Delivering housing strategy through stock rationalisation
Building sustainable communities is a crucial focus of government policy, but what does it mean in reality and how can your organisation support its delivery?

CIH and the Housing Corporation are pleased to have collaborated in producing this briefing paper on delivering housing strategy through housing association rationalisation – an important element contributing to creating sustainable communities.

Both organisations are committed to supporting local authorities, local strategic partnerships, housing associations and other stakeholders in fulfilling the strategic housing responsibilities of the local authorities in order to create sustainable and cohesive communities. It is likely that these agendas will be at the heart of the visions of the new Homes and Communities Agency and the new housing regulator, the Office for Tenants and Social Landlords (OFTENANT).

Since CIH and the Local Government Association (LGA) launched Visionary Leadership in Housing: a new future for local housing strategy, this strategic housing role has become a key element of the Government’s policy framework – identified in the local government white paper Strong and Prosperous Communities, supported by the IDeA’s Strategic Housing Programme and identified in Professor Cave’s report on the future of regulation Every Tenant Matters.

Housing associations have, however, developed stock ownership and management patterns over many years that today may appear incoherent and may run counter to this local authority place shaping role. This CIH briefing paper, the third in the series, therefore provides housing association boards/officers and local authority elected members/strategy officers with an insight into the rationalisation debate and some ideas about how to take it forward in their own organisations.

The briefing is based on a CIH policy report on housing association rationalisation that was itself based on the findings of two ‘rationalisation commissions’ established by the Corporation and facilitated by CIH. We would also encourage you to read these more detailed reports – they provide further evidence around the rationalisation debate.

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In 2005 the CIH embarked on a programme of work to support development of the strategic housing function of local authorities, and to increase the profile of this function at local, regional and national levels. This programme started with Visionary Leadership in Housing: a new future for local housing strategy which set out our vision for the future strategic function and for changes to the framework to support its delivery. In 2006 we staged a series of regional seminars, supported by CLG, the Housing Corporation and the Lyons Inquiry team and, in 2007, we worked with the IDeA on its Strategic Housing Programme.

The strategic housing function has a pivotal role in the place shaping agenda, with a significant contribution to make to the delivery of the vision for a local area, as developed in the Sustainable Community Strategy, and in achieving social, economic and environmental wellbeing. The strategic function needs to extend across housing to all tenures, to ensure delivery of balanced, cohesive and attractive neighbourhoods, and stock rationalisation can contribute to that.

Our Visionary Leadership work is to support this bigger and more complex role. As an important element of that, we are producing a series of briefing papers on different elements of the local authority housing strategy role – of which this is number three. It is designed to assist housing professionals, local authority elected members and housing association boards to support the place shaping role of local authorities through the rationalisation of housing association stock ownership and management.

Who is this paper for?

**For housing association boards and senior officers:**

As recommended in the CIH policy report on rationalisation, the Housing Corporation now expects all housing associations to incorporate an appraisal of the options for rationalisation in their asset management strategies. In addition, Martin Cave recommends that housing associations ‘have a duty to cooperate with local authorities in relation to their strategic place shaping responsibilities’. This report provides guidance on how you can take forward the rationalisation debate within your own organisation. More detailed guidance on the process of rationalisation can be found in the Housing Corporation/CIH rationalisation toolkit.

**For local authority elected members and senior officers in districts and unitaries:**

The Government expects all local authorities to take the lead in creating sustainable communities – one part of which is to act as an effective strategic housing enabler. It is likely that there will be a large number of different housing associations owning, managing and developing housing stock in your area – some actively engaged in your housing strategy and others less so. This briefing outlines how you can work in partnership with the housing associations in your area to deliver a rational pattern of stock ownership and management that supports this important agenda.

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3 For a full list of the briefing papers in this series please contact www.cih.org/publications
5 M Cave, Every Tenant Matters: A review of social housing regulation, CLG, June 2007, p81
What is rationalisation?

For a variety of reasons and over a number of years, housing associations have developed housing portfolios that, in many cases, incorporate stock that is owned and/or managed either remotely or as part of multi-landlord estates.

In many cases these patterns of stock ownership/management – whilst they may appear spatially ‘irrational’ - don’t actually present any difficulties. There are, however, situations in which they:

- cost the association more to manage/maintain than the rest of their stock portfolio
- result in a poorer service to customers; and/or
- create difficulties for the local authority in whose area they are located – including, for example, problems in regenerating a failing housing area or tackling a problem with anti-social behaviour.

Rationalising an association’s stock portfolio may, in such circumstances, improve the efficiency of the association, the service it provides to its customers and its relationship with the relevant local authority. Achieving such a ‘win-win’ scenario does, however, also require the local authority to be effective as a strategic enabler.

It shouldn’t be assumed that rationalisation is primarily about stock ownership. The term is used here to cover any one, or all, of the following:

- the ownership of housing stock
- the management of housing stock; and/or
- landlord policies and practices.

None of these should be seen as a way of reconstructing the monolithic single landlord estates that failed in the past – rather, if done properly, it is a way of enabling housing associations to support the place shaping role of their partner local authorities, and therefore to contribute to the wellbeing of a local area.

Do you need to rationalise?

The Housing Corporation now expects that all housing associations will consider whether or not they should be rationalising their stock ownership/management as part of their asset management strategies. CIH recommended good practice for local authorities (whether stock owning/managing or not) is that they should also consider the need for rationalisation in their area as part of their strategic enabling role.

If you are a local authority you should ask the following questions:

- are we experiencing any problems which result from housing associations with apparently ‘irrational’ patterns of stock ownership/management in our area? Examples of such problems could include:
  - remote housing associations that don’t effectively engage with neighbourhood regeneration programmes
  - multi-landlord estates where different service standards cause resentment, dissatisfaction or confusion among tenants
  - remote or disengaged housing associations that don’t effectively support attempts to tackle neighbourhood problems such as anti-social behaviour; and
  - remote or disengaged housing associations whose poor performance may be the result of their remoteness
- are we ourselves following strategies that may result (albeit in an unintended way) in problematic ‘irrational’ patterns of stock ownership/management in the future? Examples of such strategies could include:
o stock transfer policies/practices that give preference to landlords with stock already in the area
o housing strategies that are developed without reference to partner associations and/or that are
developed without knowing the relative skills of the partners
o growth strategies that encourage new associations into your area; and
o regeneration programmes that are designed to deliver multi-landlord estates

- do we know who owns/manages and develops housing stock in our area and do we have an
appropriate level of engagement with them all? You may want to consider:
  o do we have associations with stock in our area that we have no interaction with?
  o do we have associations with stock in our area that we don’t know anything about?
  o do we have associations with stock in our area that aren’t active partners in helping us deliver
our strategic objectives?

- have we explored rationalisation as part of our housing strategy?

If you are a housing association you should ask the following questions:

- do we own/manage any stock that causes us problems because of its remoteness or ‘irrational’
location? Examples of such problems may include:
  o housing that is more expensive to manage because of its location [note: to answer this question
you will need to know the relative costs of your housing in different areas]
  o housing where you are only able to offer a poorer quality service to your customers because of
its location (for example, it may take longer to arrange a home visit)
  o housing located in multi-landlord areas where other landlords are able to offer a higher service
standard; and
  o housing that is remote (and/or small scale) and that does not justify your active engagement
with the local authority

- are we following strategies for the future that will result in ‘irrational’ stock ownership and/or
management patterns? Examples of such strategies may include:
  o transferring the ownership and/or management of your remote stock to another remote
association and/or to one not identified as a preferred partner by the local authority
  o not breaking down your cost and performance management data to enable spatial analysis of
the relative costs of owning/managing housing in different areas and the relative performance of
services provided to remote tenants; and
  o seeking to develop in local authority areas where you have no stock at present.

Good practice in rationalisation

There is, of course, no one right or best way to approach rationalisation but, building on the experience of
those organisations that have tried it, CIH has pulled together the following good practice tips that we hope
you will find helpful.

Local authorities should consider the following good practice in relation to housing association
rationalisation strategies

Please note that this good practice relates to any tier of local government – including unitary authorities
and sub-regional/regional levels.
It is likely that a number of different housing associations will own and manage homes in your area. This isn’t necessarily a problem but, as the strategic housing authority, it is your responsibility to know who these associations are and to engage with them in support both of your housing strategy and of your wider place shaping strategies (expressed through your Sustainable Community Strategy and Local Area Agreement) and to ensure engagement with your Local Strategic Partnership.

In this role you should be clear about the overall housing strategy for your area (a strategy that you should have involved your partner housing associations in developing) and about the role that you expect your housing association partners to play in delivering it. This is likely to include, for example, identifying lead associations for particular areas and/or particular specialist activities.

It is vital that these decisions are transparent, are based on a robust evidence base and are made in partnership with the Housing Corporation/Homes and Communities Agency/OFTENANT and with the associations themselves.

**Liverpool’s LIFE model**

Liverpool City Council has a clear strategic approach to the role that each association should play within individual neighbourhoods. It is known as the LIFE model, which stands for Lead, Influence, Follow, Exit.

In one particular area, Riverside Housing Association, as the largest social landlord in the area, agreed with other housing associations and the City Council, to transfer all stock in the area to a newly formed subsidiary of Riverside – Community Seven. This organisation has a key role in working with the City Council to deliver the housing element of the NDC programme; it also operates as a neighbourhood services agency, managing street wardens.

**PUSH**

A number of local authorities in South Hampshire have developed a strategic partnership – PUSH (Partnership for Urban South Hampshire) – which has as its primary focus, the economic challenges of South Hampshire. It engaged in the South Hampshire Commission looking at the issues of stock rationalisation for rural areas.

(more on both Manchester and South Hampshire Commissions at http://www.cih.org/stockrationalisation/)

The following good practice checklist may help you to be effective in this role.

Do you involve all the associations with stock in your area in the development of your housing strategy?

**Good Practice** would suggest that:

- you should have a formal mechanism that ensures you develop your housing strategy in partnership with your housing association (and other) partners
- your housing strategy should identify the respective roles that you wish your partners to take in support of your strategy
- this should be based on a formal mechanism for discussing respective roles with all your partners – having regard to their organisational strengths and business plan priorities
- you should ensure that your association partners are clear about and agree with their role in helping you deliver your strategy.

At any given time, do you know which housing associations own and/or manage which properties in your area?

- if ‘yes’: what use do you make of this information?
- if ‘no’: how could you collect and maintain this information?
**Good Practice** would suggest that:

- you should maintain an up-to-date list of the housing associations that own/manage existing stock and that are developing new housing in your area:
  - this list should distinguish ownership, management and development and should identify different tenures and any supported housing
- you should maintain an up-to-date list of contacts for each housing association that owns/manages in your area:
  - this list should include a local contact but also details of the housing association’s head office
- you should use this information to develop and maintain an accurate assessment of the strengths of your partners.

Do you have, or can you access, GIS mapping to show the location of the different housing association properties in your area?

- if ‘yes’: what does this mapping show you and what are you doing with the information?
- if ‘no’: how can you obtain maps that show the location of housing association stock in your area?

**Good Practice** would suggest that:

- you should make use of GIS to map the building, ownership and management of housing association property in your area by landlord:
  - such mapping will highlight where there are multiple landlords with stock in an area and where remotely owned stock is located
- it is also possible to map ‘local’ and ‘remote’ landlords etc...
- if you don’t have direct access to GIS mapping yourself you may be able to access it through sub-regional/regional partnerships or on a contract basis from organisations providing this service.

Do you have an effective working relationship with owning/managing housing associations in your area (for example, involving regular two-way strategy meetings with them in which you share ideas and plans)?

- if ‘yes’: what use do you make of the information collected?
- if ‘no’: how could you achieve this?

**Good Practice** would suggest that:

- you should build and maintain an effective working relationship with all the housing associations that own and/or manage homes in your area
- whilst recognising that it will be appropriate to have different relationships with different partners you should meet each of these housing associations at least once a year to discuss your strategic priorities and their business plan objectives
- you should always be clear about the ways in which you would like individual associations to support the delivery of your place shaping strategies.
Do you have a profile of the different housing associations that own and/or manage homes in your area? Are you clear what their relative strengths and specialisms are?

- if ‘yes’: what do you do with this information?
- if ‘no’: how could you develop such a profile?

**Good Practice** would suggest that:

- you should build a profile of each of your housing association partners – making sure that you have a clear understanding of their relative strengths and of any particular specialisms they may have
- you use this profiling information - in a robust and transparent way - as part of your decision-making about the respective roles of each housing association partner.

Do you know what performance assessment the housing associations have been given?

- if ‘yes’: what do you do with this information?
- if ‘no’: how could you collect and use it?

**Good Practice** would suggest that:

- you should make sure you are aware of the performance assessments made by the regulator/inspector on all of the housing associations that own/manage housing in your area
- you should contribute to the assessment of the housing associations operating in your area on the basis of robust evidence and a transparent process
- you should use the information from the regulator/inspector as part of your transparent processes for deciding which housing association partners to work with.

Are you confident that you know about the rationalisation plans being considered by the housing associations with stock in your area?

- if ‘yes’: do these plans support your housing strategy or not?
- if ‘no’: how can you encourage your housing association partners to involve you in their rationalisation strategies?

**Good Practice** would suggest that:

- you encourage your housing association partners to discuss their plans for rationalisation with you before putting them into practice
- you discuss with them any preferred partners you may have and your reasons for this.

Are you confident that your own housing strategies are not contributing to ‘irrational’ stock ownership/management patterns?

**Good Practice** would suggest that:

- you avoid bringing new housing associations into your area if this is going to result in the kinds of problems identified at the start of this briefing
- you avoid policies that require housing associations to already have stock in your area in order to compete for stock transfer opportunities.
Finally, please bear in mind that:

- if you are not effective at your strategic enabling role – including identifying clear roles for your association partners – then it is difficult to argue that housing associations should support the delivery of your wider place shaping objectives – assuming that they know what these objectives are
- if you do not play to the relative strengths of your housing association partners then they will have no incentive to support your housing strategy and it will be unfair to ask them to consider your objectives when developing their business plans.

You may also be interested in the following additional sources of good practice guidance in relation to the local authority strategic enabling role including:

- CIH/LGA’s *Visionary Leadership in Housing*
- *Delivering housing strategy through local area agreements*
- *Planning for housing: the potential for sustainable communities*
- *The housing manual*[^1]
- *Rationalisation of Housing Association Stock: a guide and tool kit.*[^2]

### Housing associations should consider the following good practice in relation to rationalisation strategies

With an increased emphasis on the place shaping agenda the Housing Corporation now expects all housing associations to have considered the options for rationalisation as part of their asset management strategies. This will be further enhanced by the transition to the Homes and Communities Agency, with its remit to support authorities in their strategic place making role.

In many cases a spatially ‘irrational’ pattern of stock ownership and/or management may not produce any problems – either for you, for your customers or for your local authority partners. If it doesn’t cause you or your customers any problems then you should still check if it presents your local government partner with any issues.

This means asking yourself questions such as:

- Have we considered stock ownership/management rationalisation as part of our asset management strategy?
- Do we own homes that are spatially remote from our office(s) that we should include in a rationalisation strategy?
  - if ‘yes’: do they cost us more to manage and maintain?
  - if ‘yes’: do we provide the same level of service to the customers who live there?

**Good Practice** would suggest that you should:

- know the location of your stock by local authority area
- know the relative costs of managing properties in different local authority areas
- know the relative performance of services provided to customers in different local authority areas
- know how your services/performance relates to that of other landlords with stock in the same estate
- identify properties that are spatially remote from your offices
- identify properties that are in mixed landlord estates
- identify properties that are in an area that the local authority wishes to regenerate.

[^1]: More on these documents and guides can be found at www.cih.org or by calling 024 7685 1700.
[^2]: See www.housingcorp.gov.uk.
Do we own/manage stock in multi-landlord estates and/or in neighbourhoods that the local authority wants to regenerate?

- do we work in partnership with other landlords to address issues in the area?
- do our tenants experience a worse service than the tenants of other landlords?
- could we achieve efficiency savings by rationalising our stock ownership/management?

**Good Practice** would suggest that you should:

- identify properties that you own/manage that are part of multi-landlord estates and/or estates that the local authority wishes to regenerate
- check the relative service standards provided by you and the other landlords – do any differences cause dissatisfaction for the tenants?
- agree how you will work with the other landlords to provide consistent services across the whole estate:
  - this could include amending your policies/practices to bring them in line with those of other landlords in the area
- agree with the relevant local authority/regeneration agency your contribution to regenerating an area where you own/manage stock – being prepared to transfer the stock if you do not want/are not in a position to invest in its regeneration.

Do we actively engage with the local authorities in whose area we own/manage stock?

- if ‘no’: can we commit to doing this?

**Good Practice** would suggest that you should:

- maintain an effective engagement with all the local authorities in whose area you own or manage stock
- keep them informed about what stock you own/manage where – and provide them with a contact officer
- effectively engage with them to resolve issues of concern that relate to apparently ‘irrational’ stock ownership/management patterns such as those described earlier in this briefing.

Does our business strategy result in us moving into areas where we don’t currently own/manage any houses?

Where we have decided to rationalise our stock ownership/management is our strategy supportive of the local authority?

**Good Practice** would suggest that you should:

- identify properties that you wish to rationalise
- discuss your ideas with the relevant local authority:
  - is your plan in line with its housing strategy?
  - does it have preferred association partners that it would like you to transfer ownership to?
- implement a rationalisation strategy that does not result in
  - making the pattern of stock ownership/management more problematic/remote
  - conflict with the local authority
  - poorer service to customers.
Does your business plan indicate how you will support your local authority partners in their place shaping role and in the delivery of their housing strategy?

So, if you need to, how do you go about rationalising?

CIH and the Housing Corporation have produced a FREE rationalisation toolkit that provides practical guidance on how to go about implementing a rationalisation strategy within your organisation. The toolkit can be downloaded from www.cih.org/publications.