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Lessons Learnt on Stock Transfer in Wales

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# Lessons Learnt on Stock Transfer in Wales

A CEW report supported by **i2i**



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**CONSTRUCTING  
EXCELLENCE  
IN WALES**

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# Lessons Learnt Guide

## on Stock Transfer in Wales

### *Introduction*

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This guide, commissioned by Constructing Excellence in Wales and funded by the Welsh Assembly Government, is the result of a review of literature in the social housing sector, case studies of large-scale voluntary transfer (LSVT) organisations in south Wales and meetings and workshops with participants from these LSVTs and the Welsh Assembly Government. The supporting documents to this short guide are available on the Constructing Excellence in Wales website.

The idea behind the guide is that the people who have gone through stock transfer are those best placed to pass on the lessons they have learnt. This guide captures those lessons in a concise format so that housing professionals and tenants can get early warning about some of the challenges and opportunities of housing stock transfer in Wales. The guide is not a top-down set of instructions that tell LSVTs what to do. Instead, it distils the helpful advice offered by those who have already been through the stock transfer process and are keen to ease the passage of other organisations in Wales. One of the key messages is that LSVTs can get practical and specific help by collaborating with each other.

### *Transfer*

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- If transfer negotiations with the local authority are allowed to go on too long (over a year, for example) following a positive ballot, they begin to lack focus. Tenants and staff face a period of uncertainty, and it becomes hard for managers in the new LSVT to make the most of the motivation that usually accompanies a new challenge. Local authorities may need to buy in legal, site plan preparation and procurement expertise to facilitate transfer, as the scale of contracts being negotiated and transfer of land and assets is likely to be unprecedented in the organisation.
- In the course of those negotiations, nascent LSVTs should understand the liabilities they will acquire with housing stock, but also how some of them might become financial assets or sites for regeneration in the long-term. Large areas of grass, play areas and sewage works, for example, will be costly to maintain. Developable land, on the other hand, will be valuable. One LSVT recommends procurement of a geographical information system so that detailed social and environmental data can be combined with data about the location of the stock.
- There is a huge amount for the new organisation to do following a positive ballot. The scale of the challenge and the number of tasks involved requires that key priorities are highlighted to avoid staff feeling overwhelmed. One of those priorities, LSVTs recommend, should be to plan procurement as early in the transfer process as possible. The outcomes of all projects should be clear, and a conversation at an early stage about how key projects will be coordinated and managed is a good idea.
- LSVTs are unlikely, the pattern of transfers so far shows, to obtain good quality information on households and on performance from the local authority at transfer. Time and resources will need to be devoted to gathering this data at an early stage following, or in the process of, transfer.

- While consultants can offer invaluable advice on management, communication and the like as part of the stock transfer process, they tend to lack detailed knowledge about the local political situation and have a tendency to impose models from elsewhere. The LSVT will need to assert its distinctiveness and be clear about what it needs as an individual organisation.
- One of the benefits of the community mutual model, which can also be applied to the participation work of traditional model associations, is that it offers a narrative about tenant participation and regeneration that engages staff, potential staff whom the LSVT wishes to attract, tenants, and other stakeholders.
- A contradiction may become apparent following transfer: if nothing looks like it will change, tenants will wonder what the point of transfer was. If everything changes at once, both staff and tenants may feel unsettled. Resolving this issue is a question of finding balance and clearly communicating the reasons for changes that take place.
- It can be problematic if the local authority selects IT software for the LSVT before transfer. Systems need to be flexible, because the new organisation is unlikely to know exactly what it needs until it begins operating.

## People

- Recruitment of new staff to the LSVT can refresh what was the former housing department of the local authority, bringing a wide variety of experience from different sectors. Recruiting senior staff and leaders may prove to be a challenge in Wales, and there are areas of skills shortage, so graduate traineeships may need to be offered. Assessment centres are increasingly being used to assess the skills and attitudes that candidates bring to the organisation. Staff turnover is traditionally low at most levels in the Welsh social housing sector, so the LSVT may find that opportunities to bring in 'new blood' are infrequent.
- One of the biggest challenges of stock transfer is managing change in the organisation, but culture change is possible. The transition means that staff have an opportunity to influence the organisation of which they are now a part, and individuals within the organisation learn together. LSVTs should avoid the temptation to stereotype the two groups of staff (recruited and transferred). Despite best efforts, everyone will be so busy and focused on the task at hand that it can be difficult for teams to avoid re-enacting the silo working typically associated with local authorities.
- It is important that managers, despite their heavy workload, make themselves visible and listen to all staff in the early days of transfer, particularly those who are on the front line of the LSVT's services. These staff may feel themselves to be further away from decision making in the organisation, but are those whom the LSVT will rely on to communicate key messages to tenants.
- Understanding and valuing the previous experience of staff is vital. Managers should try to comprehend the historical situation they are inheriting, and staff, while seeing the fresh start that transfer offers, are also likely to want to see continuity with their careers so far. Transferred staff can also maintain a valuable link with the local authority.
- The LSVT cannot assume that transferring staff will be well-informed about the new organisation, its aims and methods before transfer.
- Moving the majority of staff into one office brings people together, increases the opportunities for informal learning and allows staff to rethink their place in this new organisation. Choosing a town-centre location also makes staff and services accessible to tenants. More informal opportunities for staff to mix are valuable, such as staff conferences or charity activities.

- Senior managers have found that being part of a stock transfer organisation means greater exposure for them as individuals compared to working in a local authority. A certain type of personality is, therefore, attracted to leading LSVTs, as this demands large amounts of confidence, enthusiasm and motivation.
- LSVTs inherit not just housing stock and staff, but a history. Early staff and tenant surveys may, therefore, yield a lot of information, but not all of it will be meaningful on its own; it can be difficult to ascertain how long ago certain problems occurred, the context in which they happened and what was done to mitigate them. There may be expressions of dissatisfaction, but these may be hangovers from something that happened 10 years ago. Staff will, however, want to see action after they have raised issues in a staff survey or they are likely to lose faith in the LSVT's commitment to consultation.
- One LSVT has used a theatre company for equality and diversity training and managing sickness training. The idea behind the technique is for staff to be able to see the differences in communication styles and the impact of various behaviours. Despite expecting some cynicism because this is so different to the kind of training people were used to receiving at the council, the response was very positive, to the extent that people are asking for the company to come back.

## Participation

- LSVTs offer, through well-developed tenant participation strategies, an opportunity to belong to a local organisation that has the potential to make a real difference to the lives of people living in the area, an empowering sense of belonging often associated with the word 'community'.
- Finding a broad range of participants who fully represent the tenant demographic, particularly in terms of age, will be a challenge. Innovative techniques are required to engage with hard-to-reach groups.
- The outcomes of participation should be recorded and measured, though methods for assessing the long term impact of various forms of participation or LSVT intervention are still being developed. Data can be collected now for future longitudinal studies.
- Participation can make the LSVT more efficient. Rather than deciding on a course of action then finding out later that it is not popular or does not meet tenants' needs, collaborative decisions can be made which are both practical in terms of delivery by the LSVT and take tenants' views into consideration.
- Training for tenants to provide them with the skills and knowledge to make decisions about procurement or recruitment, for example, may be delivered by the Tenant Participatory Advisory Service (TPAS) or in-house. One LSVT which has delivered training in-house has found this to be another way of bringing staff and tenants together and strengthening their working relationship.
- There is a need to develop a range of methods for two-way communication (including word-of-mouth and face-to-face communication), so that the channel is always open for tenants to comment. Tenants need not then wait for the next questionnaire to have their say, which, in any case may ask very specific questions. LSVTs have learnt that asking open questions allows tenants to talk about their views without imposing social housing jargon on their thoughts. For example, one LSVT found that tenants did not often use the word 'community', preferring 'my estate' or 'my neighbourhood'.
- Some tenant and staff forums will naturally reach the end of their useful lives and it is no failure to wind them down and encourage tenants to continue participating in other ways.



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- Broad staff awareness of the benefits and reasons behind tenant participation is a key to making sure that tenant empowerment cuts through all the activities of the LSVT.

## Governance

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- Boards constituted by 1/3 tenants, 1/3 councillors, and 1/3 independent members are the norm in Welsh LSVTs.
- A lesson that has been learnt from LSVTs in England is that examining board member capacity and instituting sufficient training should be a priority for any transfer association. Board members need to be able to challenge, question and think at a strategic level without being pulled into operational detail.
- Local democracy cycles (such as local government elections) mean that there will inevitably be changes to the individuals nominated to the board by the council, which can be distracting and unhelpful in fostering board cohesiveness. Elsewhere in Britain, some LSVTs have moved to a board structure without council nominees.

## Welsh Housing Quality Standard (WHQS)

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- Time to plan the procurement and delivery of WHQS properly should be built into the LSVT's transfer programme. Once transfer is complete, there are so many urgent tasks to complete that planning risks being subordinated to delivery.
- The sooner an LSVT gets to know the full condition of its estate, the sooner it can accurately programme WHQS works. There are a number of barriers to this. First, the prohibitively small sample size of the stock valuation survey is unlikely to provide enough detail. Second, if supplementary surveying is undertaken, it is likely to be costly and time consuming. The more time that passes, the less accurate the data collected first becomes. Third, some problems inside the property will only become apparent once work starts, for example if plaster comes off the walls when kitchen cabinets are removed, or if tenants have made alterations to a property that are costly to rectify. Lack of knowledge about the stock leads to inaccuracies in the programme, which are a threat to the LSVT's business plan.
- LSVTs are likely to need to start work early with colleges to ensure that they can provide the right training for trainees to undertake WHQS work.
- Some LSVTs have decided to employ Tenant Liaison Officers (TLOs) themselves, rather than use those employed by contractors. The TLOs are able to act as advocates for the tenant, challenging the contractor where required. The TLOs can also pass a great deal of household information back to the LSVT, and signpost tenants to other services they may require.
- Socially-minded LSVTs may find a dissonance between their values, such as social inclusion, and those of the contractor, particularly larger firms with shareholders to satisfy in a difficult economic climate. Communication from the earliest stage possible, even before pre-qualification questionnaires are issued, is a key to ensuring that LSVT and contractor are working towards shared goals and have a mutual understanding of 'value'. Developing an honest relationship, where challenge is encouraged on both sides,

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will be difficult but ultimately fruitful in terms of raising performance. One LSVT has developed a Key Performance Indicator for its own performance as measured by the contractor. Larger contractors have begun to adopt the language of regeneration, which aids communication, but should not be confused with contractors adopting the LSVT's ideals. The contractor's local manager will make a big difference to the nature of the relationship.

- The environmental improvements required by WHQS are expensive to implement. Service charges cannot be introduced retrospectively for existing tenants or to residents who have bought their homes, using Right to Buy for example. A charge can be made only for new tenants or for existing tenants where a new service is introduced.
- Measuring whether a property is 'well-managed' as part of the standard is problematic (because no measure has been fully developed).
- WHQS work can be trialled in empty properties. This enables the LSVT to alter specifications and identify small problems without inconveniencing tenants. It does not, however, get around one of the greatest challenges of refurbishment, which is for tradespeople to get used to working with tenants in situ, gaining access, moving their furniture and minimising dust, dirt and draughts, for example.
- Tenant-led inspections of WHQS work will help the LSVT identify whether tenants are happy with the standard of contractors' work. Finding enough tenants to get involved with such a time-consuming process is, however, difficult.
- Regarding estate improvement, a flexible estate improvement plan is required so that the plans of other partners can be incorporated.
- The WHQS requirement for kitchens and bathrooms to have non-slip flooring is unpopular with tenants. The flooring is difficult to maintain and starts to look untidy after only a couple of years' use.
- A shortage of surveyors can be a financial risk to any LSVT. The value of labour on site when upgrading a home to WHQS is tens of thousands of pounds per week, so losing a week's productivity because the surveyors cannot visit the property in time would be very costly.

## ***WHQS Plus & Regeneration***

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- An LSVT, as a locally well-connected body, can work as the pivot on which a number of regeneration activities can turn.
- One of the key questions emanating from housing-led regeneration is who should, and who does, benefit from the wider activities of a housing association. Some people consider the association's first responsibility to be to its tenants. By improving access to amenities in an area, however, other people in the community will benefit. For many people working in housing, this is a good thing. While LSVTs are well-placed to facilitate regeneration and can access considerable funds to make a difference, time and resources are, nevertheless, finite. When LSVTs monitor who has been affected by its wider work and by how much – and there is need to do this, even if methods for doing so are still being developed – they can decide for themselves whether they are helping the people that they think, as an organisation, they ought to be.

- Organisations should be aware of the many funding streams available for regeneration projects. Regeneration work needs to be long-term and leave a lasting legacy, and this will not happen if funds come to an abrupt end.
- Too many regeneration or participation initiatives make it more difficult for staff to focus on strategic priorities, particularly if they cannot see the links between lots of small projects and the overarching aims of the LSVT.
- Schemes such as installing solar PV panels mean a reduction in the tenant's carbon footprint and more affordable warmth, which in turn makes the properties more attractive to potential tenants and a more valuable asset. Various funding streams are available for such a scheme, such as the low-carbon building programme. The bigger picture is that tenants can be detached from the fluctuations of the energy supply market. In turn, this makes the business's finances more secure because the tenant is less likely to struggle to pay bills.

## Procurement

- There is a need for LSVTs to take responsibility for procurement as intelligent clients, understanding the effects of its purchases but also the limitations of some potential suppliers. For some LSVTs, this may mean avoiding being a small contractor's only or main client because of the likely impact on business after WHQS work is complete.
- A decision should be taken as early as possible about whether the LSVT will procure its WHQS work via a consortium and, if so, which one. If OJEU notices are issued for WHQS work and then the LSVT decides to join a consortium, the OJEU notices will have to be reissued, which is a time-consuming process. The benefits of joining a consortium should also be communicated to staff so that they, in turn, can explain it to tenants. Every process relating to improving tenants homes should be transparent. LSVTs cannot, unfortunately, expect to join a Welsh consortium and follow the lead of others at the present time. There is not a great deal of experience of frameworks so far, so everyone is learning as they go along.
- LSVTs would do well to find out who their local small to medium-sized enterprises (SMEs) are, which are capable of bidding for WHQS contracts, and which would become capable of doing so with some help. A strategy for engaging these firms should then be decided. This information is unlikely to come from the local authority. SMEs are unlikely to understand the LSVT's social inclusion requirements, but can be encouraged to develop the skill of tailoring their offer to whoever their client is, in this case a social housing provider.
- It is useful to communicate with neighbouring LSVTs about what they will be procuring and when, in order to provide a series of contracts and longevity of work, rather than one glut of contracts with which the smaller firms fail to cope.
- A programme of 'mobilisation' of the local supply chain can be undertaken, including awareness events to 'ready' contractors and introduce them to support agencies, introductions to the main contractors, and training on open book accounting.
- Involving tenants in the procurement process means that they are more likely to act as advocates for the organisation, the way it operates and the decisions it makes. They have been found to ask probing questions, and LSVTs need not underestimate their ability or experience. One LSVT found that, with hindsight, the Tenant Empowerment Team could have been included in procurement earlier in the process.



- LSVTs often form the vanguard of new procurement or contracting methods in the public sector, so making sure that partners in these innovations are well-informed is the only way of making them work.
- As with all areas of social and economic regeneration, LSVTs need to decide who they most want to target with their activities. When it comes to apprenticeships, trainees and new entrant jobs, the LSVT can decide whether it wants to employ those who have been out of work longest, those who are most likely to stay in work, people from the local area, people from Communities First areas, people from its own estates, or a combination of all of these. (These groups are not mutually exclusive).
- There is an opportunity, in procuring WHQS and any goods or services, to get added value for tenants from every purchase. The i2i Can Do Toolkit has been used by LSVTs to include targeted recruitment and training as core requirements of housing contracts. These contract clauses enable LSVTs to tie contractors and suppliers into targeting employment and training opportunities at new entrants into the labour market through partnering arrangements with job-matching services.
- One former local authority Direct Services Organisation (DSO) is now one of the contractors on the LSVT's consortium framework. This means that, potentially, once the WHQS work is complete, the DSO could be contracted to work for the other organisations in the consortium. A lot of work went into the DSO's bid to be on the framework. While the DSO is OJEU-approved by virtue of being on the framework, the LSVT still has to operate the DSO's supply chain in a legally compliant way; the DSO does not operate in exactly the same way as other contractors on the framework.
- It can be difficult to project the cost of running a DSO based on the local authority's assessment.
- A balance can be found between getting volume discounts as part of a consortium, group or purchasing club, and the close relationship that can be developed just between the LSVT and small, local firms.

## Performance

- A high-level and visible commitment to data collection for the purposes of performance management makes it easier for staff to see that this is part of the day job, not an annoying distraction from it.
- The 'full-steam ahead' approach to data collection has been recommended in the early days after transfer, partly because it gives a clear message of where the organisation wants to be. Data collection may be made easier by having a joint database with the local authority.
- Benchmarking is felt to be more relevant once housing is no longer part of the local authority because the costs and impacts of various services can be more easily disaggregated.
- The approach to business intelligence taken by LSVTs means that they are keen to start benchmarking with other organisations as soon as possible. Benchmarked figures will look disappointing to start with because of a lack of data, differences in performance measures, and inherited performance. For example, an LSVT might take on rent arrears at transfer. Explaining the reasons for this apparently poor performance to staff while not undermining the idea of performance management is important for keeping staff morale high.
- Personal Development Reviews as part of staff appraisals can help staff to understand performance management as they set targets for themselves.

- Managers who have transferred rather than been recruited may have been accustomed to centralised data collection at the local authority and now need to take ownership of performance. Encouraging people to adopt this attitude can take time.
- Health and safety should be on the organisation's agenda as early as possible. For example, compliance with fire safety legislation is a very large undertaking. As a landlord, the LSVT is likely to be responsible for common parts in blocks of flats, sheltered schemes, offices and commercial properties. Doors and emergency lighting are likely to need replacing or repairing and this expenditure may not be anticipated at transfer. In addition, stock transfer organisations are now on the radar of the enforcement bodies such as the HSE and fire service.
- Transfer is an opportunity to reconsider performance measures, such as response times. For example, rather than recording the amount of time a repair takes from when it is issued to the repairs and maintenance team, the measure can start when the tenant first contacts the LSVT. This way, the tenant experience, and not just an internal process, is measured.
- Staff visits to other, similar organisations across the UK can help to identify where the LSVT could improve, but also shows areas in which it is perhaps more advanced than originally thought, bolstering confidence.

## *Relationships*

- Amicable relationships must be maintained with the local authority because some services continue to be shared, and because the LSVT and the local authority will be key strategic partners in housing in the area. Transfer can also be a catalyst for change in the council.
- As the LSVT moves out of its 'childhood' phase (the first five years or so of its existence) there are opportunities to reassess the relationship with its parent authority so that it might stand fully apart but be in a position to engage in mature, collaborative interactions to the benefit of tenants.
- Managing councillor perceptions about the transition from council service to LSVT can be one of the many challenges of stock transfer. While councillors may be accustomed to ringing up and speaking to specific officers, a more formal system where they receive a written, substantive response and can show evidence to their constituents of having taken the complaint forward, may be more successful and popular in the long run.
- LSVTs recognise the importance of working effectively with Communities First to deliver regeneration in their area. Differences of opinion about approaches to regeneration are likely to require some negotiation.
- Maintaining relationships with Welsh Assembly Members helps them to see how the LSVT delivers on government policies and objectives.
- As housing associations diversify their activities beyond the traditional landlord role, there is a clear need to be able to demonstrate the business case for these activities to the satisfaction of the lenders, with whom LSVTs have an extremely important relationship in the current financial context.
- There is the potential for LSVTs to work with utilities companies to help cut, for example, water rate collection costs. Savings can then be passed on to customers, including tenants. LSVTs can also help to promote utility company sustainability schemes such as home insulation or rainwater harvesting.

- LSVTs' ambitious aims to improve the lives of their tenants is both made possible and made more complicated by relationships with other organisations, such as service-providers and charities. Signing up to a shared agenda, a milestone in itself, is only the beginning of a process that can be as frustrating as it is fulfilling.

## Public Relations

- While maintaining a good relationship with the council, distance also needs to be established so that tenants and the wider population are clear about who the LSVT is and what it does. For example, when tenants telephone the LSVT, does a shared call centre mean that they hear the council's name first? Has the differentiation between council and LSVT been made clear in and to the local media? Conversely, the hype surrounding transfer can raise tenants' expectations to unrealistic levels, and these need to be managed.
- Tenants are most likely to get their local news from the local newspaper. This outlet should, therefore, be prioritised in terms of PR, and relationships established with editors and journalists. It is worth establishing PR policies that do not inhibit speedy responses to media enquiries.
- The LSVT can explore simple but effective ways of promoting its brand. If its repairs vans are easily identifiable in the area, for example, this helps to establish an identity for the organisation. Regeneration activities should also be branded. If the LSVT is working to improve the area, people should be able to see who has done that work.
- No PR strategy will be as effective as tenants and staff acting as advocates for the organisation and its methods. If tenants are involved in the work of the LSVT and understand, for example, why it procures goods and services in the way it does, they are more likely to speak up for it.
- In order to sustain effective social housing management in Wales, the image of housing as a career choice needs to be improved to attract the best people to the sector.

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