and were required (not statutory) by government to be submitted in spring 2005¹¹⁰. The earlier 'shadow' strategies were evaluated by Leeds Metropolitan University and found a mixed picture¹¹¹. Weak areas included the lack of an evidence base on needs

- *Black and minority ethnic housing strategies*: these have been highlighted by the CIH as a useful way of focussing on the needs of the diverse range of groups¹¹². More recent guidance has highlighted the importance of broadening the focus to one of community cohesion¹¹³
- *Private sector housing strategies*: These often encompass empty homes strategies and may in certain circumstances be further sub-divided into strategies to tackle houses in multiple occupation. The CIH argues that ‘most local housing authorities should have a strategy that specifically addresses the private rented sector’ in its report on private rented sector and housing strategies in late 2007¹¹⁴. The Housing Act 2004 has also given added impetus to the development of these plans and strategies; in LACORS’ recent HMO licensing survey, just 13% of authorities had not updated their private sector strategy to take account of 2004 legislative requirements¹¹⁵.
- *Older persons’ housing strategies*: these have been developed by some councils and their partners. The recent publication of the government’s housing strategy for older people, ‘Lifetime homes, lifetime neighbourhoods’, is likely to result in further initiatives in this area¹¹⁶. There is no formal requirement to produce a specific plan or strategy but the government provided guidance in 2003¹¹⁷, alongside a number of organisations, eg, Coalition on Older Homelessness¹¹⁸.

There are, in addition, an increasing number of smaller scale geographical strategies focussing on housing to a greater or lesser extent. In urban areas these include local renewal and regeneration strategies, area-based initiatives and neighbourhood management plans. In rural areas these include market town plans and parish/village plans with the latter often linked to the provision of additional affordable housing.

Finally, it is important to appreciate that this list does not include the wide range of other plans and strategies that overlap with the local housing strategies, including those produced under the town and country planning legislation (for example, the local development framework – LDF) and economic development strategies. From work that HQN has undertaken in recent years, it is not uncommon in carrying out an audit on local housing policies to find that there are 25-30 relevant documents for district councils and in excess of 75 for large unitary authorities, of which only a few are statutory requirements.

The opportunity afforded by the government’s ‘modernising local government agenda’, to rationalise and reduce the number of housing plans has not been explored or taken up by local authorities

As part of the ‘modernising local government agenda’, the White Paper on ‘Strong local leadership – quality public services’ in 2001 highlighted the need to reduce and rationalise the requirements set out by central government departments for councils to produce plans. Research commissioned by the government in the early part of this decade indicated that unitary authorities were required to produce well over 60 policy plans by various central government departments. The study summarised the challenge as ‘a growing concern that these plans may serve to impede effective working at the local level by placing unnecessary burdens on local authorities’¹¹⁹.

The proposals on plan rationalisation were set out in 2005¹²⁰ as part of the local government performance framework and the focus on freedoms and flexibilities for councils. The key measures in relation to housing included:

- Reduction in the overall number of plans from over 60 to less than 10 strategies
- Production of two overarching strategies – a community strategy and a best value performance plan
- Focus on major service plans including a housing strategy produced every 3-5 years once the FFP threshold (see earlier) has been achieved. Authorities have the discretion to include the homelessness strategy and other housing related plans within this strategy⁴. Other strategies include local development documents and the children & young people's plan
- Partnership plans including the crime and disorder reduction partnership strategy.

Furthermore, local authorities rated as 'excellent' were no longer required to produce seven statutory plans including a local homelessness strategy.

A review of progress on plan rationalisation was published in 2007 by CLG¹²¹. This research study highlighted:

- Although the government's target of reducing the plan burden by 75% has been realised, there are still examples where reporting requirements are being added to – for example, 'excellent' local authorities are encouraged to submit homelessness strategies as a basis for making decisions on resource allocations
- Over 90% of councils were aware of plan rationalisation but only 14% had a strategy for implementing it
- Some councils are continuing to produce strategies and plans even though there is no statutory requirement. This is justified on the grounds of meeting local requirements and priorities
- There are tensions in aligning service plans and strategies with community plans and the local strategic partnership process (which are often producing delivery/action plans).

Overall, there is a clear steer from central government that councils and their partners should be producing fewer strategies. From a housing perspective, the following points are emerging:

- The local housing strategy should adopt a broad focus and incorporate sub-strategies, eg, homelessness, private sector housing, etc. There is no need for separate sub-strategies

⁴ It should be noted that the local homelessness strategy is a statutory requirement but this duty can be discharged by including it in the local housing strategy

- The local housing strategy should be aligned with over-arching strategies such as the community plan
- There is a case for taking a more radical perspective by incorporating a housing strategy into the sustainable community plan.

The quality of local plans and policies is dependent on the lessons learnt from other local authorities

Local authorities generally seek to learn from each other in developing their plans and policies, and particularly if this means that lessons can be learned and duplication avoided. Particular examples of where local authorities have sought to learn from others include:

- The development of planning policy including S106 agreements
- Allocations policies; particularly to underpin sub-regional choice based lettings and to ensure that vulnerable people are given proper consideration.

Local authorities pay more attention to data analysis when they are developing plans and policies in direct response to a local issue (rather than being required by statute or otherwise)

Local authorities undertake significant amounts of work to identify local data and information relating to specific policies or strategic plans. An example of this is the development of plans to address move-on issues in response to recognition that short term accommodation was being blocked by long stayers with no alternative housing; Supporting People partners have carried out surveys and information collection to identify the numbers and characteristics of service users in order to develop approaches to unblocking high demand accommodation.

In reality, local data collection for a specific purpose is unlikely to be replaced by regional or national data collections or collation.

The Supporting People programme is widely held to have provided the basis for developing effective cross-agency plans and policies. However, concern exists that these working arrangements have recently lost their impetus

The Supporting People Core Strategy Group is felt by many local authorities and other contacts to have been an effective forum to develop local policies (for example, move-on policies, public protection protocols) and plans, including action plans to deliver the SP programme or related elements. The group brought together health, social care, probation and housing, alongside representatives from providers and service users and other community interests, to combine their information and intelligence.

However, contacts have identified that this process and the incentive to share information and develop joint plans and policies has dropped markedly, and particularly with the end of the Audit Commission inspection programme and the announcement that the programme will be integrated into the local area agreement in 2009.

Chapter 9: Commissioning and procurement

This chapter presents the review findings on strategic commissioning and procurement for housing activity.

Since the major finding was a lack of understanding about the concept of 'commissioning' in relation to strategic housing, it starts with an overview of the terminology. It then considers findings at national, regional and local levels and a summary of activity (in progress or planned) that may go some way to filling the identified gaps.

9.1 What are 'commissioning' and 'procurement'?

The concept of 'commissioning' is poorly understood with most respondents' initial responses to this area of the review focusing on purchasing, for example, services or research

Unlike the health and social care fields, strategic housing as a commissioning approach to housing and housing-related activity is under-developed. This is perhaps not surprising at a local level since:

- Sources of funding for housing activity vary from area to area
- Control of internal resources is the responsibility of different sections of the council
- Control of external resources is spread across different organisations and agencies, many operating on a wider geographical basis.

However, responses to the concept of strategic commissioning for housing at regional and national levels were similarly confused with only a few respondents grasping the wider remit beyond procurement.

To clarify our approach, therefore, the following paragraphs consider definitions for commissioning and the role of procurement within the commissioning cycle and relate this to the strategic housing function.

The Office of the Third Sector uses a short form definition of commissioning and procurement⁵ that is a convenient introduction:

- **Commissioning** – the cycle of assessing the needs of people in an area, designing and then securing an appropriate service
- **Procurement** – the specific aspects of the commissioning cycle that focus on the process of buying services, from initial advertising through to appropriate contract arrangements.

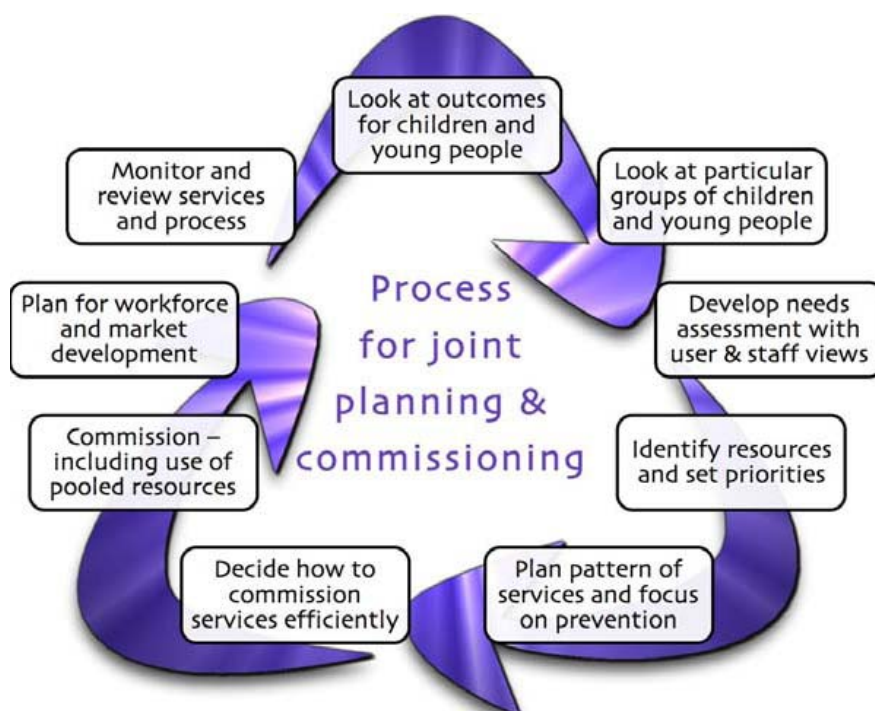
While the above activities are recognised by people working in strategic housing, their role as 'strategic commissioners' is unfamiliar.

⁵ *Partnership in Public Services: An Action Plan for Third Sector Involvement*, Office of the Third Sector, 2006

The definition of '**commissioning**' has been developed at a national level to inform developments in other strategic areas. An example is the definition developed by Department for Children, Schools and Families (DCFS) to improve joint working within the 'Every Child Matters' programme. In summary, this is:

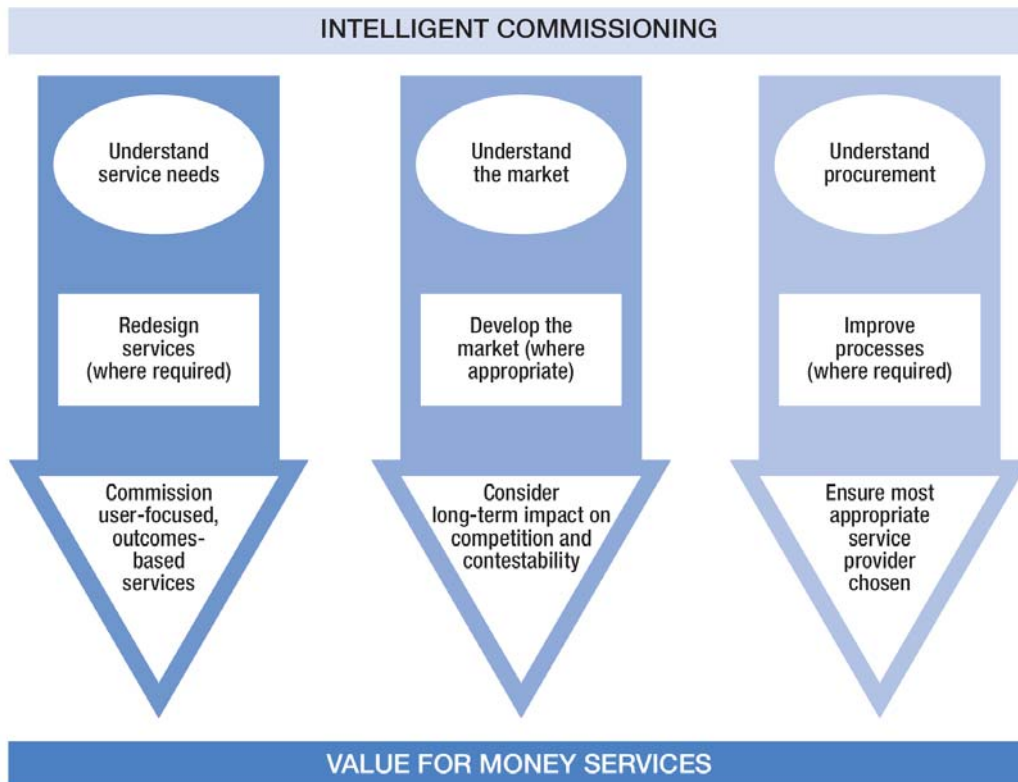
- *Commissioning strategy*: the strategic activity of assessing needs, resources and current services and developing a strategy to make the best use of available resources
- *Commissioning of services*: the operational activities to design new services and reshape existing services to meet identified needs... and deliver cost effective services
- *Purchasing*: the operational activity, set within the context of commissioning, of applying resources to buy services in order to meet needs... and embracing internal and external provision¹²².

The diagram used to illustrate the process of joint planning and commissioning makes explicit the cyclical relationship of these activities:



Source: *Every Child Matters; Joint Planning and Commissioning*

The Audit Commission, in its national report on commissioning from the voluntary sector¹²³ has developed an illustrative model to inform the process of 'intelligent commissioning' that is also useful in understanding the different activities of commissioning and how they should be applied to achieve value for money services:



Source: Audit Commission, *Hearts and minds: commissioning from the voluntary sector*

We have identified that commissioning is considerably better developed within health and social care and this has been supported by Department of Health (DH) with competencies in commissioning identified in its Commissioning Framework for Health and Wellbeing¹²⁴:

Eight steps to effective commissioning:

- Putting people at the centre of commissioning
- Understanding the needs of populations and individuals
- Sharing and using information more effectively
- Assuring high quality providers for all services
- Recognising the interdependence of work, health and wellbeing
- Developing incentives for commissioning for health and wellbeing
- Making it happen: local accountability
- Making it happen: capability and leadership.

These have been further developed for Primary Care Trusts (PCT) to deliver 'world class commissioning' in the National Health Service (NHS):

- Locally lead the NHS
- Work collaboratively with community partners
- Engage with the public and patients
- Collaborate with clinicians to inform strategy, service design and resource utilisation
- Manage knowledge and assess current and future needs
- Identify and prioritise investment requirements and opportunities
- Influence provision to meet demand and secure outcomes
- Drive continuous improvement in quality and outcomes through innovation
- Deploy procurement skills that ensure providers have appropriate contracts
- Manage the local health system
- Make sound financial investments.

The IDeA's 'Beacon authorities' scheme for 2008/9 includes an element entitled 'Strategic Commissioning'. The prospectus states:

'Strategic commissioning is now at the top of the agenda for securing the delivery of community driven outcomes.....It requires bringing together the commissioning intentions of local authorities with those of other local statutory partners – Primary Care Trusts, Regional Development Agencies, the Learning and Skills Council, and Schools – and working with local stakeholders in the local business and third sectors to develop strategies that will deliver the outcomes needed to meet community aspirations and improve personal experience as well as reflecting the needs of society as a whole.'

The elements that are required for 'world class commissioning' are cited as:

- Leadership: vision and strategy
- Community and customer engagement and empowerment
- Actions
- Partnerships
- Outcomes.

All the above clarifies that commissioning is the whole cycle of strategic activity to enable the delivery of services to meet the needs of customers and achieve the best possible outcomes within available resources.

For the strategic approach to housing, therefore, commissioning is the general term that describes the cycle of:

- Assessing needs for housing and housing-related services
- Understanding the operational context – the housing market, the economy, inter-relationship of partners (for example, the Local Strategic Partnership)
- Identifying the inter-dependencies of housing with the economy, health, well being and how outcomes can be maximised
- Developing plans and policies to deliver improved outcomes
- Developing and managing a quality provider market (housing associations, housing advice providers, home improvement agencies, support providers)
- *Procuring* services that deliver outcomes
- Monitoring and assessing the success of delivery (reviewing needs, etc)
- Adjusting services to maximise value for money.

The strategic direction is informed by a wide understanding of the community and the vision for its future (expressed in the Sustainable Community Strategy) within which the contribution of housing and housing-related services should be explicit (see chapter 6 strategic direction).

Procurement is an element within the commissioning cycle and incorporates both upstream and downstream activity. Specifications for services (or goods, eg, new housing), decisions on how to purchase or acquire (eg, partnership contracting or tendering) and the process of purchasing are 'upstream'. 'Downstream' includes monitoring service delivery and assessment of effectiveness.

The outcomes (as a measure of success) of both commissioning and procurement activity should be seen in the review of needs.

9.2 National guidance and direction – commissioning

National guidance does not embrace or make explicit the strategic commissioning role of local authorities in relation to housing activity. This lack of direction 'from the top' results in confusion about the real role of strategic housing

There has been no national guidance around commissioning and strategic housing (aside from Supporting People; itself a strategic housing activity). Good practice guides on local housing strategies in the late 1990s and the early part of this decade emphasised the increasing importance of commissioning linked to 'strategic enabling'¹²⁵ but this has not been developed. For example, guidance on homelessness strategies and prevention does not emphasise the importance of a *commissioning* approach to delivering good outcomes.

There is a lack of research and studies on commissioning in relation to the strategic housing function. The one exception to this focuses on the research and intelligence function. Government guidance on strategic housing market assessments briefly identifies a number of key issues¹²⁶. These include:

- Emphasis on a sub-regional approach involving a wide range of partners (councils, housing associations, house builders etc) in commissioning a study
- Identification of key stakeholders to lead the process
- Clarification of organisational responsibilities
- Active involvement of all partners in the process
- Adoption of a project management approach.

The extent to which these principles have been followed is unclear at this stage (see chapter 7 – understanding the market).

Audit Commission strategic housing inspections have not focussed in any great depth on commissioning and procurement, but a number of inspections have highlighted good practice. These include:

- Harlow: Building up in-house capacity and skills following the use of consultants to undertake major studies¹²⁷
- Stratford-upon-Avon: use of a rural enabler to facilitate commissioning and procurement of affordable housing in villages¹²⁸
- Wychavon: commissioning of social housing provision leading to a high level of provision on large development sites¹²⁹.

The importance of partnership working in commissioning is a strong theme flowing from national through to local levels; explicit in the developments around Local Strategic Partnerships. National guidance on housing and homelessness strategies, and guides and research on best practice for work to address specific vulnerable groups or specific issues highlight the importance of partnership working in strategic housing to address the needs and gaps identified through research and analysis. This guidance is particularly strong for Supporting People programmes, set up from inception as partnerships amongst health, probation and local authorities with increasing requirements around wider partnerships with providers and service users amongst others. This element of strategic commissioning is therefore well covered at national level.

As the commissioning process develops into the phase of commissioning services, there is, however, an inherent tension between collaboration and competition. An example of this is the encouragement to local authorities by the Housing Corporation from the 1990s to select preferred housing association partners for the development of affordable housing.

More recently, there have been some conflicts between this approach and the Housing Corporation's national affordable housing programme (NAHP). The latter has involved

identifying approximately 70 lead partners for investment purposes¹³⁰. Evaluation of the pilot programme in 2004/05 revealed concerns amongst some councils that they were unable to choose their preferred partners for social housing grant-funded schemes¹³¹.

The wider literature on partnership working provides some useful insights on the balance between collaboration and competition. These include:

- *Life cycle approach highlighted by Lowndes and Skelcher*¹³²: this indicates that 'partnerships' go through a series of stages in their life cycle. At some points, collaboration between agencies is dominant (for example, at the project development phase), while at other times a more traditional client-provider relationship will apply (for example, implementing a service). Commissioning and procurement involve skills both of partnership working and monitoring/contract compliance procedures
- *Commissioning and partnerships*: research reported by, for example, Sullivan and Skelcher¹³³ highlights that commissioning can help to build up stronger collaboration between organisations. The Health Act 1999, placed a duty on partnership working between the health and local government sectors¹³⁴. One of the outcomes has been joint commissioning and procurement leading to better joined up services for users, although relatively slow progress was initially made on joint approaches
- *Partnership overload*: a number of studies have highlighted the issue of partnership overload¹³⁵. One of the implications of this is that it hinders and impedes the quality of commissioning and procurement. Effectiveness requires that councils and other local stakeholders focus on partnerships that are crucial for community and customer outcomes.

The focus of research and guidance to support joint commissioning activity is on housing-related support, care and health. Other strategic housing activities do not yet feature, including data interpretation, to support effective, intelligent commissioning for wider outcomes

In social care and health the concept of joint commissioning is much better understood and established and has been supported by a range of national drivers led mainly by the Department of Health. The Care Services Improvement Partnership (CSIP)¹³⁶, for example, offers an array of good practice guides and knowledge development activity to support joint commissioning. This includes, to some extent, joint commissioning that includes housing issues but these are mainly around extra care housing for older people and telecare initiatives.

Despite the plethora of data available at national level, the interpretation that would usefully inform strategic housing commissioning and procurement activity is largely absent. The exception is Supporting People where the national focus on data collection and interpretation, including the outcomes framework for support services, has started to result in much more effective commissioning activity (including joint commissioning) and procurement of support services, or services that provide a mixture of support, social care, treatment, etc.

Data is also handled much better in the social care and health fields where public health observatories and the NHS Information Centre, for example, bring together a range of data specifically to inform commissioning at a strategic level. This gap between the plethora of data but paucity of real information in strategic housing, and data being brought together as information in the health and social care fields explains to a large extent the way that commissioning and procurement has developed in these different fields.

Research into regional investment, housing support and health and social care is being completed by Matrix Knowledge Group on behalf of CLG and the Housing Corporation (see chapter 6 – strategic direction). Due to complete in June 2008, an objective of this research is to establish a process for identifying where, and for whom, there is a need for regionally (or sub-regionally) commissioned services, and what those services should be. Currently all revenue services are commissioned at a local level (upper tier local authorities) whilst capital resources to support services that need accommodation are determined predominantly at a regional level. There is also evidence to suggest that a number of vulnerable households, particularly the most socially excluded, move between services – cross-authority. Commissioning on this basis may have more effective outcomes.

The national SP programme has carried out considerable work in establishing data sources and collation into informative and useful formats:

- Client Records and Outcomes data collated by St Andrews University on behalf of CLG¹³⁷
- SPLS (Supporting People Local Systems) data collected from local authorities by CLG
- High level outcomes from support, also collated by St Andrews provide increasingly relevant data sources for the commissioning direction for local programmes and for procurement of support.

A resource on joint commissioning is also planned for release in May 2008 by CLG, jointly with the Care Services Improvement Partnership (CSIP), which will focus on improvement in commissioning across health, social care and support to gain added value from combined services.

There is no specific work planned to increase the capacity of local authorities to become better commissioners of housing or housing-related activity, although the Beacon authorities theme of 'strategic commissioning' could have an impact provided strategic housing is recognised as strategic commissioning

Whilst not filling the gap in knowledge about effective commissioning for housing, the Research and Policy Unit at the New Local Government Network (NLGN) is undertaking a research project with the title 'Social Inclusion through Better Housing: The Financial Challenge' (see chapter 6 Strategic direction) that will contribute somewhat. This research seeks specifically to identify the range of solutions that exist, or could be developed, to deliver more affordable housing, without either the side effects of social exclusion, or

unsustainable increases in public spending. Of particular relevance to commissioning and procurement is the assessment of the approach that local authorities take, with their partners, to developing options to deliver more affordable housing. This includes the quality of their strategies, and the influence over delivery.

9.3 National guidance and direction – procurement

Despite the extensive guidance on procurement from the government and national agencies, there is limited efficient and effective procurement of the full range of activity required to deliver housing strategies

National guidance on effective procurement has proliferated since Sir Peter Gershon's 'Review of civil procurement in central government'¹³⁸ established the framework for achieving the government's objectives on 'efficiency, modernisation and effectiveness' in central government. This focus on procurement cascaded to local government through the procurement taskforce, chaired by Sir Iain Byatt which published the findings of its review of the state of procurement skills and practice in local government in 2001¹³⁹. The National Procurement Strategy for Local Government¹⁴⁰ was published in 2003.

Gershon completed his review of public sector efficiency¹⁴¹ in 2004 identifying the following as key routes to enabling front line services to improve:

- Reducing inputs (money, people, assets, etc) for the same outputs
- Reducing prices (procurement, labour costs, etc) for the same outputs
- Getting greater outputs or improved quality (extra service, productivity, etc) for the same inputs, or
- Getting proportionately more outputs or improved quality in return for an increase in resources.

This was followed by the publication by the Office of the Deputy Prime Minister (ODPM) of an 'information pack'¹⁴² to support local government in achieving the efficiency savings targets which also resulted in the establishment of Regional Centres for Excellence. These continue to work on delivering efficiencies in procurement approaches, including joint procurement.

Strategic Service Delivery Partnerships, introduced in the Egan report on construction and recently critically examined by the Audit Commission¹⁴³, offer an approach to procurement that is based on collaboration with a strong relationship focus. These can be amongst public, private or voluntary/social enterprise sector partners. The definition of partnering is 'the involvement of two or more organisations working together to improve performance through mutual objectives, devising a way of resolving disputes and committing to continuous improvement, measuring progress and sharing gains'.¹⁴⁴ This has been largely embraced in the social housing (landlord) sector and many landlords have, or are developing, partnership arrangements for repairs and maintenance. There is no guidance on its applicability to strategic housing activity.

There is now a plethora of guidance to local government and other organisations including housing associations on the best approaches to procurement to achieve both efficiency and effectiveness. Little of this work touches specifically on strategic housing, the exception being an Audit Commission publication on competitive procurement¹⁴⁵ where the best practice example of the Welland Partnership in the East Midlands, which included the establishment of a joint housing strategy that included some joint procurement.

The national guidance on procurement has direct relevance to the procurement of activity to deliver strategic approaches to housing. Despite this, the Audit Commission's inspections of the strategic approach to housing rarely find evidence of efficiencies being cited in annual efficiency statements and there are few links with corporate procurement strategies.

9.4 Regional and sub regional commissioning and procurement

Cross-region shared intelligence is uncommon; even though this would provide better value for money and improve commissioning

As described in earlier chapters, although there is substantial work within each of the regions on commissioning of intelligence and practice, sharing across regions through joint commissioning approaches is uncommon. In fact, there appears to be nothing in place that would encourage cross-region commissioning. Some regions recognise that they have strong links with others or there are inter-reliances (eg, between London and the South East) but that they do not work together to understand these relationships. The regions are themselves working in silos.

There is substantial joint commissioning activity within each of the regions amongst government offices, regional assemblies and regional development agencies

A wider joint commissioning role is carried out at regional level through the regional housing boards. Each of the players on regional housing boards have vested interests in working together to understand how their different foci can be combined into activity that has added value for each of them. This has resulted in some good commissioning examples such as the 'Building for All' model: commissioned originally by the London Housing Federation, with support from the Housing Corporation, Mayor of London, G15 and the London Supported Housing Forum, this work sought to develop a needs model for supported housing. The model involved all London boroughs in developing the process and validating its findings; the London Housing Federation recognised the importance of local involvement to ensure longer term commitment to the model's use and update. This model has more recently been commissioned by the North West Regional Assembly, with support from the Housing Corporation and local authorities.

At a regional level, there is some data being made available in formats that can be used, directly or after further analysis, in commissioning or to procure services. The greater capacity of regional organisations enables a better understanding of what data is actually telling commissioners. However, this is rarely available at a sufficiently local level to inform local authorities.

Procurement at a regional level is also an efficient way of securing a service that will benefit a number of local authorities. Although there is sometimes criticism that this approach does not always deliver a service that is specific enough to meet the local areas needs, ie, data is based on a larger spatial area, this is dependant on the quality of the brief.

Cross-authority or sub-regional working is not unusual when it comes to procurement of services, for example, large pieces of research, for example the strategic housing market assessment or stock condition surveys. However, commissioning activity is less prevalent at this level. An exception in London was the joint work by the Housing Corporation, the London Housing Federation and London boroughs in 2004 to develop a protocol on selecting preferred partners on a sub-regional basis¹⁴⁶.

There are a number of areas where local authorities have already recognised the benefit of jointly procuring work to inform their strategic approach. These include:

- Strategic Housing Market Assessments
- Stock condition surveys, for example, Nottinghamshire
- Value for money assessments, for example, the Cambridgeshire districts
- Choice based lettings schemes, and particularly the 'back office' function.

Regional Centres of Excellence, set up by ODPM in response to the drive for efficiency in delivering local services, provide guidance and a lead in developing procurement within and across local authorities. The current focus is largely on electronic ('hands off') transactions and there appears to be nothing in place to specifically support procurement of strategic housing activity.

9.5 Local commissioning and procurement

Although local authorities do not recognise that they are strategic commissioners of housing activity, they are carrying out much of the commissioning process already, but without a commissioning framework to guide activity. This results in ineffective commissioning and an inefficient use of the capacity of all participants

We have already identified that local authorities do not recognise their role as strategic commissioners of housing activity. This does not mean that there is no commissioning in practice at a local level; in fact, we have identified that most of the elements of commissioning are being carried out by local authorities.

The only area of housing-related commissioning that is commonly identified as such is Supporting People where commissioning has been developing over the five years since implementation of the programme. The recognition of commissioning has increased with the publication of the Audit Commission's proposed changes to the key lines of enquiry¹⁴⁷ for SP, which emphasise the approach to both commissioning and procurement and particularly joint commissioning and procurement.

Elements of commissioning to address homelessness issues are commonly in place but vary significantly in effectiveness

Most authorities have established homelessness forums that can include managers leading homelessness/housing options teams, statutory and voluntary agencies working directly with specific vulnerable groups, agencies such as Citizens' Advice Bureaux who offer debt counselling, money management and housing advice, and so on. There are often strong relationships between these forums and Supporting People, with joint work to consider the needs of local populations for support. Strategic housing managers do not tend to participate in these where there is an organisational split of strategic housing from homelessness activity. This illustrates the lack of understanding that this should be part of commissioning, ie, a strategic activity.

HQN has worked with many authorities to 'health check' their homelessness approaches and commonly finds that the input of effort is not balanced by resulting outputs and outcomes. Criticisms of homelessness forums from external participants are largely around the lack of direction; forums are often 'talking shops' rather than focused on achieving end results. Audit Commission inspections of strategic housing and work carried out by HQN also identify a lack of internal partnerships, for example, between homelessness and private sector housing. Again, a true commissioning approach to strategic housing would address this.

Commissioning for outcomes in private sector housing is least well developed of all strategic housing approaches

Commissioning for private sector housing services is largely absent, despite the wide range of outcomes expected. For example, working with private sector landlords is usually limited to regulatory approaches (statutory through to voluntary) and the relationship is not a partnership, given the imbalance of power between local authority and landlords. Again, the structure of local authorities has a strong influence on the extent to which strategic housing leads are involved in discussions on activity to deliver outcomes in the private sector. This area is the least likely to involve strategic housing leads and a structured and joint approach to meeting identified needs.

The area most firmly grasped by strategic housing leads is the enabling (commissioning) of additional affordable housing. In order to be effective, most of the commissioning elements have to be in place. Despite weaknesses identified, for example, through Audit Commission inspections and HQN's support work most local authorities are clear about the requirements (extensively supported at national and regional levels) and are increasingly developing good practice to meet the government's affordable housing targets and their own locally identified needs. This does not mean that there is clarity about effective commissioning but the development of commissioning elements has been driven by the requirement to produce results.

The absence of a commissioning framework around such varied work with a wide range of agencies results in confusion and conflict; relationships are unclear, undefined and potentially contradictory

The tensions between collaboration (partnership) and competition are most evident in this area of work. The preferred partner approach (described earlier and in chapter 6 – strategic direction) requires the identification and selection of a small number of housing associations. There is clearly competition (on the basis of achieving best value) between housing associations to become a preferred partner. There is also on-going rivalry between successful partners. But, at the same time, local authorities wish to work in partnership with housing associations on a wide range of activities including housing management, housing advice, allocation and lettings and Supporting People.

The lack of a commissioning framework confuses these relationships but the resulting conflicts are often a surprise to local authority officers because of the lack of integrated internal working and strategic leadership. The same confusion emerges in work with other partners, particularly the voluntary and community sector, who may have a contract to deliver services, grants to support their general work and be invited to work as a commissioning partner.

Appraisal of options to deliver strategic objectives is not robust; this is because resource availability and the relative effectiveness of different approaches are not assessed and identified

Despite the housing strategy ‘fit for purpose’ guidance requiring local authorities to undertake an appraisal of the options to deliver the strategy, in practice this was not a robust process and there is little evidence to suggest that this has changed in more recent times. This reflects one or more of the following:

- The responsibility for the ‘options appraisal’ is not held at a senior enough level
- Those partners and internal stakeholders who are needed to contribute to the development of alternative options are not involved effectively
- There is a lack of understanding about what can and can’t be done within existing legislation
- The systems that exist to manage resources and performance are so under-developed that the process of evaluating options cannot be robust, ie, proper comparison between the benefits of different options cannot be undertaken (see also chapter 10 – performance management).

This is an important issue, particularly in light of the new housing delivery targets. Meeting these targets will require robust evaluation of all the possible means for delivery. These include the growing emphasis on the use of special purpose local delivery vehicles such as local housing companies, community land trusts, city development companies and urban development corporations. The role of this type of approach has been highlighted in the Housing Green Paper (2007)¹⁴⁸. There are, however, significant challenges as many of these special purpose delivery vehicles are untried and untested.

Local authorities do not have a single clear ‘pot’ of money. The majority of funding for housing services and supply comes from a plethora of sources, including numerous external partners at national, regional and local levels. The use of this resource can only

be 'influenced' by the local authority. Over the course of eighteen months HQN has asked local authorities attending strategy focused events and during the process of support pre-Audit Commission inspections whether they can quantify the total resource available to deliver their housing strategy. No authority has been able to do this.

Findings from the initial audit of local authority skills and capacity by CIH/Ipsos Mori highlighted a particular gap in technical skills such as housing finance and the allocation of resources; approximately two thirds of housing officers said that their local authority did not have access to sufficient skills to understand housing finance. In response to this IDeA commissioned two one-day events for officers on the basics of housing finance; delivered by HQN. Such has been the interest in these events a further event is already planned.

Joint commissioning for strategic housing activity, aside from through Supporting People, is limited to the provision of buildings. Joint commissioning by social care and health has become the 'norm' but rarely includes housing except insofar as it encompasses specialist housing requirements of, for example, older people (usually extra care sheltered housing) or people with learning disabilities (again, almost entirely building-based issues).

Procurement practice around services to deliver the housing strategy demonstrates the lack of understanding about how services should be procured, monitored and performance managed to deliver best possible outcomes

Despite extensive guidance on procurement methodologies being available at national and regional there are a number of examples that evidence the lack of capacity in local authorities to effectively procure services to deliver strategic housing. These include the procurement of housing needs surveys, and more recently strategic housing market assessments. These contracts represent a sizeable amount of money yet it is very common for local authorities to express dissatisfaction with the output, after the work has been finalised. In at least two regions the regional assembly has undertaken regional validation exercises of the SHMAs to ensure they comply with guidance and are a robust basis for decision making.

There is considerable guidance on procuring research studies in the public sector. At a practical level, this frequently involves standard tendering procedures. From a housing strategy perspective, broader guidance on procuring research is limited. Robertson and McLaughlin produced a guide on housing research¹⁴⁹ in the mid 1990s and although this has not been updated it identifies a series of key issues on procurement that are still relevant. They include:

- *Decision on whether to procure research or undertake it in-house:* this continues to be a significant issue in relation to strategic housing market assessments as government guidance indicates a need for regular updates. But it is far from clear how this is going to be addressed as most studies have been procured as 'one-off' studies
- *Importance of a comprehensive high quality specification and brief:* this is especially relevant for strategic housing market assessments involving many partners and requirements. For example, clarity is required on the balance between housing

market assessments and more detailed housing needs calculations for affordable housing provision

- *Range of approaches that can be used to select a contractor:* these include open and closed competitive tendering through to negotiated contracts
- *Managing contracts:* this includes the production of a formal research contract through to project management issues.

Overall, Robertson and McLaughlin reinforce the key point that procuring a successful research project requires extensive skills and resources on the part of the commissioning body.

Another example relates to the delivery of housing options, homelessness and allocation services; on stock transfer many authorities entered into contractual arrangements with the new association to deliver these services. It is not uncommon for authorities to appraise these arrangements and to bring the services back 'in house' to address issues of poor performance. It is possible that poor performance could have been addressed in another way, or indeed prevented, had the relationship between commissioner and provider been mature enough to respond to increases in homelessness, changes in legislation and a new focus on prevention.

A strong theme emerging from much of the research and good practice on procurement of services in health and social care as well as more generally in the public sector is the importance of 'contract compliance' and monitoring performance. From a strategic housing perspective, this also is a neglected area. However, it is likely to become more significant because of the growing importance of delivery vehicles (see above) and the increase in the scrutiny role of councils as a result of the Local Government and Public Involvement in Health Act, 2007. One of the key functions of the strategic role of councils is performance monitoring. There is a strong case for a greater emphasis in strategic housing on development and monitoring partnership agreements, protocols and contracts in relation to delivery of services and products.

Chapter 10: Performance management

This chapter presents the current picture of performance management as a process within the strategic approach to housing, and particularly the local authority's role, capacity and skills.

It also comments on the availability of information to support local authorities in this role, and the changes that are needed for performance management to be a meaningful part of the strategic commissioning role.

The huge range of data available to support strategic housing in all its facets, including performance management, has already been referred to elsewhere in this report.

10.1 National indicators of performance

There is a danger that the focus on delivering new homes and measuring success in this, will serve to reduce the focus of the strategic approach on other housing activity

Government committed to reducing the number of nationally collected indicators as part of the new local government agenda and plans to reduce the burden. All central government departments were keen to increase the number of 'their' indicators that were included in the eventual list of 198 and, given the priority to increase housing supply and Public Service Agreement 20: Increase long term housing supply and affordability, it is inevitable that the 'housing owned' indicators focus primarily on new supply. Other indicators related to housing are owned by adult social care, children's services and the local authority landlord. This is not perceived as helpful; in effect it silos further the contribution that housing activity makes to sustainable communities.

Housing-related national indicators

- 138 Satisfaction of people over 65 with both homes and neighbourhood
- 141 Number of vulnerable people achieving independent living
- 142 Number of vulnerable people are supported to maintain independent living
Offenders under probation supervision living in settled and suitable
- 143 accommodation at the end of their order or licence
- 145 Adults with learning disabilities in settled accommodation
- 147 Care leavers in suitable accommodation
Adults in contact with secondary mental health services in settled
- 149 accommodation
- 154 Net additional homes provided
- 155 Affordable homes delivered
- 156 Number of households living in temporary accommodation
- 157 Processing of planning applications
- 158 Percentage decent council homes
- 159 Supply of ready to develop housing sites;
- 160 Local authority tenants' satisfaction with landlord services

The IDeA reports that at 14 March 2008 the top 20 most commonly proposed national indicators, where there is a match between government and local areas' priorities, highlighted that:

- Third most common: NI 155 Number of affordable homes delivered (gross), proposed as a joint priority in 99 areas
- Eleventh most common: NI 154 Net additional homes provided, proposed as a joint priority in 81 areas.

With the inclusion of NI159: supply of ready to develop housing sites as a proxy for NI154, 108 areas have proposed housing as an agreed priority.

It is interesting to note that the two 'vulnerable people' indicators that refer to the Supporting People programme are not mentioned in the IDeA's summary at all, while temporary accommodation is a shared priority in 29 areas.

Although the new PSAs are outcome-focused, the national indicator set remains largely output orientated. They are also not necessarily the best proxy for a positive outcome, for example net additional homes or affordable homes delivered does not equate to someone living successfully in them – an outcome.

The Audit Commission notes that 'mandating PIs and targets from the top down has also problems', in summary:

- Difficulties in getting the measures right
- The allow little room for adaptation to local circumstances
- Unintended consequences and perverse incentives.

Although performance information alone is inadequate for important decisions, there is evidence to suggest there is reliance upon indicators resulting from the difficulties highlighted elsewhere in this report on data collection and analysis.

Those working to direct housing activity struggle to raise awareness of how this contributes to other community outcomes; the paucity of housing-specific indicators in the national performance framework leads to contributions being overlooked and has potential to impact on community engagement in service improvement

Supporting People (SP) teams have lobbied for inclusion of the two national indicators that relate directly to Supporting People, feeling that unless these are included the role of support in achieving sustainable communities will be overlooked. This is also directly related to the fear that once SP money is no longer ring-fenced but paid through the area-based grant, the invisibility of support as a deliverable will lead to money being hived off into other activities. It appears from the IDeA summary of agreed priorities those working in SP were justified in their concerns.

We have highlighted elsewhere the difficulties those working in strategic housing feel exist from a limited ability to 'make it real' to others. If officers are not measuring the right indicators to suit local circumstances, it is hard to imagine how this can be explained to local communities.

Part of the plans for the comprehensive area assessment are that information will be published on performance as part of the process of engaging local communities in activity to improve.

The Audit Commission highlights that weak practice in information use from corporate assessments includes 'performance information is not being effectively shared with the community in order to challenge and drive service performance.'

If the current indicators were to be shared with the community, it's unlikely there would be much interest.

The Public Service Agreements (PSAs) provide an indication of the national priorities. As yet most local authorities have not considered using these as the basis for discussions about how housing contributes to wider outcomes for sustainable communities

PSA20 (see above) and PSA16 (Increase the proportion of socially excluded adults in settled accommodation and employment, education or training) are the two 'outcomes' that housing activities – and therefore the strategic direction – most obviously contribute to. Most contacts identified that outcomes should be better understood through the new PSA set but struggled to identify the links between these and the strategic approach to housing.

PSA 18 - Promote better health and wellbeing for all - makes a passing reference to housing as a contributor but does not go on to identify any of the strategic housing (or indeed housing management) issues that influence health and wellbeing improvements other than fuel poverty. This highlights the lack of relationship between housing and health at national level, which strongly influences the local level perceptions.

10.2 Local measurement of performance

Measuring and managing performance to inform the strategic approach at a local level is fraught with difficulty

Local authorities have, in the absence of useful national indicators, established a range of local indicators to manage the business; these vary across authorities, are not consistently in place and are therefore of limited use in benchmarking or in understanding how outputs contribute to, or are effective in delivering outcomes.

Local authorities that do not consider elements of housing amongst their priorities do not report on performance at a corporate level on all (and sometimes any) local indicators; this both reduces the visibility of the strategic housing role and leads to low levels of awareness of what is actually being achieved.

The use of qualitative indicators is very under-developed; without indicators of satisfaction it is not possible to measure outcomes in the round. Cambridgeshire is one group of authorities that plans to develop shared qualitative measures to inform their sub-regional plans, following a joint value for money exercise (see later).

The emphasis of performance measurement on outputs detracts from the ability of local authorities and their partners to work together to deliver outcomes – and makes it impossible to measure the effectiveness of the strategic approach

Outputs are short term measures; outcomes are longer term – ie, they are the true measure of a strategic approach. This requires a change in political thinking. Government policy in housing is output-focussed; a common criticism of the recent housing green paper is the focus on numbers. Local authorities feel that success in delivery of these does not necessarily mean successful and sustainable communities and that this has been one of the main barriers to housing and planning working together, with the latter focussed on the output only.

Little national work has been done to understand how outcomes and inputs relate to each other, although there has been some work at a sub region level, together with regional good practice guidance. This is described later under value for money.

There is a real danger that a focus on outputs will result in unintended and perverse incentives, leading to a poor outcome for the customer. This was highlighted by the Audit Commission in their recent 'In the know' report¹⁵⁰.

Whilst data collection activity, particularly by CLG and CIPFA, enables a high degree of understanding of many inputs and outputs, the reporting of the data is largely limited to comparative data tables. These can act as a prompt to investigating differences amongst, for example, families of authorities but do not in themselves inform measurement of outcomes for those in receipt of the inputs (ie, customers themselves) and nor do they inform outcomes for communities. Contacts across all levels report that the data quantity can be overwhelming and only those organisations with significant research resources appear to be able to use the data to inform performance assessment (or indeed other elements of the strategic approach).

Outcomes require inputs and outputs from a number of organisations. As the outcome is not defined or agreed between those organisations, there is the equivalent of a 'relay race', with one organisation passing responsibility to the next once their output is complete. The quality of the 'pass' can make the difference between a positive outcome and a poor one. A commonly cited example relates to social services; their focus on delivering their statutory duty often means that vulnerable households are not adequately supported to achieve the best outcome for them, which in many cases is settled housing and independent living. Housing services often 'pick up' the baton.

Benchmarking is not used to inform strategic direction and strategic decisions; local authorities limit benchmarking to specific service areas, with the intention of improving these in isolation

Traditionally benchmarking has been limited to a specific service area, for example homelessness or private sector improvements, selected with consideration to the

availability of current performance indicators and relative ease by which financial cost can be determined.

It is very early days but local authorities are beginning to form benchmarking groups to enable comparisons to inform their assessment of value for money at a strategic level, across the range of housing activity that the strategic approach provides direction on. Examples include Cambridgeshire and Bedfordshire who have undertaken some work already, while Derby City Council is in the early stages of developing an approach with other ALMO local authorities. The Kent Housing Group is also developing a suite of strategic housing performance indicators for benchmarking purposes but acknowledges that their value for money approach is currently limited to evaluations of service areas, for example, homelessness, private housing, etc.

Current financial reporting does not support local authorities understanding of the total resource available to deliver housing activity, and how expenditure and input relate to outputs and outcomes

A major challenge to understanding performance, and particularly value for money, is the way that local government finances are understood, practised locally and analysed locally and nationally. Authorities that have undertaken value for money comparisons have identified that budgets are structured according to, often historical, service delivery and this varies from authority to authority. Revenue accounts and outturns are based on the CIPFA best value accounting code of practice which stipulates the requirement to balance out the bottom line of the activity but the activities are relatively generic and not teased out into specific activity areas to line up with, for example, the Audit Commission's key lines of enquiry (ie, the most commonly understood definition of the range of activities required to deliver strategic housing).

CIPFA homelessness statistics gather together the direct costs of the statutory duty to house homeless households but the variations in local demand, housing markets and practice (for example, HRA properties used to accommodate homeless households are not included except for the costs of hostels) means that they cannot be used to compare performance across authorities. What they do give is an insight into the costs of this activity and, like most financial and performance data, should prompt local authorities whose costs are apparently out of line to review the reasons for these variations.

CIPFA also collects data on, for example, the staff resources used to deliver private sector enforcement and the number of enforcement actions taken. Again, this data is a useful prompt for further investigation of best use of resources but it does not in itself provide clear information about either value for money or the impacts of the activity.

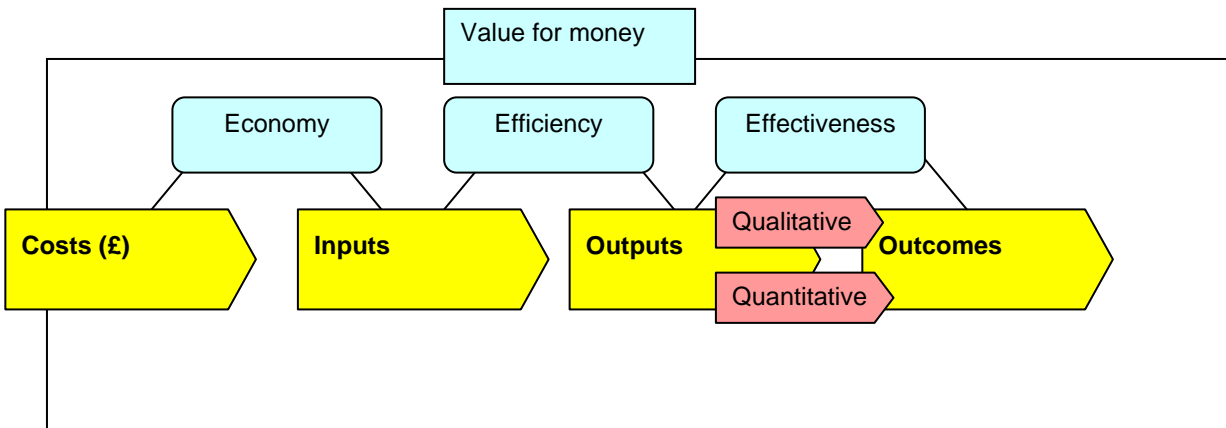
Other data collection, for example expenditure on disabled facilities grants and private sector renewal, focuses on expenditure on the work itself rather than on the costs of delivering the whole service. Local variation in how costs are accounted for (eg, some authorities will capitalise some activity on capital works) means that the underlying figures are often based on practice that varies across authorities.

Local authorities do not know what resources their partners bring to the table beyond that which is attracted from national or regional sources, eg, the national affordable housing programme.

Local authorities cannot establish whether their strategic direction, plans and policies will deliver value for money because there are inadequate measures of input, output and quality, and a lack of understanding about the inter-relationships

An important piece of research¹⁵¹ carried out on behalf of CLG sought to estimate how much the investment into support (through SP) would need to be replaced by with resources from other government departments or programmes to achieve the same outcomes for people were that support not available. This is termed ‘cost avoidance’ and the research outlines the different impacts per client group supported and, for homeless families, homeless single people, young people and older people, the net value of different types of accommodation and support.

The widely accepted model for understanding value for money is as follows:



Source: Audit Commission

A recent piece of work has been published by HM Treasury that considers performance management in the public sector¹⁵² and includes good practice examples. The report outlines six elements required to deliver good performance management, one of which is ‘systems and information’. The report identifies that ‘quality information is often lacking due to inconsistent usage, evolving system development and mixed requirements’. A recent Audit Commission report¹⁵³ also highlights the need for better information.

In 2006 HQN ran three workshops with local authorities on assessing value for money (VFM) across all housing services with the intention that this would inform strategic decisions. Whilst there was much interest from authorities, the lack of performance indicators and cost information was felt to be particularly challenging. This was followed by two seminars in 2007; HQN proposed a framework for the assessment and explored how this could be completed with both housing and finance officers. A frequent comment from participants was ‘it’s too hard’ – again this relates to the ability to collect the relevant information in a way that can be used in the assessment. On the back of this work, local authorities in Cambridgeshire approached HQN in 2007 to develop their approach to value for money in strategic housing. Over the period of over a year a framework was completed for nine ‘service’ areas, reduced from a list of over fifty possible areas that could be assessed but were decided against on the basis of a lack of performance and/or cost data and differences in recording by local authorities.

The model is presented on the following page:

ECONOMY.				EFFICIENCY		EFFECTIVENESS		
<i>Note these columns are split between income and expenditure</i>				<i>Note these columns are split between income and expenditure</i>		<i>Note these columns are split between income and expenditure</i>		
Unallocated Corporate & Support Costs	STRATEGY				STRATEGY		STRATEGY	
	Corporate & Support	Revenue Spend	Capital Spend	FTEs	Quality	Qualitative	Quality	Qualitative
	£0	£0	£0	£0	Cost / KPI	Cost / Volume	KPIs	Volumes
	ENABLING				ENABLING		ENABLING	
	Corporate & Support	Revenue Spend	Capital Spend	FTEs	Quality	Qualitative	Quality	Qualitative
	£0	£0	£0	£0	Cost / KPI	Cost / Volume	KPIs	Volumes
	HOMELESSNESS				HOMELESSNESS		HOMELESSNESS	
	Corporate & Support	Revenue Spend	Capital Spend	FTEs	Quality	Qualitative	Quality	Qualitative
	£0	£0	£0	£0	Cost / KPI	Cost / Volume	KPIs	Volumes
	ALLOCATIONS / LETTINGS				ALLOCATIONS / LETTINGS		ALLOCATIONS / LETTINGS	
	Corporate & Support	Revenue Spend	Capital Spend	FTEs	Quality	Qualitative	Quality	Qualitative
	£0	£0	£0	£0	Cost / KPI	Cost / Volume	KPIs	Volumes
	PRIVATE SECTOR				PRIVATE SECTOR		PRIVATE SECTOR	
	Corporate & Support	Revenue Spend	Capital Spend	FTEs	Quality	Qualitative	Quality	Qualitative
	£0	£0	£0	£0	Cost / KPI	Cost / Volume	KPIs	Volumes

Source: HQN 2007

An outcomes framework that measures and demonstrates the housing contribution to sustainable communities would be a valuable tool in advancing strategic partnership approaches

Every Child Matters¹⁵⁴ and Supporting People¹⁵⁵ are two examples of where outcome frameworks have been established. The latter, although lengthy to develop and with some reservations from local authorities and service providers, is beginning to bear fruit; both report that the measures are already useful in their strategic and service development processes. A very relevant example is the outcome 'enjoy and achieve' of which a proxy measure is around access to, and engagement with, training and employment. Local authorities have already identified that the focus of services is on maximising income through benefits, with much room for improvement in enabling vulnerable people to access and sustain activity that will increase their income and independence in the longer term.

It is interesting to note that the development of the national SP outcomes framework followed considerable work within the regions, although not always in conjunction with each other. Much time and effort was spent on this process which, although benefiting the national framework, was felt unnecessary, ie, if a national framework had been developed from the start, considerable savings could have been made.

Supporting People outcomes: five overall outcomes and three levels



Source: taken from the 2007 East Midlands Regional Outcomes Framework for Supporting People

Importantly outcomes are felt to be understood by people – people who use services and potentially residents and communities who local authorities want to engage in developing their strategic approach and public services. An example of how the use of outcomes translates into practice is the ‘outcomes star’, found at:

<http://www.homelessoutcomes.org.uk/resources/1/OutcomesStar/OutcomesStar.pdf>.¹⁵⁶

10.3 Local management of performance

Neither first nor second generations of local area agreements (LAAs) sufficiently considered the issues that housing activity seeks to respond to, or how the strategic direction for housing could influence how this activity can contribute to wider community outcomes

The process of developing the LAA is widely held by housing and housing support professionals to have disregarded the importance of housing and support or the contributions that their work makes to achieving targets. LAAs are therefore not viewed as a robust basis on which to measure performance or progress in achieving outcomes. There are a number of reasons for this:

- Not all regional government offices have been open with their local authorities on the basis of negotiation. Government Office London (GOL) is one positive example where local authorities were provided with an indication of what GOL would want to discuss, in time for local discussions. In other areas local authorities report being presented with a set of targets after they had undertaken local work to identify the areas most relevant to their local communities
- Government offices vary in their housing capacity and expertise and this is felt to have influenced the inclusion of housing related indicators in LAAs
- Local authorities have considered the availability of direct funding before identifying targets. An example of where this has potentially had a negative impact for housing is in Supporting People (SP); some local authority officers and government offices report that national indicators and targets have not been included as the programme remains ring-fenced until at least 2009. Equally one local authority reported that SP

targets had been omitted from the LAA because corporately the dropping of the ring fence will give an opportunity to use SP resources for other work streams.

At recent presentations by the Audit Commission Housing Inspectorate on the Comprehensive Area Assessment (CAA), there has been widespread relief from housing professionals in local authorities, housing associations and the voluntary and community sector that the process of CAA will be looking to assess local performance against the sustainable community strategy and the full range of national indicators, not just the 35 LAA targets. They hope Audit Commission will identify that priorities have been missed.

The LAA is a three year agreement; the outcomes from housing activity will take longer to evidence. More emphasis should be placed on the vision of the sustainable community strategy and how housing activity contributes to its desired outcomes.

The strategic approach to housing cannot be integrated into the sustainable community strategy and strategic commissioning role of the local authority without more attention to the role of performance management

There are a number of developments that will require local authorities to engage more actively in this area. They include:

- Enhanced scrutiny role for councils as part of their place shaping activities through the Local Government White Paper 2006, the Lyons Review 2007 and the Local Government and Public Involvement in Health Act, 2007
- The associated 'community call for action' including the enhanced role of elected members in raising issues for debate and discussion¹⁵⁷
- The national performance indicators, their links with the new local area agreements and local strategic partnerships¹⁵⁸
- The development of Comprehensive Area Assessment (CAA) by the Audit Commission.

Locally there are authorities who are seeking to strengthen the role of scrutiny and overview in the strategic approach, including sub-regional panels with a role of reviewing themes, for example, affordable housing delivery.

There has been some guidance on the process of performance management but it is evident that this has not been followed

Current government guidance on performance management and monitoring forms part of the existing fit for purpose advice¹⁵⁹ on housing strategies that was published in the early part of this decade. It focuses on 'delivery' and highlights four core elements:

- Monitoring procedures are in place to track progress on the action plan
- Arrangements have been established to monitor service quality and user satisfaction

- There is a clear and transparent process on how the outcomes from monitoring feed into service reviews and improvements
- Information should be regularly presented on expenditure, outputs and outcomes.

Good practice guidance on this issue is not up-to-date as the major sources are reports based on evidence from the 1990s¹⁶⁰. Nevertheless, there are some important principles and ideas identified. These include:

- Relevance of monitoring and evaluation in ensuring that policies are implemented and remain relevant
- Need for an action plan with SMART objectives, ie, 'specific, measurable, achievable, realistic and timetabled'
- Annual housing strategy update that includes an analysis of actual performance against targets
- Involving local stakeholders in the monitoring process
- Use of local and national performance indicators to measure outputs and outcomes.

Audit Commission guidance in the key lines of enquiry (KLOE)¹⁶¹ does not explicitly focus on performance management but it is a cross-cutting theme in each of the service areas and in 'value for money'. Strategic housing inspections have identified a number of examples of good practice including:

- East Hampshire: the tenants' panel have set performance targets so as to monitor housing association activity¹⁶²
- Walsall: housing associations have been identified as project sponsors for the priorities set out in the local housing strategy¹⁶³
- Wychavon: detailed performance targets have been set for all aspects of the housing service and these are regularly monitored and reviewed¹⁶⁴.

Local authorities don't challenge their own performance unless forced to do so by external agencies

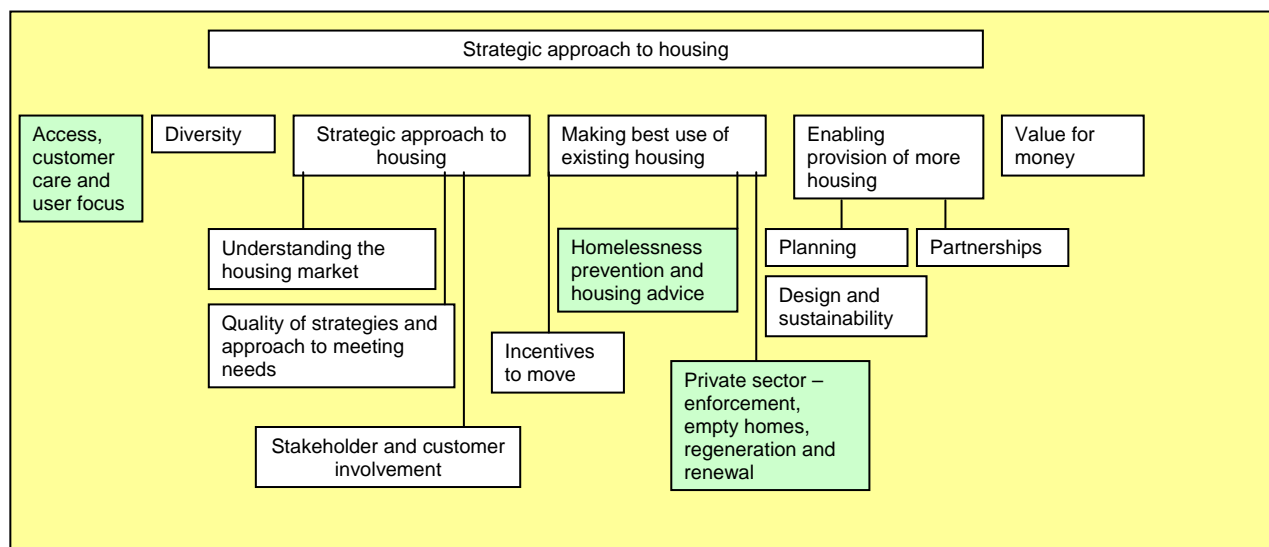
There is no evidence that local authorities consider whether a change in the way they provide strategic direction to housing would lead to better outputs and outcomes. This type of self assessment is usually prompted by an Audit Commission inspection.

Local authorities are inconsistent in their reporting on the delivery of housing strategy action plans to elected members or other accountable bodies (if they exist). This form of reporting does not allow scrutiny of whether a change in strategic direction would lead to better outcomes. The better local authorities use a 'traffic light' and/or '% complete' approach but reporting can be infrequent and who performance is reported to varies.

There has been an increasing focus on performance of the strategic approach to housing by the Audit Commission Housing Inspectorate. This has generally been positively received but results clearly identify there is room for considerable improvement. Local authorities report that inspection reports are a useful source of information for the development of their approach.

As described in chapter 3, local authorities have found the current KLOE slightly confusing and particularly as it mixes service areas with strategic processes, as shown in diagrammatic form here. The content of the KLOE focuses on the quality of service in those areas highlighted in the following diagram, rather than strategic approach.

Current (2006) KLOE 2 Strategic Approach to Housing



Source: HQN 2007

As part of the IDeA strategic housing programme two benchmarking tools have been developed – one for local authorities and one for sub-regional working – which it intends to make available on their website. The tools provide the opportunity for processes to be scored.

The programme has also sought to share practice between local authorities, using local authorities that are performing well as case studies in publications, and in their peer review programme. These authorities were identified on the basis of Audit Commission inspection ratings, Beacon status (relevant Beacon awards include affordable housing, private sector and homelessness).

Other IDeA activity specifically relevant to performance management includes:

- Support to elected members and officers to develop joint approaches to scrutiny and overview, for example in relation to affordable housing
- Support to elected members to understand their role as ward members and executive members in performance management of both the strategic function and of strategy delivery.

Finally, the Supporting People programme is clearly part of the strategic approach to housing (confirmed in PSA 20) and has benefited from significant national and local attention; the focus on data collection and more importantly how it can be interpreted has led to most authorities being clear about how their programmes are performing both in terms of outputs and outcomes, and in the quality of direction of the programme itself. It is also interesting to note that many of the processes introduced to deliver the programme, for example approaches to commissioning, assessing the quality of services and involving customers, have been extended to other areas of the local authority; there are good examples of this in the London Borough of Lambeth and Bolton Metropolitan Borough Council. There are potentially much wider benefits to the local authority from improving the strategic approach to housing.

Approaches to managing and/or influencing the performance of service providers and partners varies and local authorities do not have a framework to enable this to be meaningful

There are a number of other organisations with responsibility for performance management of partners, for example, the Housing Corporation (see later sections), CSCI etc, but local authorities are rarely engaged in the process of performance assessment and are most likely not to see the results. This is particularly applicable in two tier authority areas.

Performance in this area reflects the lack of understanding about both the leadership and commissioning role within the strategic approach (see previous chapter). However, there are some examples of where local authorities are seeking to manage and influence the performance of their partners, for example Bristol City Council measures performance of partners in using the Housing Advice Performance Indicators, and Bolton Metropolitan Borough Council has developed local indicators to measure the performance of housing associations.

Local authorities on the whole do not take advantage of the performance information about their providers that is available from other organisations, for example the Housing Corporation's performance indicator site: <http://www.housingpis.co.uk/?contentid=Home>.¹⁶⁵

There are mixed messages about the quality of the relationship that exists between local authorities and housing associations and the role of the former in managing or influencing performance of the latter to deliver housing activity that contributes to sustainable community outcomes

The need for change in the relationship between local authorities and housing associations, and particularly in relation to their performance is not new; the 2001 CIH report 'Partners in Strategy' recommended this.

In December 2007 the Housing Corporation asked local authorities to complete a survey about the contribution that housing associations have made in their area. The report from this survey identified that local authorities have quite a high level of satisfaction with their housing association partners. One of the questions asked what contribution associations had made to local authority scrutiny and overview processes.

As described in chapter 6 (strategic direction) there are a number of partnership arrangements in place between local authorities and housing associations, of which performance management plays a part, for example, the preferred partnership approach (for example, in London¹⁶⁶), and more recently preferred management partnerships. An explicit element of many of these is the monitoring of performance. The pilot protocols referred to earlier, facilitated by the Housing Corporation, also feature target setting and monitoring performance.

Despite apparent satisfaction in some quarters, and work to improve relationships, housing associations still report that numerous and inconsistent local governance and performance management arrangements prove challenging if they work across more than one local authority area, or are a small organisation. With more authorities considering the introduction of preferred management partnerships there is also concern from housing associations about the way in which these arrangements are developing.

Finally, there is anecdotal evidence to suggest that as a result of a lack of strategic direction from the local authority, housing associations find it easier not to engage with the local authority on performance issues for the simple reason that it will be a waste of time.

The Housing Corporation has issued revised guidance on the issue of performance management of large scale voluntary transfers¹⁶⁷ as part of the wider regulatory role. Similarly, local authorities normally negotiate with stock transfer housing associations to receive regular reports against the promises made in the formal agreement¹⁶⁸.

The National Housing Federation's (NHF) 'Local Government and Partnerships Project' (described in an earlier chapter) seeks to increase the capacity of housing providers to understand what their relationship needs to be with the local authority to support their own performance, taking into consideration the size and interest of their organisation.

It is important that agreement is reached between local authorities and housing associations, Oftenant and the Homes and Communities Agency about the local authority performance management role

Although housing associations are not included in the list of agencies that have a duty to co-operate with the local authority, there is a growing expectation that local authorities will be able to call these organisations to account through the scrutiny process. Similarly, there are indications that housing associations will have a significant role in CAA especially where stock transfer has taken place. It is desirable that there is one clear framework for measuring and managing performance.

Current proposals for the regulator include the ability to stop the Homes and Communities Agency allocating resources to housing associations if they demonstrate poor performance. It is too early to say whether the same situation would apply should Oftenant also take responsibility for regulating local authorities and arms length management organisations in the future or, importantly, what say the local authority will have in the matter.

There are important lessons to be learnt from performance management arrangements between local authorities and housing associations elsewhere in the UK and from the Netherlands

Much of the work in Wales and the Netherlands is based on partnership and collaborative working between councils and housing associations. In Scotland, the focus is much broader and is based on community planning agreements.

In Wales, voluntary agreements were piloted between councils and housing associations in the late 1990s. These are known as 'community housing agreements' (CHAs). They were promoted as an effective way of partnership working between councils and housing associations to deliver strategic housing objectives. In practice, they have tended to involve an agreement between a council and its housing association partners over roles and responsibilities with the former potentially using it as a means of monitoring outputs and outcomes. These community housing agreements have been independently evaluated with summary and full reports being published in late 2006¹⁶⁹. Key findings include:

- CHAs have not been widely used – just over a third of councils have them in operation
- There has been a lack of guidance from the Welsh Assembly Government that has resulted in low take up and a lack of a consistent approach
- There is considerable variation between CHAs with at least one council using them as a basis for monitoring the performance of housing associations against agreed targets. The outcomes influenced the allocation of social housing grant
- A number of councils that have CHAs also have more detailed operational agreements with housing associations.

In Scotland, there is a focus on community planning agreements. These were introduced in the Local Government in Scotland Act, 2003. There is a series of community planning advice notes¹⁷⁰ that set out the framework for partnership working to regenerate local communities. These community planning agreements are not dissimilar to local strategic partnerships in England. They involve a wide range of public, private and voluntary sector organisations including housing associations. There is a specific advice note on performance monitoring and management¹⁷¹. Although this does not as yet explicitly focus on housing, there are a number of useful principles highlighted including:

- Information and data sharing between organisations
- Community involvement in performance monitoring
- Developing local outcome agreements linked to national targets
- Regularly monitoring of performance.

In the Netherlands, there is considerable debate and discussion on the future direction of the performance management of housing associations. Municipalities act as strategic commissioners rather than providers of housing and other public services¹⁷². Housing associations are private organisations with public duties – they are the only major providers of social housing.

There is no equivalent of the Housing Corporation or the Audit Commission in the Netherlands. Municipalities have been encouraged by the Dutch government to develop performance management agreements with housing associations. These can cover the number and type of new units of accommodation, rent levels, target groups, allocations and lettings, repairs and maintenance, refurbishment and housing management¹⁷³. There has been some evaluation of these performance agreements¹⁷⁴ and the key emerging conclusions are:

- Larger municipalities utilise performance agreements to monitor the activities of housing associations
- Small municipalities do not have the expertise to develop or monitor performance agreements
- There is sometimes an imbalance in power and influence as large national housing associations can effectively marginalise performance agreements
- Updating performance agreements in a fast changing policy environment is a major challenge
- There are relatively few effective powers for municipalities to take action over poor performance.

Annex 1: Acknowledgments

The following organisations responded to the scoping study questions as part of this review.

We are grateful to all who assisted and spent time with us in identifying how performance can be improved in the strategic approach to housing.

Organisation
Chartered Institute of Housing, CIH
Improvement and Development Agency, IDeA
Communities and Local Government, CLG
Local Government Association, LGA
Housing Corporation
National Housing Federation, NHF
National Federation of ALMOs, NFA
New Local Government Network
South East Economic Development Agency
Regional Assembly for the East Midlands
Regional Assembly for the West Midlands
Government Office South East
Government Office East Midlands
London Councils
Matrix Knowledge Group
Audit Commission
North Tyneside Council
Aylesbury Vale District Council
Mid Bedfordshire District Council
Nuneaton and Bedworth Borough Council
Bedford Borough Council
Bolton Metropolitan Borough Council
Bournemouth Borough Council
Brighton and Hove City Council
Gravesham Borough Council
Tamworth Borough Council
Lincoln City Council
Dover District Council
Wycombe District Council
Kent County Council
Derbyshire County Council
SEN members from 32 local authorities also participated

Annex 2: Questions to inform the review

Strategic direction and partnerships (leadership and enabling):

- 1 What has already been said about the strategic direction and enabling role in housing?
- 2 What information exists to enable the effectiveness of the strategic direction to be measured, how has this been used and by whom?
- 3 In practice, what strategic direction is provided at national, regional, sub-regional, local and neighbourhood levels and how do different levels interact?
 - a) What models currently exist to provide strategic direction and is there evidence of their success and lessons to be learnt? (this will include local strategic partnership arrangements that incorporate housing).
- 4 What existing work is underway that may fill identified gaps in the development of strategic direction?
 - a) What work is underway to develop the capacity of the local strategic partnership and elected members to take a role in providing strategic direction and decision making, in the context of local area agreements and sustainable community strategies?

Understanding the housing market, the needs of individuals and communities (incorporating consideration to inequality, diversity and vulnerability):

- 1 What has already been said about understanding the housing market, and assessing housing needs of individuals and communities⁶?
- 2 What sources of data and information exist (housing specific and non-specific, eg, other sectors) to inform the development of housing plans and policies (local, cross authority, regionally)?
 - a) Are there particular gaps in current sources of data and information, particularly in relation to:
 - i) Housing and the economy?
 - ii) Housing and vulnerable⁷ households?
 - iii) Housing and specific communities/household groups, eg, age, ethnicity, family size, etc)?
 - iv) Housing and neighbourhoods?
 - v) Housing and the sub-region/region?

⁶ This includes what has been said about the capacity of local authorities and their partners to use this information

⁷ Vulnerable – 21 household groups defined by Supporting People

b) What type of information exists about resources (financial and others) available to deliver housing plans and how is this used?

3 What systems are in place to collect information on a regular basis?

c) What purpose is the information collected for – is the purpose, eg, to inform planning and policy-making considered?

d) Who collects the information and what skills exist to interpret and translate this?

e) How is this shared, who with and for what purpose?

f) Are there gaps in the process of collecting information that may impact on the ability of plans and policies to respond?

g) What processes exist to analyse data and information and test findings?

h) Are there mechanisms in place to measure and manage the responsiveness of housing activity to the understanding?

4 What existing work is underway that a) may fill the gaps we have identified or b) may add to gaps, eg, the review of data by the Housing Corporation?

Plan and policy-making:

1 What has already been said about plan and policy-making in housing?

2 How does the process of plan and policy make use of available information on people and communities?

a) How much information is used and who by?

b) Are there problems with the information that are widely misunderstood/not recognised in the process of plan and policy-making?

c) What systems exist to ensure that plans and policies respond to changes in our understanding of customers and communities needs?

3 What are the processes in place for plan and policy-making?

d) Who is involved and on what basis?

e) Are there examples of joint plan and policy-making (between housing and other sectors) that have delivered demonstrable outcomes?

f) What lessons can be learnt from these examples?

4 What existing work is underway that a) may fill the gaps we have identified or b) may add to gaps, eg, development of sub-regional plans?

Commissioning and procurement:

- 1 What has already been said about the role of commissioning and procurement in the strategic function?
- 2 What information is available and/or is used to inform the process of commissioning and procurement?
- 3 What models exist to deliver effective approaches to commissioning and procurement?
 - a How is effectiveness measured?
- 4 What existing work is underway that a) may fill the gaps we have identified or b) may add to gaps?

Performance management (measures of success, value for money, use of resources, contract management):

- 1 What has already been said about the strategic approach to measuring performance (including the approach to value for money) in housing services?
- 2 What information exists to inform a strategic approach to measuring performance – performance and financial?
- 3 What mechanisms/models exist to manage/deliver good performance?
- 4 What existing work is underway that a) may fill the gaps we have identified or b) may add to gaps?

Annex 3: Questions to members of the Strategic Excellence Network

1 What has been the most useful to you (policy, guidance, research, practice) in your work to develop a better strategic approach to housing?

Please tell us what it was (details). This can also be non-housing related, for example, it could have been about an approach or process in a different sector, or from a different country.

2 Aside from housing best value performance indicators, what data do you use to inform the performance management framework that supports your strategic housing function?

Please tell us what it is, whether you have any concerns/problems with it and if you know there are particular gaps. If you want to send a copy or hyperlink your framework to save you time that would be useful.

3 Tell us what one thing that a national study could do to improve your ability to develop and deliver an effective strategic approach to housing.

Finally, the study is being scoped by looking at each element of the strategic process. If you feel you have particular experience/good practice in one or some of these please let us know. The elements of the process are:

- 1 Strategic direction and partnership working (leadership and enabling).
- 2 Understanding the housing market, the needs of individuals and communities (incorporating consideration to inequality, diversity and vulnerability).
- 3 Plan and policy-making.
- 4 Commissioning and procurement.
- 5 Performance management (measures of success, value for money, use of resources, contract management).

Annex 4: Feedback on ‘what one thing should a national study aim to achieve’

This question was posed to most organisations, national and local, contacted in the course of the review.

Strategic direction

- 1 Re-emphasise the need for a corporate approach and clear direction – quality of delivery relies on quality of strategic direction – and the local arrangements that need to exist to ensure that new housing delivery is sustainable. This should include housing association partners, developers and house builders at regional and sub regional level.

Elements of this were suggested by 6 organisations.

- 2 Consider the roles and relationships that exist to support the local authority in their strategic housing role, and what these should look like in the future to deliver sustainable communities and new housing. This should include the relationship between housing and economic development.

This was suggested by 4 organisations.

- 3 Identify successful partnerships and why they are successful; what needs to be in place?

This was suggested by 2 organisations.

- 4 Define the role of ‘strategic housing’ so that it is widely understood, particularly as a strategic commissioning activity (in the widest sense of ‘commissioning’).

This was suggested by 4 organisations although a further 8 at national, regional and local levels suggested that the role is misunderstood and needs to be properly defined.

Understanding the housing market

10 organisations contributed the following:

- 5 Enable the development of a single, robust, information system that local authorities can use in the process of developing plans and policies; bringing together the numerous sources of data and work of different organisations so that data is accessible. Consistency in information management is important in cross-authority working, where there is community involvement and to underpin the development of joint plans e.g. housing and the economy. Where information systems do exist they are either expensive (e.g. Home Track) or at a regional level (e.g. HI4EM)
- 6 Consider how information is being used by local authorities and their partners in the strategic housing role, using a range of case studies to explore different approaches

and the outcomes from this. This should include reference to the role of the voluntary and community sector and local businesses/the private sector.

- 7 Enable a better understanding of how and why housing developers, investors and builders make decisions on whether to develop housing; the influences on them, how they control the market by limiting supply and how they can be motivated to build what and where authorities want rather than being driven by their own perception of the market.

Performance management

Elements of this approach were suggested by 14 organisations, including 5 national organisations and 4 working at regional levels.

- 8 Define the outcomes of the strategic housing role, and how these can be measured, with a view to:
 - a) The comprehensive area assessment being able to assess the integration and effectiveness of housing activity in the delivery of sustainable community strategies.
 - b) The development of local performance frameworks that are consistent with [and make use of] performance frameworks of other agencies, for example Oftenant. This would avoid duplication and an increased burden on local partners, and enable comparison between areas.
 - c) Improving the capacity of local authorities and their partners to understand the role housing plays and to measure the effectiveness of their housing strategies and policies.
 - d) Enabling the measurement of value for money and the effectiveness of investments.

General

Organisations did not feel that the study should focus on a single theme, eg, the economy etc. but that the use of case studies could be used to make links to these. The need for good practice and case studies that reflect the experiences of different types and sizes of organisation was also mentioned by a number of organisations.

The national study is felt to have an opportunity to 'improve the image of strategic housing', and that this might go some way to attracting the right skills and calibre of people that are needed to set direction and see it through to delivery.

Finally, all of those involved in the process of the review expressed the view that 'timing is everything', and that the scope of the national study has to be something that will be relevant in the context that is to be established over the next year, and particularly with consideration to the comprehensive area assessment, Homes and Communities Agency and Oftenant.

Annex 5: Targets

Housing targets

By 2010: (most from Homes for All¹⁷⁵)

- Ensure that all social housing is decent
- Ensure that at least 70% of vulnerable households in the private sector have homes that are decent
- Improve the average energy efficiency of all domestic homes by a fifth
- All social housing should be accessed through a choice-based lettings scheme
- Help over 80,000 people into home ownership who are currently renting privately or living with family
- Improve minimum energy standards for all new homes, reducing carbon emissions by around a further 25%
- Raise the average energy efficiency of the whole of the residential housing stock by 20% compared with 2000
- Deliver an extra 10,000 social rented homes per year by 2008
- Over 60% of all new housing development should be built on brownfield land.

Proposed targets

Homes for the future: more affordable, more sustainable – housing green paper¹⁷⁶

- Three million new homes by 2020, two million of them by 2016
- 200,000 new homes to be delivered on surplus public sector land by 2016
- At least 45,000 new social homes a year by 2010-11
- Target to be set for delivery of affordable housing in rural areas over the period 2008-11
- All new homes to emit 25% less carbon from 2010
- All new homes to emit 44% less carbon from 2013
- All new homes to be zero-carbon from 2016.

Homelessness targets (Sustainable Communities: settled homes; changing lives)¹⁷⁷

- Reduce the level of households in temporary accommodation by 50% (from December 2004 levels) by 2010
- Ensure rough sleeping remains below two-thirds of 1998 levels (new target anticipated)
- Ensure that homeless families with children are not placed in bed and breakfast accommodation unless it is an emergency
- Not accommodating 16-and-17-year-old homeless young people in bed and breakfast by 2010 (November 2007 youth homelessness initiative).

Proposed targets (rough sleeping 10 years on: From the streets to independent living and opportunity)¹⁷⁸

- To drive rough sleeping down to as close to zero as possible.

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