



What residents want

Involving residents in strategy, business
planning and participatory budgeting

Briefing paper for the GreenSquare
Residents Scrutiny Panel



October 2009

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1 Key findings and recommendations

Summary

This research looked at best practice in involving housing service users in strategic decision making, business planning and budgets. We found that, while there are some very good examples of resident input to strategic priorities across the housing and community sector, this area of involvement is relatively undeveloped.

Legal and regulatory requirements have driven big changes in the way housing providers consult and engage residents in shaping services over the last 20 years. But 'top level', strategic influence and real power over spending priorities is a much more recent phenomenon, which only a minority of high-performing organisations have yet explored or perfected. This means that GreenSquare Group is a market leader – particularly through Westlea HA's pioneering work on resident business planning.

Recession, pressure on public finances and changes to funding and regulatory regimes are now creating a new demand for service users to have direct and real influence over how organisations spend their money. Empowering residents to have a say about business plans, budgets and other big issues is a key part of the Tenant Services Authority's vision for 'co-regulation' with housing providers and their customers. Section 4 of this briefing looks at this policy background in more detail.

Different approaches

The best practice we discovered can be categorised into four main types of approach:

- **Whole-organisation approaches** – where the constitution and nature of the provider and its working practices build in or guarantee strategic input to resource decisions – for example, Tenant Management Organisations and Community Gateway Organisations.
- **Structure-based approaches** – where providers create new groups or systems to specifically focus on business plans, budgets and other strategic issues. These structures are often part of the organisation's formal governance arrangements - for example, Salix Homes' Customer Senate.
- **Participatory budgeting** – a technique to give local people full or partial control over all or part of the provider's budget – for example, environmental improvement or community safety budgets.

- **Process approaches** – where providers link customer involvement to a specific business theme or process – for example, value for money or investing efficiency savings.

These four approaches are explained in more detail, with good practice examples, in sections 5-8 below.

Making it work

Whichever approach or mix of approaches you use, you'll only get successful and meaningful involvement by deploying the right blend of consultation methods and techniques. Section 9 looks at some good practice examples from our research.

Sustaining effective involvement also means giving people something in return for their input and being able to prove that residents' input really makes a difference. Section 10 discusses how organisations offer rewards and incentives and can assess the impact of this form of involvement.

Finally, this all needs to feed back into the Board, which has ultimate responsibility for your strategic and financial decisions. Section 11 considers how involvement using any of the best practice methods can best be routed 'back to the Board' without losing any of its potency.

Although some of the examples included in this briefing come from top-performing housing providers, there does not (yet) seem to be a direct link between organisations that are most highly-rated by Audit Commission inspectors and those who've gone furthest in terms of strategic involvement. The appendix lists housing providers rated as 'excellent' by the Audit Commission.

Recommendations

There's lots of scope for GreenSquare Group to learn from and act on the findings from this best practice review. So, over the next three to five months, we recommend that the Scrutiny Panel and GreenSquare Group:

- 1 **Consider the findings of this briefing in its business planning inquiry.**
- 2 **Commit to a 'real-time test' of at least one new engagement technique for each Group member association in its 2010 business plan and budget process. These tests could relate to the key issues identified in your brief, set out in section 2 below. Suitable approaches could include:**
 - Arranging for the Residents Scrutiny Panel, plus other residents from Oxford Citizens and Westlea to shadow the executive's business plan/budget and rent-setting processes for 2010-11. Their task will be to track how residents'

views and priorities follow through the organisations' decision making and are assessed against other calls on resources. At the end of the process, the Panel should submit a report to inform the Boards' budget and business plan decisions. This will help to make sure that residents' priorities get fair and proper consideration and have a genuine impact on your strategic decisions.

- Opening up part of each association's 2010 revenue budget to a participatory budgeting pilot project (for example, a 'town budget' for a particular area or a service/themed budget, such as aids and adaptations or community safety and security). This pilot could be backed up by contact with the Participatory Budgeting Unit.
- Running simple, online surveys on the Westlea HA and Oxford Citizens HA websites.
- Reaching out to gather residents' opinions and priorities via an 'involvement day' exercise.
- Including a game/voting exercise as part of an existing resident conference or community event.

- 3 Send at least one staff member and one resident to the Salix Homes and New Charter Housing Trust Group event in Salford on 3 December 2009. We have already registered your interest in attending.**
- 4 Consider attending the Community Gateway network event planned for February 2010. We'll pass on details of this event as soon as they're available.**
- 5 Share this briefing with organisations who contributed to this research, via HouseMark and on the Group website.**

Looking ahead

If you implement these recommendations, there will be further opportunities to weave development of strategic, business planning and budget involvement into your wider strategy for engaging service users. Opening up your business processes in the ways we've suggested will also raise some other issues about policy and practice. So, you should consider:

- Arranging a study visit for residents, staff and Board members to at least one of the organisations included in this briefing, to learn firsthand from their experience (for example, a provider that is already using participatory budgeting).
- How monitoring, reporting and impact assessment of this sort of involvement can best be built into the Group's governance and performance management systems.

- The equality and diversity aspects of this sort of involvement – how residents and service users from all types of housing and communities can have a fair opportunity to shape business plans, budgets and spending priorities. Special measures may be required to support engagement by supported housing residents and older and younger customers.
- Offering residents who get involved in strategic decision making, business planning and budgeting appropriate incentives to take part, and rewards for their input.
- Inviting suitable partner agencies to work in partnership with GreenSquare Group to develop this form of involvement – for example, Local Strategic Partnerships, Police, health and social care providers.

2 Your brief

As part of its inquiry into business planning, the GreenSquare Group Resident Scrutiny Panel commissioned us to prepare an independent, best practice briefing on how other organisations involve residents and service users in strategic business planning and budget decisions.

You asked us to identify and evaluate different approaches to this type of involvement, and recommend how best practice might help you to develop the GreenSquare Group approach. In particular, you suggested we look at ways of involving residents in these aspects that go beyond just having resident Board members.

Your brief listed some key issues on which you'd like to have real resident influence:

- balancing investment between new homes and existing assets and services
- consultation on rent increases
- direct input into budgeting decisions.

Our title '**What residents want**' highlights the key question underpinning all practice in this area: how can residents and service users best shape strategic and resource decisions, to make a positive, meaningful difference?

3 Our research

To research best practice, we used the following methods and sources:

- Requests and searches of knowledge bases held by:
 - TPAS
 - Housing Quality Network,
 - HouseMark
 - Chartered Institute of Housing
 - National Housing Federation
 - National Federation of Tenant Management Organisations
 - Participatory Budgeting Unit
 - Audit Commission
 - Local Government Association.
- Best practice resources, including:
 - Innovation into Action
 - Innovation and Good Practice
 - Housing Corporation Gold Awards.
- Direct contact with providers and other organisations and individuals.
- Review of key Government and other agencies' publications.

4 Policy background

Customer and community empowerment

There's a clear and growing expectation from Government and the Tenant Services Authority for housing providers to configure and run their business in ways that better reflect the needs of residents and communities. This will become more important in the future, as pressure on public spending and efficiency increases.

A raft of Government legislation and consultation is focusing on the need to breathe new life into how individuals and communities can shape local decisions and priorities. With voting levels falling (especially in disadvantaged areas) and in difficult economic times, public service providers need to find better ways to engage, empower, support and respond to local citizens. Meanwhile, changes in technology are opening up new and exciting possibilities.

The Government published a White Paper on community empowerment in July 2008 - *Communities in control: real people, real power*. This set out a vision to develop and nurture a fresh, lasting habit of dialogue and joint working with local people across all key services and partnerships. This isn't meant to take the place of voting and the democratic system, but rather to complement it and create attractive, easy ways for people to make a real, demonstrable difference to their community.

The White Paper suggested changes such as:

- **Participatory budgeting** – giving people a direct say over how councils use their resources, especially on local projects.
- **Petitions and calls for action** – improving overview and scrutiny by enabling communities to raise and campaign on issues of local concern.
- **Personal accountability and visibility** – making senior council staff and members more accessible and answerable to ordinary people.
- **Deliberative forums and engagement** – using structured groups and sampling to test public opinion (for example, citizens panels and juries).
- **Community asset ownership and management** – passing real power to local communities to look after public buildings and amenities in their area.
- **Using technology** – taking advantage of digital media to boost involvement and break down barriers.

- **Social enterprise and getting people into work** – linking local democracy to other Government strategies to boost skills and tackle disadvantage.

Organisations often respond to external change by creating new structures and systems. But this can risk stifling the local empowerment that the Government wants to foster. So, new approaches to engagement need to be more 'as and when' and firmly rooted things that make a tangible difference to people's lives. Better engagement must lead to better decisions, less waste and greater influence for local people.

Citizen-centred governance

The Joseph Rowntree Foundation looked at similar themes in its report *Designing citizen-centred governance* (May 2008). This considered how, with towns and cities now governed by a complex and changing patchwork of statutory bodies and special-purpose organisations, local people (especially those in disadvantaged neighbourhoods) can best take part in governance and exert influence over their communities.

Many local authorities have created area and neighbourhood structures to engage people and deliver services. Local Area Agreements are intended to integrate and improve public service performance across the various governance structures operating in local authority areas. The involvement of patients and members of the public is also official policy in the NHS.

The report looked at case studies from:

- a Sure Start children's centre
- a community-based housing association
- a Local Strategic Partnership
- an NHS Foundation Trust.

The report recommends new forms of local governance, with greater flexibility and less formality, based around two key principles:

- **Local knowledge** – using the expertise that citizens and service users have to contribute to the design and delivery of policies and services.
- **Local representation** – using participatory forms of governance to make public decisions more democratic and legitimate.

Your business planning inquiry

This is the background against which developments in resident scrutiny and involvement in strategic decision-making are taking place. At the moment, GreenSquare Group is ahead of the game, but practice is changing and developing fast elsewhere.

5 Whole-organisation approaches

The two most established 'whole-organisation' approaches to involving residents in business planning, budgets and other strategic issues are:

- **Tenant Management Organisations** (TMOs - including housing co-operatives) – normally developed through the Government's 'Right to Manage' process, which gives funding, advice and support to local authority tenants to take full or partial control of management of their area. TMOs are governed by management committees made up of local residents, who have responsibility for devolved budgets, policies and service delivery.

TMOs tend to be small scale (usually hundreds rather than thousands of homes) and can be highly efficient and effective providers of housing management and community development. Most co-operatives and some other resident-led organisations work on a membership basis, where residents pay a nominal sum to become shareholders, with voting rights.

While TMOs offer a very high level of influence over business plans, budgets and strategic decisions, this is often restricted to relatively small numbers of residents involved in the management committees and other governance structures. Being a resident-led organisation does not always guarantee influence for customers in general.

Funded by an Innovation into Action grant, the National Federation of TMOs has developed a business planning toolkit for TMOs, including an interactive CD. The toolkit is available free at www.nftmo.com and provides a step-by-step guide to developing and publishing a fit-for-purpose and professional business plan.

- **Community Gateway** – developed in the last seven years as a resident-led option for local authorities, usually via stock transfer. The Community Gateway model was developed by the Chartered Institute of Housing, Co-operative Union and the Confederation of Cooperative Housing.

The Gateway model guarantees a high-level of scrutiny and influence for residents in all parts of the provider's activity, including strategy, business planning and budgets. This is normally achieved through representative groups reporting directly to the Board and accounting to area-based structures. Gateway organisations also offer residents the option of £1 shareholding membership.

There are currently five Community gateway organisations in England (in Preston, Watford, Braintree, Kings Lynn and Lewisham). Dacorum Borough Council is currently going through a stock transfer process for a ballot to create the sixth gateway organisation. See www.cih.org/gateway

There is a similar, '**community mutual organisation**' approach in Wales, which vests ownership of homes and other assets in the community, with a strong emphasis on tenant empowerment and social inclusion. In December 2007, the first community mutual, RCT Homes, became Wales's largest social landlord, when it took over the ownership and management of the entire housing stock of nearly 11,000 homes from Rhondda Cynon Taff County Borough Council. See www.rcthomes-jobs.co.uk

It's early days for the community gateway and community mutual models. But they certainly promise to be a new and powerful way of giving residents real influence over decisions and finance at the highest level.

Other models

There are other variants of resident control and management, which involve some level of devolved budgeting (for example, **Estate Management Boards** and **Local Management Agreements**). These tend to be mainly focused on local service delivery rather than strategic decision-making.

6 Structure-based approaches

Like GreenSquare Group, a number of other leading social landlords have developed new structures to develop the idea of joint or co-regulation. Some of these focus mainly on scrutinising services and performance, but a few have extended the scope to more strategic issues, business plans and budgets.

Poole Housing partnership – Housing Strategy Panel

Poole Housing Partnership was the first arm's length management organisation to gain 'three stars' for its housing service. The Housing Strategy Panel is made up of elected residents from the Sheltered Housing Forum, Leaseholder Customer Services Panel and special interest groups (such as the Focus on Disability Working Group).

The Panel reports directly to the Board; monitoring the organisation's work and performance, and agreeing strategy, direction and standards of services. It is supported by Councillors, Board Members and staff, but residents alone make the decisions. See www.your-php.org.uk

Salix Homes – Customer Senate and Business Plan

Salix Homes is the arm's length management organisation for Salford. Its resident scrutiny body is called the Customer Senate, which works in a similar way to GreenSquare Group's panel.

A sub-group of the Senate is currently working with six Area Panels on a Customer Business Plan, which is intended to be a short (maximum ten pages) document to set out residents' priorities. This will then inform the organisation's corporate business plan.

Salix Homes also use participatory budgeting (see Section 7 below) to a limited extent. A budget of £35k is set aside for recognised residents' groups to bid for projects that can benefit the community in any way. An independent panel of residents makes decisions on the bids and can award funding of between £50 and £5k per project.

Salix Homes is hosting a joint event with new Charter Housing Trust Group on 3 December 2009 to share their experience and practice of resident scrutiny (see below). See www.salixhomes.org

New Charter Housing Trust Group – Tenant Management Team and ‘Who wants to be a millionaire?’ keypad voting

New Charter has developed a Tenant Management Team of ten residents to scrutinise all parts of the Group’s business. Like the GreenSquare panel, this team also commissions other involvement work, such as mystery shopping and resident inspection. The team takes its findings to the Board and Group Management Team to recommend changes.

Before the Tenant Management Team was set up, New Charter ran ‘Who wants to be a millionaire?’ electronic keypad voting sessions about future priorities for residents, staff and board members. Customers were asked to vote on 78 issues, including targets for rent collection and empty homes, investment plans and business expansion.

Because the electronic voting system automatically recorded all the responses, it was easy to compare how residents’ views compared to those from staff and Board members. This initiative was part of New Charter’s ‘iN business for neighbourhoods’ commitment to involving residents in all parts of its business.

New Charter is jointly running the event on tenant-led regulation at Salix Homes in Salford on 3 December 2009. See www.newcharter.co.uk

Rooftop Housing Group – business planning cycle

Rooftop Housing Group includes Evesham and Pershore Housing Association, one of only three, three-star housing associations in England. The Group’s business planning process involves residents through a clear, annual cycle with strong leadership from the top:

April – Chief Executive and Human Resources Director attend the Customer Panel to get feedback on the business planning process for the current financial year, and to carry out a SWOT analysis (strengths, weaknesses, opportunities and threats) for the year ahead. Residents are also invited to a joint customer/Board seminar to review and approve the goals and projects for the year ahead.

September – Chief Executive/Human Resources Director carry out a further SWOT analysis and STEP (Social, Technological, Economic and Political) assessment to identify changes in the external environment that might affect the organisation’s business plan.

October – resident board members feedback residents’ comments to the Board awayday.

December – Chief Executive/Human Resources Director feedback to residents on the outcome of the Board awayday, and ask residents to provide ideas for projects and tasks within the overall business plan goals.

February – joint Customer Panel/Board feedback seminar.

Every other year, the Chief Executive and Human Resources Director organise further consultation on the business planning process as part of the biennial resident event. In particular, this focuses on the 'Residents' Extra' programme to create a £100k resident-controlled Community Fund, paid for by funds raised from rent restructuring. See www.rooftopgroup.org

Drum Housing Association – Customer Services Forum and Continuous Improvement Groups

Drum Housing Association is a medium-sized housing association, based in South East England. It is part of the Radian Group.

There are 11 Continuous Improvement Groups for all Drum's main services, to identify residents' needs and design and plan improvements. This includes setting service standards and revisions to policies and strategies.

The Continuous Improvement Groups report to the Customer Services Forum, which acts as a commissioner of review and scrutiny activity, in an oversight role. The forum is an advisory group to the Board and gives an update report at every Board meeting.

One of the Continuous Improvement Groups concentrates on value for money, which enables residents to influence efficiency throughout the business.

Residents directly manage Drum's budgets for environmental improvements, anti-social behaviour and community grants. Customers also help to set and monitor the budgets for all frontline services. See www.drumhsg.co.uk

Erimus Housing – Tenant Regulators

Erimus Housing Group in Middlesbrough has recruited four Tenant Regulators to work on a similar basis to GreenSquare's Scrutiny Panel. With support from a consultant, the Regulators are now working on Erimus's 2010 business plan and budget.

A strategic planning event is set for week beginning 23 November 2009, at which residents will be invited to suggest their priorities and review progress over the past year in a 'You said – we did' exercise. See www.erimushousing.co.uk

Exeter City Council - Performance Review Committee

Exeter City Council involves residents in scrutinising its performance through their membership of the Council's Performance Review Committee (PRC). The Committee is a sub-group of TALC, which is the elected City-wide group representing council tenants and leaseholders.

The PRC comprises seven tenants and leaseholders and two Councillors. Its role is to drive forward performance and service improvement across the whole housing function. The PRC meets quarterly to monitor performance but also meets another four times a year to look at other aspects of performance management. Last year it had special meetings to fix targets for the forthcoming year and to examine and comment on the affordable house building programme for the city. See www.exeter.gov.uk

Cambridge City Council - Housing Management Board

The Council's structure for resident involvement includes the Housing Management Board (HMB). This is a sub committee of the Council's Community Services Scrutiny Committee, and acts as a scrutiny committee for the housing service. The HMB is made up of elected members and six tenant members, including one leaseholder, who are elected by Council tenants and leaseholders.

The HMB is responsible for monitoring performance, and considers all housing reports before any decisions are taken by the Executive Member for Housing. It makes sure that residents have a strong influence over both strategic and operational issues, and allows them to actively inform decisions. See www.cambridge.gov.uk

Stockport Homes – Tenant Services Authority local pilot

Stockport Homes is the arm's length management organisation for Stockport Metropolitan Borough Council. The organisation successfully bid for one of the Tenant Services Authority's grants to develop a local pilot project as part of the new housing standards framework.

Working with the Council and Stockport Tenants' Federation, Stockport Homes plan to develop a new borough-wide tenant empowerment standard. This will increase decision making opportunities for customers and lead to the development of a tenant-led scrutiny structure. This aims to increase the number of customers involved in decision making and be more representative of the ALMO's customer profile. See www.stockporthomes.org

7 Participatory budgeting

Participatory budgeting is all about giving the people who pay for services a greater say in how their money is spent. The technique began in Porto Alegre, Brazil in the 1980s. After the end of the military dictatorship, the Workers' Party in this city of 1.5 million people introduced different ways of opening up its budget processes to local people.

The experiment started small, with just 2 - 3% of the local authority's investment budget being open to participation. But this quickly built up to around 20% of the organisation's total budget.

From this neighbourhood beginning, participatory budgeting spread to 140 cities in Brazil and is now used in more than 300 cities worldwide, including other parts of South America, Canada, USA and Europe. The technique is supported as good practice by international institutions such as the World Bank, UNESCO and OECD.

In the UK, more than a hundred councils have expressed an interest in developing participatory budgeting, and over 30 authorities are now running pilot projects. There is strong support for this approach from Government, which has set up the Participatory Budgeting Unit, in partnership with Church Action on Poverty. See www.participatorybudgeting.org.uk

Most UK local government projects so far have involved small amounts of money devolved from mainstream budgets (for example, for environment, highways or community safety in a designated neighbourhood). This approach is used in Salford and Birmingham. In London Borough of Haringey, there are delegated ward councillor budgets.

Participatory budgeting has been successfully used across all types of public service organisations, including Neighbourhood Development Companies, Primary Care Trusts, Police authorities and Local Strategic Partnerships.

London Borough of Tower Hamlets – You Decide!

The Tower Hamlets 'You Decide!' project began in January 2009. In its first four months, the Council ran eight events, through which 815 residents spent almost £2.4 million. The money was from the central council budget and was spent on additional mainstream services from a 'menu' including:

- reducing levels of youth unemployment
- tackling anti-social behaviour

- raising GCSE results
- improving the quality of the public realm
- improving cleanliness.

At each event, residents were informed about the services on offer and then had an opportunity to deliberate with other members of their community and a trained facilitator. Participants then used electronic voting pads to decide which services should be purchased.

Because of the highly diverse local population, Tower Hamlets Council took extra care to ensure that the You decide! events were as representative as possible across all six 'equalities strands' (age, sex, race, disability, sexuality and faith). If a certain group was seen to be under-represented as people registered for the events, the Neighbourhood Managers took steps to reach out to these groups.

Local Area Partnership (LAP) steering groups - made up of residents, councillors and service providers – then had a big say in how the services were operated on the ground and in monitoring service standards. All of the LAP Steering Groups and all of the service providers were invited to a 'service speed dating' event. Each service had to bring along a rough outline of what they were planning to do with the money allocated to them.

The LAP Steering Groups then negotiated with the services the changes they wanted to make, which led to a rough blueprint for services in each area. Many of the services were changed quite considerably because of this resident involvement. For example, one LAP voted to install new lights underneath bridges, instead of cleaning and replacing existing lights. Another LAP voted to site mobile speed reduction signs based on local people's perceptions, not just statistical accident danger-spots. See www.towerhamlets.gov.uk

Coast and Country – Have it your way

Coast and Country is the landlord created from the transfer of homes by Redcar and Cleveland Borough Council. The organisation has developed an attractively-branded participatory budgeting called 'Have it your way – money that works the way you say'.

A working group of residents and staff developed the scheme to use an unspent pot of money that had been earmarked for local improvements. The organisation held a high-profile 'Big vote' event in the summer for residents to vote on how this money should be used. Cleveland Police also contributed £5k for community safety projects.

Residents voted for grants of up to £5k for uses as diverse as extra security for bungalows, a plant and garden tool library and equipment for a local Scout group and football team. See www.cch-online.org.uk

Your Homes Newcastle – Delivery Plan

Your Homes Newcastle (YHN) is the arm's length management organisation for Newcastle City Council. YHN uses its delivery plan to set out how it spends rent income. It holds an annual, open event for residents to shape and suggest priorities, the outcomes of which are reported to the Board.

Residents use simple Post-It voting to choose the services they want YHN to spend more money on, and make more detailed suggestions about practical ways they would like to see money spent.

At the 2008 event, estate maintenance topped the voting chart. YHN have taken residents' feedback (for example, more weekend street cleansing and special equipment to deal with glass and dog mess) into account in its review of the Council contract. Building new council homes, dealing with anti-social behaviour and a more flexible approach to lettings were also highly ranked by residents in 2008.

Residents who took part were all sent notes of the event, with an update after six months on how their comments and suggestions have been used as part of the delivery plan. See www.yhn.org.uk

Six Town Housing – township budgets and REACH group

Six Town Housing is the arm's length management organisation for Bury Council. Its participatory budgeting pilot project has included environmental audits of the six towns in the area, backed up by township budgets to tackle problems and invest in local improvements. Residents' priorities are established by distributing questionnaires and door-knocking exercises.

Six Town Housing has also set up a new customer-led body to scrutinise its services. The REACH (Resident Empowerment and Challenge) Group will operate in a similar way to GreenSquare Group's Resident Scrutiny Panel. See www.sixtownhousing.org

Soha Housing – involvement in revenue budgets

Didcot-based Soha Housing has involved residents in a number of activities which need an understanding of value for money. Resident representatives had equal voting rights on the allocation of Soha's 2007/08 revenue budget, and a number of tenants are now highly skilled in analysing value for money from a customer point of view. They recently ran a workshop on this at a national tenants' conference and also provide training courses for Soha staff and other involved residents. See www.soha.co.uk

Maidstone Borough Council – online consultation

Maidstone Borough Council is currently using a simple, online survey on its website, to get local people's views about service priorities and savings. The Council is having to make savings of around £1 million in 2009/10 to safeguard frontline services, from a total budget of around £25 million. See www.maidstone.gov.uk

Braintree District Council – mobile consultation

To help set its 2007/08 budget, Braintree Councillors, community wardens and customer service took part in a series of consultations throughout the district, using a special trailer. Most of the consultations took place on Saturdays. See www.braintree.gov.uk

A2Dominion Housing Group – locally-determined neighbourhood improvements

The A2Dominion Housing Group provides over 30,000 homes across London and southern England, with thousands more in development. Residents are encouraged to collaborate on proposals for Neighbourhood Improvement Grants, which are overseen by regional Residents' Executive Groups. In the South region, the annual budget for these grants is £80k. Recent projects include solar lighting, landscaping and gardening works and improvements to refuse storage. See www.a2dominion.co.uk

St Leger Homes - involving tenants in environmental improvements

St Leger Homes is the arm's length management organisation for Doncaster in South Yorkshire. The organisation contacts all tenants to invite suggestions for environmental works to improve estates. Proposals are then considered by area boards, which include tenant representatives. See www.stlegerhomes.co.uk

8 Process approaches

Aside from involving residents in business plans and budgets, some housing providers have also developed successful ways of engaging customers in financial processes to make and allocate efficiency savings. This sort of involvement is likely to become more widespread and important as public service providers are required to make significant savings and cuts.

Carrick Housing - involving tenants in efficiency savings

Cornwall arm's length management organisation Carrick Housing gained a TPAS national award in 2005 for involving its tenants in identifying efficiency savings and reinvesting resources in services which they believe to be top priority. Tenants have not just helped to agree efficiencies and service priorities; they have also been involved in the organisation's underpinning financial planning and performance monitoring.

Carrick Housing undertook wide-ranging consultation to give all tenants the chance to express their views on service and spending priorities by:

- a leaflet inviting comments on the coming year's business plan
- an annual Tenants Conference attended by over 100 tenants, to set funding priorities for future years, including confirmation on the Decent Homes programme for improvement of kitchens and bathrooms.

Residents have also helped to identify and implement efficiency savings to support:

- extended office opening hours
- a '24/7' emergency repairs and anti-social behaviour response service
- improved management of asbestos.

Efficient management of public money is one of Carrick Housing's four key strategic objectives. It uses a balanced scorecard approach, with impact indicators to measure whether it is being achieved. The organisation has also identified other efficiency savings in central services to free up resources for service improvements identified by tenants. For example:

- complaints management
- procurement of stationery
- service level agreements for information technology and legal services.

See www.carrickhousing.org.uk

Mendip Housing – re-investing efficiency gains

South-West housing association Mendip Housing has developed a strategy to re-invest efficiency gains for the benefit of its residents and developed a fun way of involving tenants in setting spending priorities.

The organisation has been consulting a small but growing group of residents on aspects of business planning and budgeting, including their value for money principles, since 2006. This consultation has used a variety of techniques, including:

- Initial consultation with the business planning focus group
- Discussion at resident meetings:
 - Tenant Focus Group
 - Tenant Asset Management Group
 - Residents Away Day
- Questionnaire in the residents newsletter
- What to choose? consultation event.

At the What to choose? event, residents were given £10k of vouchers from the 'Bank of Efficiency' and given seven choices on how to spend the 'cash', choosing between:

- investing in existing services
- investing in new services for tenants
- improving homes
- building new homes
- paying off bank loans
- reducing rents
- other suggestions.

The top three priority areas identified by residents were:

- Improving homes - by investing in more green technology
- Building new homes for the next generation
- Investing in existing services, such as getting more residents involved in deciding the future of their homes and support services to help the ageing population.

Mendip Housing then put together its strategy for re-investing efficiency gains, which sets out the links to policy and regulation, and some key principles for re-investment. Mendip Housing met with the local Tenants' Federation to agree exactly where the efficiency gains would be spent within the agreed top three priority areas.

As part of its next budget round, Mendip Housing also produced an activity proposal for each priority area, with an assessment of the feasibility, risk and costs. The tenants business planning focus group is involved in reviewing

budgets and detailed proposals for use of the efficiency savings. See www.mendiphousing.co.uk

Northwards Housing - reallocating savings and efficiencies

North-West arm's length management organisation, Northwards Housing has established a 'resource pool' to make sure that savings and efficiencies are put back into tenant-facing services and community benefit.

Individuals, groups and teams can bid for funding to support ideas. A panel of Board members judges the requests and makes a recommendation to the Board for extra spending. So far, £482k of surpluses and efficiencies have been reallocated in this way.

A further £800k of efficiency savings have enabled the neighbourhood warden service to become mainstream-funded. Service users are continuously engaged in value for money and efficiency discussions. Local area panels directly manage environmental improvement budgets. See www.northwardshousing.co.uk

Weymouth and Portland Housing Association – tenants' use of group structure savings

Weymouth and Portland Housing Association is a medium sized housing provider in Dorset, which is a member of the Synergy Housing Group.

Following stock transfer from the local authority, the Association generated savings of £100k for the first two years. All tenants were consulted on priorities through a series of area meetings, with a report taken to the Tenants Panel to agree the final priorities.

The Panel decided to employ an Anti-social Behaviour Officer, develop links with the Citizens Advice Bureau to provide debt counselling and set up a community chest to fund community projects. This has given awards to projects as diverse as a gardening club, school safety information and a youth boxing club.

The Tenants Panel has continued to monitor the impact and effectiveness of these investments. See www.wphousing.co.uk

Best Value and continuous improvement

Although the legal and regulatory requirement to carry out comprehensive service reviews of all housing providers' activities every five years has now been relaxed, the overall duty to secure Best Value and continuous

improvement remains. As it was originally conceived, Best Value was intended to give greater influence to residents over all aspects of performance and service delivery – including financial planning and budgets. Reviews also stressed the need to consider competitiveness and empower residents to challenge and change work practices and services.

In practice, Best Value proved to be rather a blunt instrument for achieving change. But the principles shouldn't be forgotten and should be part of any approach to involving residents in strategic decision making about resources.

9 Methods for involvement

Business planning and budgets can potentially be a complex and rather dry topic. So it's no coincidence that many of the successful approaches described above have used fun, interactive ways of engaging residents.

Games, electronic keypads and voting exercises are all much more likely to produce meaningful influence than just meetings and discussions.

Sandwell Homes - innovative methods to involve residents

West Midlands arm's length management organisation Sandwell Homes has developed a series of innovative and entertaining games to engage tenants and other stakeholders.

Sandwell's 'Price it Right' housing finance board game was inspired by the television show 'The Price is Right', to make decisions about efficiency gains. Players take on the role of Board members using five types of playing cards:

- Savings cards - to identify service areas where £1 million in savings need to be made.
- Blank cards - to identify savings that residents feel are particularly important and to agree final decisions on savings.
- Growth cards - to identify where the agreed savings are reinvested.
- Information cards – with general information about the organisation and services.
- Emergency cards - to introduce unforeseen circumstances that trigger reassessments of agreed savings and growth.

At the end of the game, players give feedback on their financial strategy and how their decisions will impact on customer service.

Development and production of these games to a professional standard has cost around £1,500 to £2,000 per game. While the pay-back is hard to quantify in financial terms, it is worth considering what Sandwell Homes would have needed to spend to get such useful inputs into its action planning and decision making by other means. The games have helped to increase levels of tenant involvement and improved working relationships between staff, residents and Board members.

Sandwell Homes is keen to share its experiences, so is now offering a games development service to other organisations. See www.sandwellhomes.org.uk

Wigan and Leigh Housing – value for money game

North-West arm's length management organisation Wigan and Leigh Housing has devised an 'ice-breaker' game based on the television programme 'Deal

or No Deal'. The game was used at a tenants' conference to help customers consider the implications of value for money for the organisation and for their own Compact, and tenant and resident groups.

The game used a scenario based on transport costs to and from a meeting. Tenants were asked to consider a range of criteria, including:

- Cost
- Quality
- Meeting needs
- Green issues
- 'Whole life' issues.

A scoreboard listing eight transport options was shown to tenants, and these were divided into high and low value categories. Throughout the game, a 'banker' rang the contestant, making offers. The contestant's decision to accept offers was influenced by whether or not they thought their box was better value.

Tenants saw the game as a useful introduction to value for money, because it made them think about issues other than cost. See www.walh.co.uk

Links to other involvement techniques

Where possible, it's good to link involvement in business plans and budgets to other, existing involvement activities and methods.

Many providers now hold regular 'customer days', where the resources of the whole organisation are diverted onto visiting and contacting residents to get feedback. Family Mosaic pioneered this approach, which is also used by Soha Housing ('the big door knock') and Seren Housing Group in Wales. London Borough of Newham holds an annual resident involvement week to involve and consult residents who are not part of formal participation structures, particularly young people and black and ethnic minority residents.

Telephone conferences, text messaging and online social networks also offer quick, simple ways to engage residents in strategic decisions. The GreenSquare Group already has experience of these approaches through Oxford Citizens' text panel and Westlea's facebook group for young people.

Residents may also need some support and training to get the best out of being involved at a strategic level. TPAS and the University of the West of England used an Innovation into Action grant to develop an online learning system for housing business planning. See www.bne.uwe.ac.uk/flic/housing

10 Incentives, reward and impact

Although business plans and budgets have a major, direct impact on residents and the services they receive, for many people the issues involved may seem too remote or complex to readily grasp.

If you're going to engage residents beyond formal structures and recognised groups, it's important to offer clear incentives and rewards for people to take part. It's standard practice to offer vouchers or equivalent gifts of £10-£25 for people who take part in focus groups and telephone conferences. There's clear evidence to show that putting a guaranteed value on people's time and ideas boosts both the level and quality of involvement.

Prize draws for £50-£100, or home make-overs and improvements are also normal practice for surveys, text votes and conferences. Again, these can really help to encourage participation and give people at the least the chance of some reward for their input.

But it's not enough just to consult and involve residents in business planning. You also need to show how customers' views have changed things and communicate this clearly, using a range of media. Again, it's good to use existing channels such as newsletters, websites and local networks as much as possible, to show how involvement has really made a difference. This sort of evidence and feedback is the best fuel for future customer participation.

Even though many organisations have developed successful approaches to involving residents in business planning and budgets, this does not always feed through into the annual involvement impact assessments required by the Tenant Services Authority. Many organisations seem to find it hard to link residents' input to the indicators and appraisals used to assess corporate change and performance.

GreenSquare Group has already done some good work on impact assessment (for example, through Westlea's work with TPAS to produce its Impact Report). So, if you're going to involve residents at this level, it's vital to develop ways of capturing evidence of both the activity itself and the outcomes achieved.

11 Back to the Board

For all housing providers, the Board or governing body retains ultimate responsibility for the business plan and budgetary control. This means that, whatever approaches and methods you use to involve residents in these processes, success depends upon having clear and robust ways of feeding customer influence back into the Board's final decisions.

There's a risk that, at this top level of governance, residents' ideas and priorities get watered down or given less weight than the views of senior staff, Board members and external stakeholders such as funders, partners and the regulator. Apart from the 'shadowing' arrangements recommended in section 1, resident Board members also have a key role to play in safeguarding how customer priorities follow right through the decision-making process.

As practice develops in this sort of involvement, providers will need to develop simple, transparent ways to check that residents' input does impact at the highest level. Boards need to pledge accountability for taking customers' views properly into account and explaining if they're not willing or able to act on residents' suggestions.

12 Appendix and references

Further resources

More details on many of the good practice examples covered in this briefing are available from the relevant organisation's websites or via the HouseMark knowledge base.

In doing this research, we also built up a collection of leaflets, forms and other materials. These are available from us on request if you want to pursue a particular approach in more detail.

Audit Commission assessments

Within the scope of this project, there wasn't time to contact or assess every top-performing housing provider to investigate their approach to involving residents in business planning and budgets.

The table below lists all the providers assessed by the Audit Commission Housing Inspectorate as having an excellent, three-star service, with excellent or promising prospects for improvement. The **highlighted organisations** are included in this briefing.

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Audit Commission assessments

Organisation/area	Inspection title	Service	Prospects	Date	Type
Ashfield	Ashfield Homes	Excellent	Promising	27/11/02	ALMO
Ashfield	Ashfield Homes Re-inspection	Excellent	Excellent	09/03/06	ALMO
Barnsley	Barneslai Homes Re-inspection	Excellent	Excellent	05/06/09	ALMO
Bolton	Bolton at Home Re-inspection	Excellent	Promising	08/09/05	ALMO
Brent	Brent Housing Partnership	Excellent	Excellent	19/08/03	ALMO
Carrick	Carrick Housing Ltd	Excellent	Promising	25/01/07	ALMO
Cheltenham	Cheltenham Borough Homes Re-inspection	Excellent	Excellent	22/03/07	ALMO
Derby	Derby Homes	Excellent	Excellent	27/11/02	ALMO
Derby	Derby Homes Re-inspection	Excellent	Excellent	25/05/06	ALMO
Gateshead	Gateshead Housing Company Re-inspection	Excellent	Excellent	12/02/09	ALMO
Hounslow	Hounslow Homes Re-inspection	Excellent	Excellent	09/05/05	ALMO
Islington	Homes for Islington Re-inspection	Excellent	Excellent	11/09/08	ALMO
Kensington & Chelsea	RB K&C TMO Re-inspection	Excellent	Excellent	12/10/06	ALMO
Kirklees	Kirklees Neighbourhood Housing Re-inspection	Excellent	Promising	04/08/05	ALMO
Manchester	Northwards Housing Re-inspection	Excellent	Excellent	12/02/09	ALMO
Newcastle upon Tyne	Your Homes Newcastle	Excellent	Excellent	12/06/08	ALMO
Poole	Poole Housing Partnership	Excellent	Promising	11/01/05	ALMO
Poole	Poole Housing Partnership Re-inspection	Excellent	Excellent	29/09/08	ALMO
Sandwell	Sandwell Homes Re-inspection	Excellent	Excellent	20/11/08	ALMO
Sheffield	Sheffield Homes Phase 1	Excellent	Promising	20/01/05	ALMO
Sheffield	Sheffield Homes Phase 2	Excellent	Promising	12/01/06	ALMO
Solihull	Solihull Community Housing Re-inspection	Excellent	Excellent	08/05/08	ALMO
Stockport	Stockport Homes	Excellent	Excellent	31/08/06	ALMO
Warrington	Golden Gates Housing Re-inspection	Excellent	Excellent	22/02/07	ALMO
Westminster	CityWest Homes	Excellent	Excellent	21/01/03	ALMO
Westminster	CityWest Homes Re-inspection	Excellent	Excellent	28/09/06	ALMO
Evesham & Pershore Housing Association	Housing Management Services	Excellent	Excellent	11/09/08	HA
Wakefield & District Housing	Housing Management Services	Excellent	Excellent	25/10/07	HA
West Kent Housing Association	Inspection	Excellent	Excellent	27/04/06	HA

Organisation/area	Inspection title	Service	Prospects	Date	Type
Camden	Housing Management	Excellent	Excellent	24/09/02	LA
Derby	Front-line Housing Services & Sustainable Estates	Excellent	Excellent	23/05/02	LA
Hammersmith & Fulham	Housing Management & Caretaking	Excellent	Excellent	26/11/02	LA
Leicester	Housing Repairs & Maintenance	Excellent	Excellent	17/09/02	LA
Manchester	Estate Management & Housing Maintenance Re-inspection	Excellent	Promising	31/10/03	LA
Wychavon	Housing Services	Excellent	Excellent	07/04/05	LA