

# Tenant Services Authority / Audit Commission

Memorandum of Understanding

July 2009



## **Audit Commission**

**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

## **Tenant Services Authority**

**The Tenant Services Authority (TSA) is the independent regulator for affordable housing, set to raise the standard of services through a well-governed sector that puts tenants first. It launched on 1 December 2008 and currently regulates housing associations. From spring 2010, the TSA will also regulate other providers of social housing, such as local authorities and arm's-length management organisations.**

**The TSA is consulting with social housing tenants across over 4.1 million social housing households and their landlords to develop new standards to improve services for tenants.**

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## Introduction

This is the first Memorandum of Understanding (MoU) between the Tenant Services Authority (TSA) and the Audit Commission (AC). The MoU sets out how the two organisations work together in regulating and inspecting providers of affordable housing, and supporting the role of local authorities in their strategic housing role. It summarises, at a strategic level, our arrangements for the management of our respective roles and responsibilities, and the key principles that underpin our relationship.

Our work is being delivered in a changing and challenging environment which requires flexibility and pragmatism in our approach, high levels of cooperation and joint working, as well as a commitment to supporting each other in the delivery of shared and individual responsibilities.

## Purpose

The purpose of this MoU is to set out the broad principles and processes which will guide the two agencies' cooperation. The TSA and AC are committed to working together in order to:

- support housing providers to raise the standard of services delivered to existing and future tenants through the TSA's regulatory regime and the inspection process jointly owned by the TSA and AC that will support that regime; and
- support local authorities in providing strategic leadership for the provision of housing in their communities, by sharing information and intelligence at a local level to support the AC in the delivery of Comprehensive Area Assessments (CAA) by a group of inspectorates.

Supporting documentation to assist staff of the agencies, for example giving more detail on how specific topics will be handled, will be issued separately.

The TSA is developing its new regulatory framework and taking on new responsibilities including the regulation of local authority homes.<sup>i</sup> The Audit Commission is commencing its coordination of the new CAA framework bringing together a joint-inspectorate view of all public services delivered within each local area. Both the TSA and AC are committed to working in partnership as we develop and build on our respective strengths and expertise.

<sup>i</sup> Subject to secondary legislation in 2009 and commencing in 2010

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There will be a Board-level review of the MoU within 12 months of its agreement.

## **Who we are and what we do**

The TSA is the regulator of affordable housing in England. It was established by the Housing and Regeneration Act 2008. The TSA has taken over many of the roles and responsibilities of the Housing Corporation (HC) in relation to housing associations and it is planned that these are extended to include the regulation of local authorities' landlord functions and Arms Length Management Organisations from April 2010. The TSA places significant value on the inspection process to inform key parts of its regulatory judgement, particularly in respect of the delivery of housing services to tenants.

The AC was established by The Local Government Finance Act 1982 and is the responsible body for the audit of local government and the national health bodies working at a local level; the inspection of housing across the domain, in conjunction with the TSA; as well as being the coordinator of CAA – with a gatekeeper role in managing the level of external inspection of local authorities – which is being introduced from April 2009.

As the regulator for housing landlord services, the TSA will commission inspections from the AC. In return, the AC with responsibility for coordinating the delivery of CAA, and as gatekeeper in the local authority sector, will require information from the TSA to inform the CAA for each area.

The TSA is a statutory non-departmental public body, the AC is a statutory corporation and both are sponsored by Communities and Local Government. This new agreement between the TSA and AC sets out our shared aspirations for building a close and productive relationship for the benefit of tenants, service providers and the many partnerships working to deliver better housing and related services in better places throughout England.

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## Shared values

The TSA and the AC share a commitment to driving performance improvement and increased efficiency within the social housing sector. We aim to get the best from our resources by ensuring that our efforts are complementary, by better targeting of our work and by working in partnership. Through working together, we aim to:

- make life better for tenants and future tenants through better services and better places to live;
- empower tenants by giving them increased ability to influence and participate in decision making;
- improve the governance, leadership and financial management across the domain;
- recognise that the AC and TSA are agents for improvement – starting from a position of existing successful partnership, our work will be based on teamwork, trust and openness;
- make the best use of shared knowledge and information in a timely manner; and
- be proportionate in the administrative impact on registered providers and avoid duplication of effort.

## TSA's Regulatory Framework & Standards and the Audit Commission's lead role in delivering Comprehensive Area Assessment with partner inspectorates

We recognise that the new regulatory framework and standards are fundamental to the TSA's role and authority, while the TSA has an important role in providing information on landlord performance to assist the AC to deliver its coordinating role for a number of inspectorates in CAA.

Together we will:

- develop a system for reporting on performance against the service standards which focus on service improvement and greater efficiency;
- identify what will make CAA most effective for local areas and both organisations;
- work together to develop a productive operating framework;
- explain our respective roles on CAA for sharing with wider audiences; and
- avoid unnecessary burdens on providers and, wherever possible, rely on providers' existing information and regulatory systems.

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The AC will:

- support the TSA in its work to develop and deliver domain-wide service standards; and
- work with the TSA to review, adapt and, where necessary, amend the key lines of enquiry to reflect the impact of the new standards.

The TSA will:

- share information from regulatory work, both generally and in relation to housing provision and landlords' performance; and
- support the AC in the provision of local data and information on housing services in support of individual inspections and delivery of CAA.

## **Information exchange and communication**

Both organisations agree to share accurate information with each other in a timely and proactive way. We will:

- work to improve the quality and accuracy of data without increasing the administrative burden on providers to inform both AC and TSA assessments;
- share knowledge and performance information when it becomes available, including sharing information about regulatory action and judgements;
- provide links to each other's websites to specific information of use and interest to both our audiences;
- communicate in an open and transparent way, both internally and externally;
- give each other regular feedback to aid continuous improvement;
- share workplans to avoid overlap and duplication; and
- ensure staff at all levels are familiar with each other's roles and responsibilities.

## **Coordinated regulatory activity**

Successful targeted regulation will depend on both organisations' ability to respond in a coordinated and effective way. Our activity will seek to reduce the administrative burden on registered providers and other organisations:

- we will ensure we coordinate inspection work where it will add the most value to regulatory activity and to the performance of registered providers;

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- the TSA will identify the registered providers and the services for inspection, ensuring it provides the scope for inspections and the required supporting information for inspections to be delivered. The AC will ensure that inspections are delivered in a timely, efficient and cost-effective way;
  - we will publish inspection reports which recognise the AC as the deliverer of housing inspections and our joint ownership of the recommendations arising from inspections;
  - the TSA will lead on the follow-up to inspection reports with registered providers;
  - the TSA will clarify what regulatory action will be taken as a result of an inspection and ensure that inspection findings are reflected in published regulatory judgements; and
  - staff from both organisations will be invited to attend and participate in regulatory and inspection meetings of registered providers.

## Promoting excellence

We strive to promote excellence to achieve high-quality services for existing and future tenants. We will:

- identify and promote best practice across the sector;
- recognise and acknowledge good and excellent performance;
- assist registered providers and tenants in learning from the best in class;
- encourage and support continuous improvement of registered providers; and
- jointly work on studies and research projects designed to improve performance and efficiency.

## Board and Executive liaison

The following Board and Executive liaison will be supported by local liaison:

- bi-monthly officer meetings;
- the Chair and CEO of each organisation will attend the respective Board meeting of the other organisation on an annual basis to share corporate objectives and matters of joint interest;
- the CEOs of both organisations will meet at least twice a year;
- joint project boards;
- support for each other's advisory groups, sounding boards and working parties; and
- in the interests of transparency and accountability, summaries of key issues and actions raised and agreed at these meetings will be published on our respective websites.

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## Consultation on matters of common interest

Although there is no specific legal duty under the Housing and Regeneration Act for us to cooperate on matters of common interest, there is a strong business case for this as it will improve the outcomes from our work. This will build upon the statutory requirement for the TSA to consult the AC on matters such as the setting of service standards or the fees for inspections of registered providers. Key to the functioning of this agreement between the two organisations is identifying the matters in which we have a shared interest and how that interest will be managed. We also need to identify and consult on any matters which are of potential interest to the other organisation. The list of matters of consultation will be regularly reviewed in order to ensure that it is fit for purpose.

The list of matters on which the organisations will consult each other includes the following:

From the TSA:

- standard-setting for registered providers;
- registration criteria and details of fees to be charged;
- regulatory procedures, practices and follow-up actions; and
- intervention and enforcement action.

From the AC:

- methodologies for inspection and assessment;
- CAA-based plans of work;
- work involving the strategic housing role of LAs; and
- housing-related research and studies.



Steve Bundred  
Chief Executive  
Audit Commission



Peter Marsh  
Chief Executive  
Tenant Services Authority

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For further information on the work of the Commission please contact:

**Audit Commission**

1st Floor

Millbank Tower

Millbank

London

SW1P 4HQ

Telephone: 0844 798 1212

Fax: 0844 798 2945

Textphone (minicom): 0844 798 2946

**[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)**

We welcome your feedback. If you have any comments on this report, are intending to implement any of the recommendations, or are planning to follow up any of the case studies, please email: [nationalstudies@audit-commission.gov.uk](mailto:nationalstudies@audit-commission.gov.uk)



**Audit Commission**

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: **0844 798 1212**  
Fax: 0844 798 2945  
Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)



**Tenant Services Authority**

Maple House  
149 Tottenham Court Road  
London W1T 7BN

Fourth Floor  
One Piccadilly Gardens  
Manchester M1 1RG  
Telephone: **0845 230 7000**  
Email: [enquiries@tsa.gsx.govl.uk](mailto:enquiries@tsa.gsx.govl.uk)

[www.tenantservicesauthority.org](http://www.tenantservicesauthority.org)