



VIEWS

Spring 2016

Is the pursuit of tenant satisfaction – at any cost – over?

– Sam McGrady, Director, DTP



For several decades the social housing sector has aspired to increasingly higher levels of tenant satisfaction. Registered providers (RPs) competed with one another to achieve tenant satisfaction ratings in excess of 95%, spurred on by Audit Commission housing inspections, regulation, and the fact that money seemed to be no object.

How different the landscape seems now. The Audit Commission has gone - and the new watchwords of regulation are financial viability and governance. And, of course, how many homes (for home ownership) you can build. Gone too are the income certainties of the last two decades. The era of above inflation rent increases is over and the sector is having to make a painful adjustment. Efficiency and productivity are firmly back on the agenda.

Before we look forward, it's necessary to look back. Service improvement was probably needed by the 1990s. Some RPs (and certainly council housing departments) needed to up their game, and positive improvements were secured when many of them chose to go beyond their traditional remit of providing a rented home and collecting rent.

It's amazing now when we look back at how much investment went into these things. RPs employed teams of people to drive up the quality of services - whether it was how quickly repairs were done or how satisfied tenants were with their neighbourhood.

But what we are seeing now is perhaps the beginnings of a culture shift. It's by no means across the board, nor is it easy to spot which organisations in the sector will go down this route. Put simply: the era of universal 'gold plated' tenant service may be over. And (whisper it) that might not necessarily be a bad thing.

The first legitimate criticism of the gold plated approach was that it involved many housing associations getting involved in things they shouldn't have been. RPs became the 'go to' organisations on housing estates to sort out all manner of problems - from claiming benefits to neighbourhood disputes. Got a problem with your neighbour? Your landlord will sort it out. Your child has kicked a football through your window? Call the housing association - they'll send someone out to mend it. RPs were partly to blame. It became easier to just go round and fix these things - even if the tenancy agreement clearly said that it was the tenant's responsibility.

Here at DTP we are definitely picking up on the first stirrings of change from the RPs we work with.

It's not fair to say that it was only George Osborne's announcement on the rent reduction last summer which kick started this. The signs were there in the first years of the Coalition government. When the writing was on the wall for the Audit Commission, we should perhaps have seen it coming. The new regulatory framework, introduced under the HCA (bye, bye TSA – and any interest in tenant services) said pretty much nothing about consumer standard. Reading between the lines, the government was pretty clear - we're not really interested. Are you financially viable? and Are you well governed? Were the questions they wanted RPs to answer - not How happy are your tenants? But the sector can be a little like an oil tanker at times - with those proverbial long timescales on turning things round.

In the last year or so we've seen at least three examples of RPs taking quite different approaches to this new landscape.

For one, a move away from carrying out all those repairs which they were never responsible for anyway has saved them £1m a year.

For another, we've even managed to put a cost on how much a single percentage point increase in tenant satisfaction with repairs is costing them. The answer, following a slightly complicated benchmarking assessment with peers in their region, is certainly not insignificant: £320,000 a year.

Void properties and repairs are both areas which are beginning to fall under the spotlight. An RP I talked to recently explained that where they had high demand for properties, they were no longer spending thousands on bringing void properties up to a 'gold standard' of repair. In most instances, tenants were simply happy enough to have got a new home, and so there has been little negative impact on satisfaction levels. And it's clear there will be benefits for the RP's bottom line.

Elsewhere, we are increasingly seeing a shift away from 'tenant satisfaction' being the number one priority. Instead, it's about getting multi skilled operatives in who can fix more than one problem in one visit. Or switching to more sophisticated time management using mobile technology. Again, it's a more efficient way of doing things which increases the number of jobs which can be finished in a day. And because repairs get sorted out first time, all in one go, if anything tenant satisfaction increases, not decreases.

So are we seeing the beginnings of an acceptance that tenant satisfaction ratings in excess of 90% just aren't worth the cost? Maybe. My impression is not all RPs will be happy to make this culture shift. You will still hear many say 'what about the 5% who are not satisfied? We can't ignore them'. But for those that are, the first challenge will be securing buy-in to that change at the board level. I wouldn't like to predict which RPs will embrace this change, and which will fight it. But we know we're already seeing increasing divergence in the sector – this is yet another example of how it will divide. Some may say it's time to refocus on our core remit of putting a roof over people's heads. Others may stick to the 'gold plated' approach based on a view of RPs as providers of 'social good'.

However this pans out, it will certainly be a fascinating few years as RPs try to navigate this new terrain. For some it will require shifting out of their comfort zone, while for others it may involve a little soul searching. It's a development which I see gathering momentum. Watch this space.