

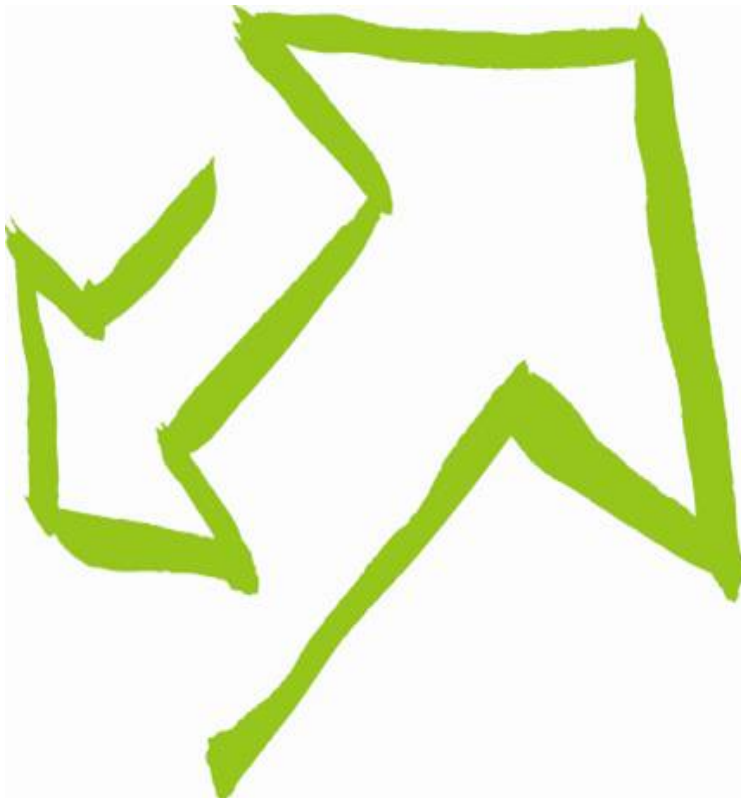
Short Notice

Inspection

Short notice inspection of services responsive repairs, income management and gas

South Liverpool Housing Group

July 2010



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Housing Association Inspections

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively and delivers high quality local services for the public.

The Audit Commission inspects and monitors the performance of a number of bodies and services. These include local authority housing departments, local authorities administering Supporting People programmes, arms length management organisations and housing associations. Our key lines of enquiry (KLOEs) set out the main issues which we consider when forming our judgements on the quality of services. The KLOEs can be found on the Audit Commission's website at www.audit-commission.gov.uk/housing.

For housing associations our current inspection role and remit is set out in sections 41A and 41B of the Audit Commission Act 1998 (as amended by section 109 of the Local Government Act 2003). Provisions contained in the Housing and Regeneration Act 2008 will amend our role and remit in due course, but are not yet in force. Our role is in line with the Audit Commission's strategic regulation principles. In broad terms, these principles look to minimise the burden of regulation while maximising its impact.

Short notice inspections (SNIs) have been developed to encourage improvements in the performance of housing associations (HAs) at delivering services to their customers. They focus on the outcomes for residents and work on the basis that associations will concentrate on improving services rather than preparing for an inspection, which could happen at any time.

The scope of each inspection of a housing association, undertaken by the Audit Commission has been agreed in consultation with the Tenant Services Authority. The Tenant Services Authority is the statutory body which regulates housing associations to ensure that they are well governed, well managed and financially viable as set out in its Regulatory Code.

The Association

- 1 South Liverpool Housing Group (SLH) operates in the Speke and Garston areas of the city. The estates managed by SLH are situated in the most deprived 1 per cent of neighbourhoods and many are in the most deprived ward in the country. The area has generally lower levels of educational attainment and higher levels of unemployment, limiting long-term illness, benefit dependency and serious organised and violent crime than the city's average. It also has a generally older population and a smaller black and minority ethnic (BME) community. Although demand for SLH properties is good, the environment is challenging, with regeneration and community cohesion being critical issues.

- 2 The association was set up in 1999 to take on the ownership of 4,400 homes transferred from the Council and it now owns around 3,500 low-rise general needs properties. The transfer was supported by £44 million from the Estates Renewal Challenge Fund (ERCF) to improve the housing stock. In order to deliver the transfer promises, however, large scale efficiencies were required within the first five years as a result of unplanned demolitions, high levels of right to buy sales, over-stated rental income and problems in funding an in-house telecommunications agency.
- 3 SLH's mission is 'to make south Liverpool the place to be' and its vision is for quality homes in thriving neighbourhoods, value for money services and the creation of opportunities for customers. It has a board of four customers, two Council nominees and four independent members. It employs 92 staff and has an annual turnover of over £12 million. It also has a subsidiary company, South Liverpool Regeneration, which is a charitable industrial and provident society involved in wider economic, social and environmental projects.
- 4 The association was first inspected in 2004 when the service was classified as poor, with uncertain prospects for improvement. It was re-inspected in 2006 and classified as good, with promising prospects for improvement. In August 2007, the Housing Corporation awarded the association four green traffic lights (for viability, governance, management and development) and its status has not changed in the interim.

The scope of the inspection

- 5 The scope of this inspection focused on the following areas, which have been identified in consultation with the Tenants Services Authority.
 - Repairs
 - Gas servicing
 - Income management
- 6 The inspection also included an assessment of how South Liverpool Housing Group is addressing three cross-cutting themes: access and customer care, diversity and value for money within the services included in the inspection's scope.
- 7 We would like to thank the staff of South Liverpool Housing Group who made us welcome and met our requests efficiently and courteously.

Dates of inspection: 12 to 14 January 2010

Summary of our findings

- 8 We have assessed the strengths and weaknesses of the service areas included in the scope of the inspection. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Table 1 Assessment

How good is the service?	Assessment
<ul style="list-style-type: none"> Access and customer care¹ 	Balance of strengths and weaknesses
<ul style="list-style-type: none"> Diversity 	Balance of strengths and weaknesses
<ul style="list-style-type: none"> Value for money 	Strengths significantly outweigh weaknesses
<ul style="list-style-type: none"> Repairs 	Strengths outweigh weaknesses
<ul style="list-style-type: none"> Gas servicing 	Strengths significantly outweigh weaknesses
<ul style="list-style-type: none"> Income management 	Balance of strengths and weaknesses

- 9 We asked South Liverpool Housing Group to consult with its customers on the findings of our original report on the strengths and weaknesses of the service areas we inspected; and on the preparation of an action plan to implement our recommendations. Following receipt of that action plan this final report has been published to include our assessment of the Association's prospects for improvement.
- 10 We have assessed South Liverpool Housing Group as having 'excellent prospects for improvement' for the service areas included in the scope of the inspection. Our judgements are based on the evidence obtained during the inspection and the short notice inspection action plan agreed with customers. These are summarised below.

Table 2 Assessment of prospects for improvement

Track record of improvement	Strengths outweigh weaknesses
How well is performance managed	Strengths significantly outweigh weaknesses
Is there capacity to improve	Strengths significantly outweigh weaknesses

¹ Access and customer care, diversity and value for money are assessed in relation to the service areas inspected only.

How good is the service?

Access and customer care in the service areas inspected

- 11 We found that there is a balance of strengths and weaknesses in this area.
- 12 There are a number of strengths:
- all offices are accessible to customers and SLH has taken reasonable steps to maximise the accessibility of the homes it owns;
 - contact centre staff respond quickly to daytime telephone contact and are polite and helpful;
 - staff respond quickly to customer enquiries and written information for customers, including rent statements, gas servicing letters and leaflets outlining repair priorities is clear and informative;
 - complaints are well managed; and
 - active customers are involved in the design and delivery of these services through best value reviews, procurement exercises and the scrutiny of performance information.
- 13 There are a number of weaknesses:
- although customers were involved in writing them, service standards do not clarify precisely what quality of service can be expected in these service areas and there is limited monitoring or reporting of performance against them;
 - satisfaction surveying in these areas is limited, with only small samples being collected for gas and repairsⁱⁱ and no satisfaction surveying on rents; and
 - the website was due to be upgraded shortly after this inspection, but it had a number of weaknesses at the time of our visit.

Diversity in the service areas inspected

- 14 We found that there is a balance of strengths and weaknesses in this area.
- 15 There are a number of strengths:
- there is a clear corporate framework to promote equalities and diversity (E&D);
 - SLH knows a lot about the profile of its customers and these services are tailored to meet their individual requirements by, for example, ensuring repair operatives and rent staff understand any vulnerabilities when they call; and
 - a range of support is available for vulnerable customers, including floating support and money advice for those in arrears and increased security measures, property adaptations and handyperson services to complement the repairs service.

ⁱⁱ Approximately 4 per cent

How good is the service?

16 There are a number of weaknesses:

- some of the forums where customers are involved in decision making about these services are not fully representative of the profile of the community in the area;
- few outcomes can be demonstrated in these service areas from the pilot equality impact assessments carried out to date; and
- contract and performance management systems do not optimise the embedding of E&D principles.

Value for money in the service areas inspected^{III}

17 We found that strengths significantly outweigh weaknesses in this area.

18 There are a number of strengths:

- benchmarking is used effectively in these service areas to help understand costs and drive service improvement;
- costs for the provision of responsive repairs and gas servicing are relatively low;
- there is an emphasis on making individual patches profitable and making individual staff responsible for performance and cost issues in their areas; and
- efficiencies have been generated in these service areas.

19 There are no significant weaknesses in this area.

Repairs

20 We found that strengths outweigh weaknesses in this area.

21 There are a number of strengths:

- repair reporting and ordering systems are generally customer focused and efficient; and
- performance in doing repairs within challenging target timescales is good^{IV} and the customer satisfaction data collected suggests it is high.

22 There is one significant weakness:

- the appointment system is limited and performance reporting is distorted by weaknesses in systems for ordering and managing repairs.

^{III} In assessing value for money we are looking at two questions: 'How do costs compare?' and 'How is value for money managed?'

^{IV} 98.48 per cent emergencies, 97.60 per cent urgent works and 97.96 per cent routine repairs were done within timescales in the first three quarters of 2009/10

Gas servicing

23 We found that strengths significantly outweigh weaknesses in this area.

24 There are a number of strengths:

- every home with a gas supply has a valid safety certificate and checks on solid fuel systems are all up to date;
- effective systems are in place to ensure early access to carry out servicing;
- appropriate quality assurance arrangements are in place and the customer satisfaction data collected suggests it is high; and
- checks on smoke alarms and carbon monoxide detectors are also included in the programme.

25 There are no significant weaknesses in this area.

Income management

26 We found that there is a balance of strengths and weaknesses in this area.

27 There are a number of strengths:

- rent increases are in line with government guidelines and service charges reflect the cost of services;
- SLH has done a lot to promote income maximisation and ensure customers have access to free independent benefit and debt advice; and
- there is a preventative approach to rent arrears, with a range of ways to pay and an emphasis on payment from tenancy commencement and recovery processes are based on early and personal contact with customers who fall into debt.

28 There are a number of weaknesses:

- both current rent and former tenant arrears are exceptionally high^v, with collection levels for both current and former tenant failing to meet the association's own targets and reductions in former tenant arrears having largely been achieved through high levels of debt write-off; and
- although some profiling work is undertaken, SLH does not have a detailed understanding of why its arrears remains much higher than average.

^v Current arrears at the end of the third quarter were 7.56 per cent of the total rent due and former tenant arrears were 3.03 per cent

Recommendations

29 To rise to the challenge of continuous improvement, organisations need inspection reports that offer practical pointers for improvement. Our recommendations identify the expected benefits for both local people and the organisation. In addition, we identify the approximate costs^{vi} and indicate the priority we place on each recommendation and key dates for delivering these where they are considered appropriate. In this context, the inspection team recommends that the organisation shares the findings of this report with tenants and board members; and takes action to address all weaknesses identified in the report. Associations forming part of a group structure should share the lessons and findings of the report amongst the wider group. The inspection team makes the following recommendations.

Recommendation

R1 Develop a clear strategic approach to access. This should include:

- a vision for how the association will identify and remove barriers to access at a general level and in each service area;
- systems to remove barriers to involvement in decision making and ensure that the profiles of consultative and decision making bodies are representative of the communities they serve;
- outcome-focused service standards, developed with customers, against which performance can be managed. These must relate to the quality of service each customer will receive every time they access a service and conform with the regulatory requirements being set out by the Tenant Services Authority (TSA);
- systems to monitor and report performance against these service standards; and
- an appointment system, developed with a wide range of customers, which meets the needs of those currently inconvenienced, is sufficiently well advertised and represents value for money.

The expected benefit of this recommendation is:

- SLH will be able to demonstrate that its access arrangements meet the needs of most customers and represent VFM. Its customers will be aware of the services they can access, know what level of service to expect and whether this is being delivered.

The implementation of this recommendation will have high impact with low costs. This should be implemented by July 2010.

^{vi} Low cost is defined as less than 1 per cent of the annual service cost, medium cost is between 1 and 5 per cent and high cost is over 5 per cent.

Recommendation

R2 Develop a robust approach to managing performance on E&D issues. This should include:

- equality impact assessments in each key area. These should involve customers and the relevant staff and result in SMART^{VII} and outcome-focused action plans, with reporting to the board and customers on outcomes;
- performance information being broken down by diversity strands in key areas, including complaint resolution and repair satisfaction. This data should be used to help inform and report progress against equality impact assessment action plans and inform further tailoring and enhancement of services; and
- a system of sanctions and rewards for new contractors, based on E&D indicators and appropriate performance reporting for all contractors on these indicators.

The expected benefit of this recommendation is:

- SLH will be able to demonstrate that its services meet the needs of most customers and no groups are being disadvantaged by how services are delivered. Contractors operating the association's behalf will mirror its E&D approach.

The implementation of this recommendation will have high impact with low costs. This should be implemented by July 2010.

Recommendation

R3 Review weaknesses in planning and performance management identified during this inspection. Particularly put in place:

- a system for ensuring all plans are outcome, rather than output focussed; and
- systems to make better use of performance and satisfaction data to drive improvement in these three service areas.

The expected benefit of this recommendation is:

- clarity about how the association will achieve its objectives, a better understanding of its performance in key areas and approaches which are geared to continuous improvement of services.

The implementation of this recommendation will have high impact with low costs. This should be implemented by July 2010.

^{VII} Specific, Measurable, Achievable, Resourced and Timebound

Recommendations

Recommendation

- R4** Review, with customers, these recommendations and all the other weaknesses identified in this inspection:
- consider them in the light of good practice from elsewhere; and
 - carry out impact and value for money assessments on potential solutions and
 - develop plans to address them.

The expected benefit of this recommendation is:

- demonstrable delivery of a service which represents VFM and meets customer needs.

The implementation of this recommendation will have high impact with low costs. This should be implemented by July 2010.

Prospects for improvement

Summary of findings

- 1 We have assessed South Liverpool Housing Group as having excellent prospects for improvement for the service areas included in the scope of the inspection. Our judgements are based on the evidence obtained during the inspection and are outlined below. We will also be taking into account the resident consultation and the resulting action plan.

What prospects are there that the services inspected will improve?

What is the track record in delivering improvement in the areas inspected?

- 2 We found that strengths outweigh weaknesses in this area.
- 3 There are a number of strengths:
 - SLH's 'fit for the future' programme has improved service delivery and value for money in these areas;
 - performance since the last inspection in the areas inspected has generally improved and operating costs have reduced; and
 - SLH has addressed the recommendations we made last time in these and in cross cutting areas^{viii}.
- 4 There is a key weakness:
 - performance in recovering former tenant arrears has not improved significantly since the last inspection and rent collection rates have fluctuated.

^{viii} Access and Customer Care, Diversity and Value for Money

Prospects for improvement

How well is performance managed in the areas inspected?

- 5 We found that strengths significantly outweigh weaknesses in this area.
- 6 There are a number of strengths:
- the organisation has a clear vision and strong leadership;
 - performance management and reporting systems are effective;
 - there is a robust planning system in place and the corporate plan is outcome focused; and
 - the organisation responded effectively to this inspection by involving customers in developing an improvement plan to address our recommendations and by setting up a system, which also involves customers, to manage the plan's implementation. The plan is comprehensive, SMART^{ix} and outcome-focused.
- 7 There is a key weakness:
- service level plans at the time of the inspection were of mixed quality and tended to be output, rather than outcome focused.

Do the areas inspected have capacity to improve?

- 8 We found that strengths significantly outweigh weaknesses in this area.
- 9 There are a number of strengths:
- budget setting, risk management and financial management systems support the business in these service areas;
 - human resources, information technology and procurement strategies support the business in these service areas; and
 - a 'fit for the future' programme has restructured the organisation over the past two years and is currently aligning support systems with business needs.
- 10 There is a key weakness:
- although some work has been done to recruit younger people to a 'junior board', this has only taken on a decision making role in the period since the inspection and the association's board was also not representative of the community it served at the time of this inspection, particularly in terms of its age profile.

^{ix} Specific, Measurable, Achievable, Resourced and Timebound

Appendix 1 – Positive practice

‘The Commission will identify and promote good practice. Every inspection will look for examples of good practice and innovation, and for creative ways to overcome barriers and resistance to change or make better use of resources’. (Seeing is Believing)

Call back facility on the telephone system

- 1** This allows customers who are lower than fourth in the queue to be automatically called back without losing their place (used 200 times in the first six months of operation).

Patch VFM reporting

- 2** There is an emphasis on making individual patches profitable and making individual staff responsible for performance and cost issues in their areas. Income and expenditure is reported by neighbourhood^x, which allows staff to benchmark internally and explore trends. Not only does this link financial and performance information at the level where responsibility for it lies, but the inclusion of cost driver information like average repair costs, number of gas services undertaken, arrears per property, etc. help focus management attention and resources in failing areas.

Junior Board

- 3** Although it has no decision making power, the Junior Board has some influence. It has run a youth conference with 70 young people attending workshops on budgeting, rents, anti social behaviour and careers, assisted by staff from the association and other agencies. It was also consulted about diversionary activities.

'Disruption' Letters

- 4** The association has learned from a recent complaint and now writes to the occupants of adjacent properties when potentially disruptive work is due to take place on empty properties. This helps prepare neighbours for noise and nuisance and also provides them with contact details in case they have any concerns, either about the work being done or about any suspicious activity in the empty property.

^x Approximately 400 properties

The 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.

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