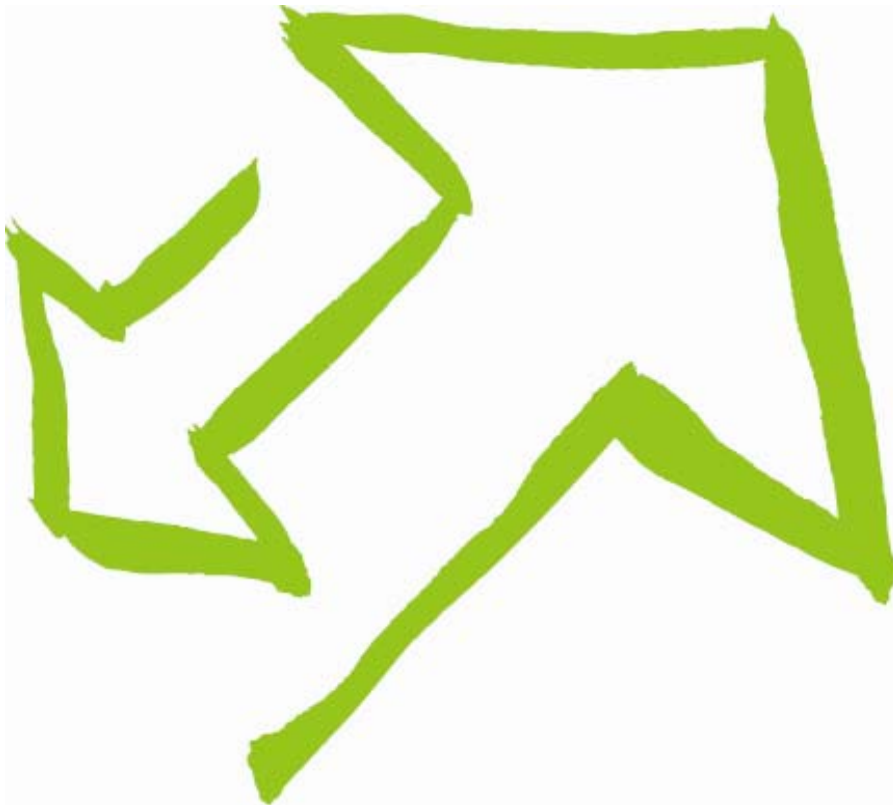


# Housing Management Services

Arhag Housing Association

March 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.

Within the Audit Commission, the Housing Inspectorate 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](http://www.audit-commission.gov.uk/housing).

For housing associations our inspection role and remit is set out in sections 41(A) and 41(B) of the Audit Commission Act 1998 (as amended by section 109 of the Local Government Act 2003), and 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. To meet these principles this inspection:

- is proportionate to risk and the performance of the association;
- judges the quality of the service for service users and the value for money of the service;
- promotes further improvements in the service; and
- has cost no more than is necessary to safeguard the public interest.

We are committed to working in partnership with other regulators, and the Audit Commission and the Housing Corporation are working together to improve the performance and efficiency of housing associations. Our shared objectives are to ensure that associations provide services for the diverse range of customers in their areas of operation, high standards of customer services and access, and value for money for both customers and the taxpayer.

The Housing Corporation 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. Its lead regulation staff work with housing inspectors to ensure that there is adequate information provided for the inspection and that the inspected body implements recommendations in the inspection report. The overall findings of the inspection are also used to inform the Housing Corporation Assessment (HCA) which determines eligibility for further public investment and may influence the Housing Association's future business prospects.

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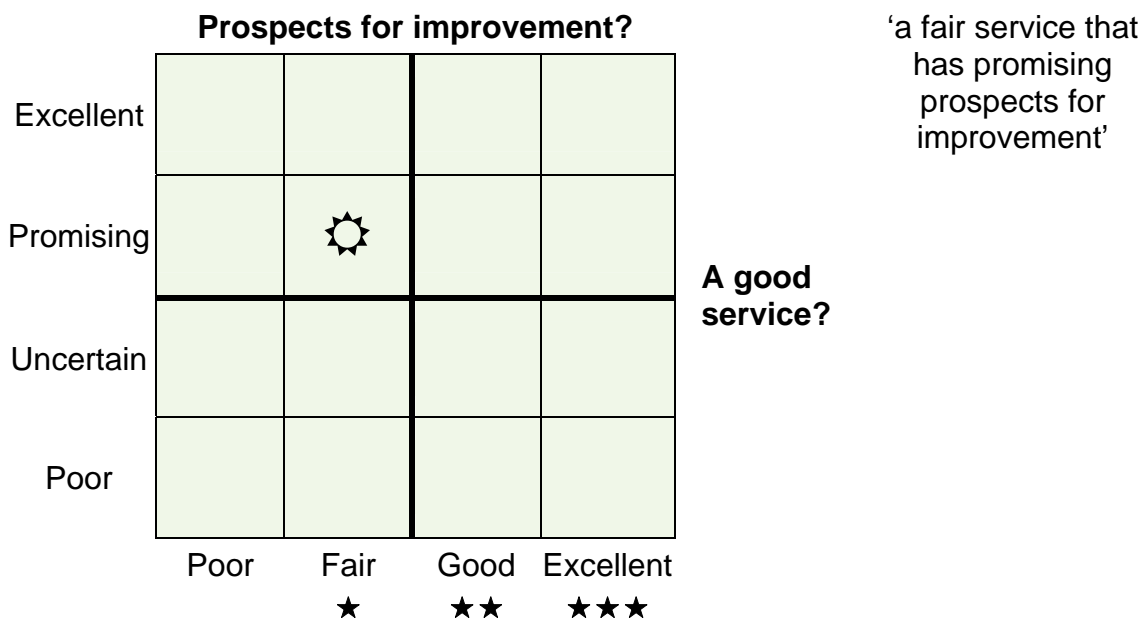
# Summary

- 1 Arhag Housing Association provides a 'fair', one-star service, and has 'promising' prospects for improvement.
- 2 Services are easy to access, particularly by telephones, and staff are helpful and professional in their contact with tenants. The website provides a good source of information for tenants, and has some interactive features. The newsletter is clear and easy to read. Tenants benefit from improvements to their homes, and from regular maintenance and decoration of communal areas. All homes now meet the Decent Homes Standard, and void properties are let in good condition. It is easy for tenants to engage in the work of the association through a range of methods. Arhag has positive initiatives to address the wider needs of customers. The cost of services is low.
- 3 However, there are gaps in the range of leaflets, and the range and quality of service standards is variable. Although communal areas are generally in good condition, many tenants are unhappy with the cleaning and grounds maintenance service. Tenants' views are listened to and there are some examples of changes made as a result of this, but tenants are not engaged at a strategic level. The approach to anti-social behaviour is weak, especially domestic violence. Rent arrears remain high, and the processing of rehousing applications is slow. Value for money is improving but is not yet embedded in the work of the association. The approach to diversity is yet to show significant results, and it takes a long time to provide aids and adaptations.
- 4 Satisfaction with overall services has increased significantly, with recent improvements in satisfaction with repairs and maintenance. However, satisfaction with overall services remains low. There have been service improvements that tenants would notice, for example in the involvement of tenants, the attitude of staff and the way that complaints are dealt with. Improvements in efficiency have allowed the association to invest in high priority areas such as responsive repairs. There is positive leadership, and this is supported by robust planning processes. Staff development is positive, and levels of sickness are low. The association is aware of its weaknesses, and is taking steps to address them.
- 5 However, there has been slow progress in significant areas of service, such as dealing with antisocial behaviour, reducing rent arrears and the use of profiling information. There are some limitations in the way that performance is provided and reported, and knowledge of policies and procedures is variable. There is limited learning from other organisations, and partnerships are not effective in some areas.

# Scoring the service

6 We have assessed Arhag Housing Association as providing a 'fair', one-star service that has promising prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Figure 1 Scoring chart<sup>1</sup>



Source: Audit Commission

7 We found the service to be 'fair' because it has a range of strengths including:

- there is a strong focus on customer care, with residents appreciative of improvements in the attitude and professionalism of staff;
- the Tenant Handbook and regular newsletters provide clear and useful information to tenants. The website is easy to navigate and accessible, and has some helpful interactive features;
- the association is easy to contact, particularly by phone;
- there is a strong focus among staff at all levels on providing a helpful service;
- the way that complaints is positive;
- Arhag works well with its partners to promote equality and diversity, and to promote social inclusion;

<sup>1</sup> The scoring chart displays performance in two dimensions. The horizontal axis shows how good the service or function is now, on a scale ranging from no stars for a service that is poor (at the left-hand end) to three stars for an excellent service (right-hand end). The vertical axis shows the improvement prospects of the service, also on a four-point scale.

- all properties meet the Decent Homes Standard, and tenants have benefited from an active programme of major, planned and cyclical works;
- satisfaction with responsive repairs has improved, and is now close to target levels;
- properties let to new tenants are in good condition;
- there is a range of ways for tenants to get involved in the work of the association, and the association listens to the views of its residents;
- there is an effective ongoing audit of tenancies;
- communal areas of estates are in good repair, and cleaning and grounds maintenance is reasonable;
- the new allocations and lettings policy agreed with tenants is clear, and is being implemented correctly by staff; and
- a range of initiatives have improved value for money, and the cost of services is relatively low.

8 However, there are some areas which require improvement. These include:

- information provided to tenants is not fully comprehensive. Leaflets and service standards do not fully cover the full range of services, and service standards are not detailed enough;
- satisfaction with overall services is low;
- the approach to compensation for service failure is unclear;
- tenants are not involved at a strategic level;
- the way that satisfaction, and satisfaction across all the diversity strands, is measured is not yet effective;
- the level of knowledge of staff of policies and targets is variable;
- there are limited outcomes from the approach to equality and diversity, and the approach to domestic violence is weak;
- the proportion of repairs appointments made and kept is low;
- the lettable standard is basic, and the approach to decorating void properties unclear;
- tenants applying for major aids and adaptations wait a long time for works to be completed;
- rent arrears are high, and case management is poor;
- the approach to anti-social behaviour is weak, with poor case management;
- tenants are unhappy with the standard and cost of estate cleaning and grounds maintenance;
- requests for rehousing are processed slowly; and
- value for money is not yet fully embedded in the work of the association.

## Scoring the service

- 9 The service has promising prospects for improvement because:
- satisfaction with overall services has increased significantly, though it remains relatively low;
  - there have been service improvements that tenants would notice, for example in the professionalism of staff and better handling of complaints;
  - performance is generally improving, for example in the time taken to relet properties;
  - the association has introduced a new resident involvement structure, and a range of ways to get involved;
  - there have been reductions in the overall cost of providing services and in overhead costs;
  - there is positive leadership from the management board and the Chief Executive;
  - improvement planning is generally SMART, and there are appropriate systems in place to monitor and improve performance;
  - the association is aware of weaknesses, and has generally taken action to address these; and
  - there is positive staff development and low levels of sickness.
- 10 However, there are a number of barriers to improvement. These include:
- there has been slow progress in improving significant areas of service, such as dealing with ASB and with rent arrears;
  - there are some limitations in the way that performance information is provided and reported;
  - there is limited learning from other organisations, and the level of partnership working is limited in some areas; and
  - progress in some areas is limited by a lack of knowledge of policies and procedures.

# Recommendations

- 11** 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<sup>2</sup> 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** Arhag should improve the approach to anti-social behaviour by:

- training staff to implement the ASB policy and procedure;
- monitoring the quality of response to ASB cases;
- working effectively with partners to address ASB; and
- having a shared, agreed approach to the closure of ASB cases.

The expected benefit of this recommendation is:

- the response to ASB will reflect tenant priorities and the policies of the association.

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

## Recommendation

**R2** The association should improve information to residents by:

- in partnership with tenants, introducing tenant information leaflets to cover all main areas of activity;
- providing an effective method of making repairs appointments;
- clearly promoting the association's approach to compensation;
- reviewing service standards and the lettable standard with residents to include challenging and achievable targets; and
- agreeing with residents the quality of cleaning and grounds maintenance that can be expected, while taking into account the level of service charge payable.

<sup>2</sup> 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.

## Recommendations

The expected benefit of this recommendation is:

- tenants will be better informed of the quality of service that they can expect.

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

### Recommendation

- R3** The association should improve its approach to performance management by:
- taking steps to involve residents in deciding strategic priorities;
  - carrying out regular quality checks of files to ensure that policies and procedures are followed, and addressing gaps in staff knowledge in these areas;
  - improving the reporting of performance information to make targets and performance trends clear;
  - systematically learning from other organisations, and implementing best practice; and
  - maximising the numbers of satisfaction surveys returned, and using these to monitor satisfaction across all the diversity strands.

The expected benefit of this recommendation is:

- services offered to tenants will reflect their priorities and reflect the policies and procedures of the association.

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

### Recommendation

- R4** The association should improve its approach to residents in need by:
- liaising more effectively with local authorities where major aids and adaptations are outstanding, particularly where tenants have been waiting for more than six months for adaptations;
  - fully monitoring and implementing the equality and diversity strategy, and fully involving the management board and tenants in this process;
  - publicising enhanced services to vulnerable tenants;
  - improving the way that domestic violence is addressed; and
  - ensuring that applications for rehousing are processed in a timely manner.

The expected benefit of this recommendation is:

- a more responsive service to residents in need.

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

### Recommendation

- R5** The association should improve its approach to value for money by:
- improving the way that rent arrears is managed to ensure early intervention with minor arrears, consistent action for larger arrears and adequate recording of actions; and
  - embedding the principles of value for money across the work of the association through for example the appraisals process.

The expected benefit of this recommendation is:

- a more appropriate balance of spending and quality outcomes.

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

- 12** We would like to thank the staff of Arhag Housing Association who made us welcome and who met our requests efficiently and courteously.

Dates of Inspection: 30 November 2009 to 4 December 2009.

# Report

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## Context

### The Association

- 13 Arhag Housing Association is based in Kentish Town, but operates across 13 London boroughs. Most of its stock is located in Newham, Haringey and Camden. Newham and Haringey, areas which include areas of significant deprivation. Arhag was set up in 1979, and its remit includes meeting the needs of refugees and migrants. Tenants are predominantly from black and minority ethnic (BME) communities and many come from refugee and migrant backgrounds.
- 14 The association owns and manages 728 properties. It provides affordable homes for rent, temporary social housing for homeless families and a hostel for refugees. It also manages some properties on behalf of other housing associations. It has assets of £16.7 million, and had an operating surplus of £179,000 in 2008/09. Arhag Housing Association employs 20 staff.

### The service

- 15 The association delivers a range of landlord services to its tenants. Properties are allocated through choice-based lettings schemes in the boroughs where the association operates. The association aims to increase its stock by purchasing the properties it currently manages on behalf of other housing associations, and by working in partnership with developing housing associations.
- 16 An Audit Commission inspection in 2005 found that the association was delivering poor services with uncertain prospects for improvement. The Housing Corporation<sup>3</sup> instigated a statutory inquiry into the affairs of the association in December 2005, and placed the association in 'supervision' due to concerns about management, governance and service delivery. The Housing Corporation replaced some board members, and the staffing of the association has been completely changed. A subsequent Audit Commission inspection in July 2007 found that services were still poor, but that there were promising prospects for improvement. Arhag Housing Association was removed from Housing Corporation supervision in December 2007.

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<sup>3</sup> The regulatory functions of the Housing Corporation are now delivered by the Tenant Services Authority.

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# How good is the service?

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## What has the service aimed to achieve?

- 17 The vision of Arhag Housing Association is to provide 'a positive living experience for refugees and migrants in homes to be proud of'.
- 18 The mission statement of the association is 'to be an independent black and ethnic minority led housing organisation that gives stability and security to vulnerable refugees and migrants in London by providing support and housing so that they can achieve independence and an equal opportunity in life'.
- 19 The work of the association is built on five key values:
  - to have high integrity and to be honest in all our dealings;
  - to be professional and respectful at all times;
  - to be transparent, building and maintaining trust with our customers, partners and stakeholders;
  - to be accountable, taking responsibility for our actions and decisions; and
  - to achieve high standards.

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## Is the service meeting the needs of the local community and users?

### Access and customer care

- 20 In the previous inspection, this was an area where weaknesses outweighed strengths. A more customer-focused approach had yet to deliver results. Offices did not meet the requirements of the Disability Discrimination Act, and the association did not know the individual needs of its tenants. There were weaknesses in the way that complaints were handled.
- 21 This is now an area where strengths and weaknesses are in balance. There is a strong commitment to customer care, and the improved customer service is commended by tenants. High quality information is provided through the website and newsletter, but the range of leaflets is not comprehensive and service standards are variable. It is easy to contact the association. Handling of complaints, previously an area of weakness, has improved this year, but the approach to compensation is limited. However, satisfaction with overall services remains low, and the association is not yet maximising its use of satisfaction surveys to inform service delivery.
- 22 Customer care is a key priority for the association. The Communications Strategy is clear, and has an action plan which addresses diversity issues such as low literacy. All staff have received customer care training. As a result, there is a strong focus among staff at all levels on providing a helpful service. The attitude and professionalism of staff is positive, and this was confirmed in our observations of staff during their day-to-day roles and our meetings with tenants.

## How good is the service?

- 23** The information provided to tenants is generally clear and well presented. Leaflets and handbooks are clear and well presented. The newsletter is attractive and easy to read, with a wide range of articles of interest to tenants. The website is easy to navigate, and has useful information for tenants, including downloadable leaflets, newsletters and documents. It also has some interactive features, including rent payment and repairs reporting. This is a significant area of strength for the association, as the association is small, and its customers live across 13 London boroughs. Tenants are kept well informed of the activities of the association.
- 24** The association is easy to contact. There is one public office, which has been opened since the last inspection. It provides a comfortable environment for customers. In 2009/10, all callers were seen within the target time of 10 minutes, and 97 per cent were interviewed within the target time of 15 minutes. The main method of contact is by telephone. We found the response to telephone contact polite and helpful, and the hunt system for telephone calls is effective. In 2009/10, 97.6 per cent of telephone calls were answered within the challenging target of four rings. This means that residents can access a range of housing services.
- 25** The response to complaints has improved this year. There is a range of ways to report complaints and we found that tenants are aware of and use these methods. The proportion of complaints responded to within the target of 10 days was low at 68 per cent in 2008/09. However, this has improved to 93.3 per cent in 2009/10, against a target of 92 per cent. The quality of responses is generally positive; letters are generally clear and well written, they address the issues being raised and apologies are offered where appropriate. However, responses to complaints are not fully consistent. Overall, the complaints service generally meets the needs of residents.
- 26** The quality of service standards is variable. Tenants have been consulted about the standards, but were not fully involved in developing them. Some have clear and challenging targets, for example, for answering the telephone. Others, such as the standard for antisocial behaviour, are less detailed. Service standards do not cover all areas of operation, such as rent services, domestic violence and aids and adaptations. Some service commitments in the Tenant Handbook are not in the standards. As a result, tenants may not be fully aware of the quality of service they should receive.
- 27** The approach to compensation is limited. There is limited publicity on the availability of compensation, and information provided in the Tenant Handbook and the compensation policy differs. There was some confusion among staff and tenants about the availability of compensation for missed appointments. Our review of complaints indicated that compensation is not always offered where this would be appropriate. As a result, the association lacks a consistent approach to compensating tenants for service failures.
- 28** Although the information provided to tenants is generally positive, there are some weaknesses in the range and content of information. The range of leaflets is limited, and does not include, for example, estate services or gas servicing. There are some gaps and inconsistencies in information in leaflets and on the website. This means that tenants may not have all the information they need to access services.

- 29 Correspondence is not consistently answered in target times, with 79 per cent answered within ten days in 2009/10 (October 2009, year to date). Letters are not consistently clear; some letters have over complex language and technical details, which means that letters from the association are not always provided in a timely and clear way.
- 30 Satisfaction with overall services is low. The STATUS survey of early 2009 found that 67 per cent of tenants were satisfied with overall services, which is within the lowest 25 per cent of comparable social landlords. Seventy-one per cent of tenants felt that staff could deal with their problems. Satisfaction with different aspects of services ranged from 69 per cent for advice on rent payment to 36 per cent for advice on moving home.
- 31 The collection of satisfaction information is not fully effective. Arhag continues to monitor satisfaction with its different services, but, with the exception of responsive repairs, the response rate is low. This means that the association is not able to show that the changes it has introduced in the last two years is resulting in high tenant satisfaction.

### Diversity

- 32 The previous inspection found this to be an area of significant weakness. The association had started to develop its equalities strategy, but tenants were not involved in this, and no equality impact assessments<sup>4</sup> (EIAs) had been completed. Targets and action plans were not in place, and satisfaction with services was not measured across different equality strands. However, allocation of property reflected the needs of BME communities, and the association had started to provide information in a variety of formats.
- 33 Weaknesses continue to outweigh strengths in this area. Arhag is committed to addressing equality and diversity issues, and works with partners to enhance its work in this area. The association communicates well with tenants from a wide variety of backgrounds, and has started to tailor its services to individual tenants. However, collection of satisfaction data across all the equality strands is at an early stage. There are some inconsistencies in the strategic approach to diversity and tenants were not involved in developing the equality and diversity strategy. It is unclear what additional repairs services are provided to vulnerable tenants, and the approach to domestic violence is weak.
- 34 Arhag demonstrates a commitment to addressing equality and diversity issues. The Chief Executive is the Diversity Champion, and chairs the Equalities and Diversity Steering Group, to which three tenants have recently joined. The group oversees the association's approach to diversity, which is reported annually in an Equalities report. The association's workforce is diverse, reflecting the profile of its customers, 93 per cent of whom come from BME backgrounds. Two-thirds of staff are female, including the Chief Executive, and nine of the ten board members are from BME communities. All staff have received equalities and diversity training. This places the association, its board members and staff well to understand and respond to the needs of its diverse tenant base.

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<sup>4</sup> Equality Impact Assessments (EIAs) assess the impact of policies and practice on different groups within the community.

## How good is the service?

- 35** The association works with its partners to promote its approach to equality and diversity. For example, it has worked with the Housing Associations' Charitable Trust to provide work-related training for tenants, and has jointly hosted a seminar for tenants who are interested in setting up their own businesses. Four of the five main repairs contractors are completing the 'Respect the People' toolkit, an independent programme which trains and accredits organisations who have trained their staff in issues of equality and diversity. As a result, Arhag can be more confident that it is meeting the needs of tenants from a wide range of backgrounds.
- 36** Arhag also communicates well with tenants with a range of needs. Documents have a translation strapline, and the website has a number of accessibility features, including adjustable font size and a browsealoud<sup>5</sup> facility. Interpreting services are provided and used by tenants whose first language is not English. This means that information and communication meets the needs of tenants.
- 37** The association has increased the collection and use of diversity data, but the collection and use of this data is at an early stage. Information on the needs of residents is collected through a variety of methods, including through the tenancy audit and satisfaction surveys. Arhag currently has information on 80 per cent of its customers, but this does not yet comprehensively reflect the six diversity strands. For example in the 2009 Tenants Profile report only: 30 per cent of resident respondents indicated their age; 81 per cent their sexual orientation; and 28 per cent their religion/belief. This information is used in a variety of ways. It has been used to determine the translation strapline on documents. In addition, the individual needs of tenants are flagged on the IT system, so that staff can take appropriate action to support, for example, disabled tenants. Although the flagging system does not always have all the information staff need, these processes help them tailor services to the needs of tenants where they are known.
- 38** Some services provided by the association reflect its aim to meet the needs of all its tenants, including those from refugee and migrant backgrounds. Ninety per cent of properties that became available in 2008/09 were allocated to applicants from BME communities. Over £30,000 was invested in 2008/09 to support social inclusion projects, such as the celebration event for Eid on one estate. As a result, the association is providing positive outcomes for marginalised groups.
- 39** Arhag tests that the outcomes of its policies and practices are fair to all tenants by completing Equality Impact Assessments. The Chief Executive has developed a toolkit to complete assessments, and trained managers how to use the toolkit. An independent consultant assessed the approach (that included the review of some completed assessments) as concise with a strong foundation to promote equality and tackle discrimination. This approach enables the association to ensure that its approach to delivering services is fair, and accessible to all. However, measurable outcomes from this process are as yet limited.

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<sup>5</sup> Browsealoud is an internet-based facility which reads web pages for people with visual impairments.

- 40 However, there are weaknesses in the strategic approach to diversity. Tenants were not involved in developing the Equality and Diversity Strategy, and it is unclear that the strategy was adequately publicised or explained to tenants. There has been no tenant involvement in Equality Impact Assessments. The outcomes of the Equality and Diversity Strategies action plan are reported to the senior management team, but not to the management board, and the Annual Equalities Report to the board does not clearly set out which targets have been achieved. The link between the Equality and Diversity Strategy and other plans is not fully developed. As a result, the plans of the association and their delivery are not comprehensive and may not reflect the priorities of its customers.
- 41 Although the strategic and practical approach of the association generally addresses the needs of BME, migrant and refugee groups, there are limits to the way that information is collected and monitored, and in the approach to meeting the needs of tenants across all the diversity strands. Satisfaction with repairs is collected across the strands, but has not yet been analysed as it is not in an appropriate format. The Annual Equalities Report principally reports on ethnicity, gender and disability, but there is limited reference to issues of age, faith or sexuality. The association is aware that a quarter of households contain a member with a long term illness or disability, but lacks the detailed knowledge that would allow it to assess the service needs of this group. Diversity information is known for some, but not all, aspects of resident involvement. As a result, Arhag cannot be confident that it is fully tailoring services to the needs of its customers.
- 42 There are also some weaknesses in the way that services are provided to vulnerable tenants. Enhanced repairs services are provided to vulnerable tenants where their needs have been identified. However, the availability of these services is not publicised to tenants and staff lack a shared understanding of what these enhanced services should be.
- 43 The approach to domestic violence is weak. There has been only one reported case of domestic violence in 2009/10, but this was poorly handled, with a lack of appropriate advice or action to address the issues raised. While publicity on domestic violence is positive, staff are not consistently aware of the requirements of the domestic violence procedure. This means that the association is not currently meeting the needs of all vulnerable tenants.

## How good is the service?

### Stock investment and asset management

#### Capital, planned, cyclical and major works

- 44 Strengths outweigh weaknesses in this area. The Asset Management Strategy is generally robust and supported by a recent stock condition survey. The association has made a positive start to maintaining its stock on a planned basis, and energy efficiency and levels of decent homes are high. Although tenants are offered choice, they are not involved at a strategic level in planning service delivery.
- 45 Arhag has taken significant steps to address the lack of investment in its stock prior to 2007. An Asset Management Strategy and Plan sets out the key investment priorities of the association. The strategy is based on a stock condition survey carried out in 2007, which is regularly updated to take into account investment in tenanted and void properties. Although the strategy does not fully address issues of sustainability and equality, it is generally comprehensive. It outlines a clear framework for investment and forms a robust basis for the long term approach to managing stock.
- 46 The association has made a good start in maintaining and improving its stock in a planned way. The previous Audit Commission inspection in 2007 noted that the association had yet to start systematic and planned maintenance. This work commenced in July 2007, and Arhag has completed £1.1 million work in the first two years of the programme, with a further £1.7 million earmarked for works in the next two years. Improvements have included new roofs and wiring, new kitchens and bathrooms and boiler replacements. Over a hundred properties have benefited from external decorations, and there is a five-year programme to maintain the external appearance of properties. Tenant satisfaction is 94 per cent in 2009/10 (year to date), and properties are in good order, reflecting the work that has been completed in this area.
- 47 The association benefits from having relatively new stock. The previous low level of non-decency has now been addressed, and all the association's stock now meets the Decent Homes Standard<sup>6</sup>. A recent survey has confirmed that there is no asbestos present in Arhag's properties, and the use of direct water supplies (rather than water tanks) means that legionella testing is not required. Properties have high levels of energy efficiency; at the end of 2008/09, the SAP<sup>7</sup> rating was relatively high at 81, against the national average of 68. Once the current backlog of planned works is completed, this means that the need for large scale investment in stock will be low compared to many other social landlords.
- 48 The approach to involving residents in planned and major works is mixed. Tenants are informed of the five-year programme of works in the newsletter and on the website. Tenants having works completed are offered a choice of finishes to kitchens, flooring and bathrooms. The association also listens to its tenants while completing works; for example, the order of improvement works was changed on one estate at the request of residents. Tenants have been involved in the selection of contractors.

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<sup>6</sup> The Decent Homes Standard (DHS) is the government's published standard for all social housing. It aims to ensure that social housing dwellings have no serious health and safety hazards, are in a reasonable state of repair, have a reasonable degree of thermal comfort and reasonably modern facilities.

<sup>7</sup> Standard Assessment Procedure (SAP) is a measure of the energy efficiency of homes.

49 However, tenants have not been involved at a strategic level. The programme of works is driven by the outcomes of the stock condition survey, and tenants were not involved in setting priorities for the programme. There is a budget in place for resident-led environmental improvements, but this has not been invested as yet. This means that the programme is responsive to individual choice, but may not reflect the priorities of tenants.

### Responsive repairs

50 Strengths and weaknesses are in balance in this area. Satisfaction with responsive repairs has recently improved. The proportion of repairs completed in time has increased, but was reduced when a repairs contractor was replaced in early 2009/10. It is easy to report repairs, but the system of making appointments is not user-friendly. The proportion of appointments made and kept is low. The process of inspecting repairs has improved, but still has weaknesses.

51 Satisfaction with responsive repairs is variable. The STATUS survey carried out in early 2009 had a response rate of 32 per cent, and found that 59 per cent of tenants were satisfied with repairs carried out in the last 12 months. A third of tenants were dissatisfied. This is worse than the average of London landlords. Satisfaction with individual aspects of the repairs process ranged from 78 per cent for the attitude of the workers to 53 per cent for the time taken to complete repairs. However, the ongoing postal and telephone survey of repairs completed in 2009/10 (October 2009, year to date) found that 83 per cent of tenants are satisfied with the repairs process and outcomes. This is close to the target of 85 per cent, the most recent figures for satisfaction are more positive.

52 Performance in completing repairs has varied over the last two years, with the association performing well in 2008/09, but performance falling in 2009/10.

**Table 1** Completion of repairs in time

	2007/08	2008/09	2009/10 (October YTD)	Benchmark
% emergency repairs in time	87.5	100	98.1	94.7
% urgent repairs in time	89.9	97.6	93.6	No benchmark available
% routine repairs in time	97	98.4	92.3	No benchmark available
% all repairs in time	88.5	98.3	92.8	No benchmark available
Satisfaction with repairs	66	59	83	76

## How good is the service?

- 53 Performance was reduced in 2009/10 due to the replacement of a contractor which carried out half of the association's responsive repairs, but has recovered in Quarter Two, with 95.5 per cent of all repairs being completed in time.
- 54 It is easy to report repairs. There is a range of ways to report repairs, including by email. Tenants generally report repairs by telephone, and this works well. The response to telephone calls is quick, polite and helpful. Diagnosis of repairs is accurate, resulting in a fall in the level of variations from 43 per cent in 2007/08 to 10 per cent in 2009/10 (October, year to date). As a result, tenants are satisfied with this aspect of the service.
- 55 However, appointments cannot be made at the first point of contact when reporting a repair and the association relies on its contractors to make the appointments. At present, the association does not know how long it takes to make appointments. In addition, although there are morning and afternoon appointments for repairs, there is a lack of consistency among contractors about how flexible they will be. For example, some contractors have weekend appointments, while others do not. This means that the way that repairs are reported may not meet the needs of customers, and that variable services are provided to customers.
- 56 There are some other weaknesses in the customer care aspects of the repairs service. The association started to ask tenants whether repairs were completed right first time in surveys in May 2009. Just over 83 per cent of respondents in the period May to November 2009 report that repairs were carried out at the first visit. However, the number of gas repairs completed right first time is low at 54 per cent, and the proportion of gas appointments made and kept is also low at 88 per cent (year to date, August 2009). The association currently lacks robust information to fully assess the customer care aspects of the repairs service.
- 57 The approach to the inspection of repairs has improved since the last inspection, but is not fully effective. Seventeen per cent of repairs are pre-inspected. The association states that the high level of pre-inspection is being promoted to address the previous backlog of outstanding repairs, and to build trust with tenants. However, this level is above good practice guidelines. This means that resources are not being used in the most productive way. Fifteen per cent of repairs are inspected after completion. A random selection of repairs is post inspected, and 97 per cent of repairs pass this quality check. Again, this is not an efficient use of resources; a more effective risk-based approach would focus on the more expensive repairs. Overall, resources are not deployed effectively in this area.

### **Empty (void) property repairs**

- 58 Strengths and weaknesses are in balance in this area. The quality of properties let to new tenants is positive, the voids management process is robust and void properties are repaired quickly. However, the lettable standard is basic and the approach to decorating void properties is unclear.

- 59** The quality of properties let by the association is high. The turnover of empty homes is low, with only five general needs and six Temporary Social Housing properties being relet in 2009/10, year to date. The process of viewing properties with prospective tenants was carried out well. Ready to let properties are in good decorative order, clean and well presented, and the applicants are pleased with the quality of the property. The survey of new tenants, returned by 17 of the 42 new households in 2008/09, found that 82 per cent of the respondents were satisfied with the condition of the property. This means that new tenants move into properties which are in a good condition.
- 60** Void properties are repaired quickly. The process for monitoring voids is robust, and delays are identified and addressed. As a result, the average time taken to service voids has reduced from 23 days in 2007/08 to seven days (year to date, October 2009). In the same period, the average time taken to relet properties fell from 49 days to 23 days<sup>8</sup>. As a result, the association is meeting the needs of households who need housing.
- 61** However, the lettable standard is basic. The association has only recently started to send the standard to applicants before they view the property; this will provide applicants with the opportunity to check the void against the lettable standard. There are some omissions to the standard, such as the availability of keys for windows and doors, and the availability of enhanced standards for vulnerable residents. This means that tenants do not have all the information they need about their new homes.
- 62** The cost of decorating voids is high. The voids process states that properties should be in good decorative order before tenants move in, and we were informed that, in practice, all voids are fully decorated. However, we found examples of tenants being granted decorations allowances. The average cost of decorating a void is high, which contributes to the high overall cost of void repairs. As a result, the association cannot be confident that the balance of quality of work and cost maximises value for money.
- 63** Security for keys for empty properties is weak. Despite being raised as an issue in internal audit reports, we found the key cupboard open and keys stored with address labels. This compromises the security of void properties.

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<sup>8</sup> The service period is the time the association takes to complete repairs to empty properties. The lettings period is the time between the date the property becomes vacant, and the date a new tenant moves in.

## How good is the service?

### Gas servicing

- 64 Strengths and weaknesses are in balance in this area. The small number of households which have not allowed access for gas servicing are subject to legal action, and gas servicing is quality checked. However, gas servicing procedures do not reflect current best practice.
- 65 A limited number of properties do not have a current gas certificate. Five households have not had their gas appliances serviced for more than a year. In all these cases, servicing has been overdue for less than six months, and legal action is being taken. Arhag is taking appropriate steps to ensure that properties have a valid gas certificate.
- 66 Quality checks for gas servicing are effective. An independent contractor tests 10 per cent of all appliances serviced, ensuring that gas servicing is completed to an appropriate standard. The contractor has also trained all the association's staff in gas safety awareness.
- 67 However, the current gas servicing procedure and process does not include all elements of best practice. While information on non-access cases is available on the IT system, it is not flagged effectively to notify staff that the tenants contacting them have not allowed access. This means that the association is not taking all the steps it can to ensure the safety of residents.
- 68 Information for residents on gas servicing is not fully developed. There is no specific leaflet on the consequences of not having gas appliances serviced, and newsletters do not routinely include articles on this issue. There is limited information on the website. While the contractor can offer a wide range of appointment times, the appointment times publicised to tenants are limited. As a result, tenants may not be aware of the importance of gas servicing or how to arrange appointments at convenient times.

### Aids and adaptations

- 69 Weaknesses outweigh strengths in this area. Information and standards are not promoted to tenants. Tenants wait a long time for major adaptations. Although tenants' requests for adaptations are monitored, there is no structured process to support tenants to have their adaptations completed in a timely manner, and a lack of liaison with local authorities to ensure that this happens.
- 70 Although policies and procedures, and a monitoring system are in place for aids and adaptations, the process of providing adaptations is not managed well. Around a quarter of households contain a member with a long term illness or disability, though the specific needs of these customers is not clear. The association has an annual budget of £20,000 for aids and adaptations for adaptations costing less than £250, which is a relatively low level. Minor repairs costing less than £250 are completed in an average of 36.3 days, which is a long period for a comparatively simple improvement. The association helps tenants apply for Disability Facilities Grant (DFG) for larger adaptations, and monitors progress with applications on a monthly basis. However, there are weaknesses in the process:
- there is no leaflet dedicated to aids and adaptations, and information on the website is limited;

- the policy and procedure does not set out the type and frequency of support that should be offered to applicants;
- in practice, it is not clear that there is pressure applied to local authorities to complete DFG adaptations within the statutory timescale of six months; and
- the response rate for satisfaction surveys is low.

As a result, the aids and adaptations service does not fully meet the needs of residents.

### Income management

- 71** The previous inspection found that weaknesses outweighed strengths in this area. Performance management and case work was weak, resulting in relatively high rent arrears. There was limited work to maximise tenants' incomes, former tenant arrears were not adequately addressed and more work was needed to accurately apportion service charges.
- 72** This remains an area where weaknesses outweigh strengths. The level of rent arrears remains high, and case management is weak. Systems to intervene early, and to deal with large arrears, are limited. Reductions in former tenant arrears rely on write-offs, which do not follow procedures, and recovery of arrears is low. The approach to service charges has improved, but there are still weaknesses. However, the approach to maximising tenants' incomes is positive.
- 73** Rent arrears performance is weak. A dedicated rent arrears officer has been introduced, and the level of rent arrears as proportion of rent roll fell from 12.1 per cent in 2007/08 to 9.8 per cent in 2008/09. The proportion of rent collected has risen from 95.7 per cent in 2008/09 to 105 per cent in 2009/10 (October, year to date). However, progress has stalled, and rent arrears rose to 10 per cent in October 2009. This is well above the association's target of 6.5 per cent. A majority of the association's tenants are in rent arrears, and 84 per cent of those who owe rent are in high rent arrears. Slow progress in recovering rent arrears limits the resources available to invest in services.
- 74** Case management of rent arrears cases is poor. There is a robust rent arrears procedure, supported by clear and informative rent arrears letters. However, rent arrears are not effectively monitored to ensure that all staff fully understand and follow procedures. Procedures are not followed, and there is a lack of a systematic approach to dealing with tenants in arrears. Among the weakness found were: some absence evidence of agreements and legal documents, late action on rent arrears, cases where there is more than £1,000 arrears and no action taken and inappropriate agreements made with tenants following court action. As a result, the association lacks a consistent and effective approach to rent arrears.

## How good is the service?

- 75** Effective systems to address high levels of rent arrears are not fully in place. A number of initiatives to reduce arrears commonly used by other social landlords are being introduced at a late stage. For example, the association is yet to fully utilise attachment of earnings<sup>9</sup> for tenants in employment. Officers spent some weeks in Summer 2009 contacting tenants in the evening, but this was a one-off exercise. The IT system does not automatically prompt housing officers to take action, and the amount of rent that tenants on partial housing benefits have to pay is not provided by the system. As a result, the rent arrears process does not meet good practice guidelines.
- 76** There has been limited analysis of rent arrears. The association has only recently found that most tenants in arrears are on partial housing benefits, which has implications for the welfare advice that is provided. Further analysis of arrears among tenants on housing benefit has been delayed due to IT issues. This lack of analysis has prevented the association from targeting its work in this area and maximising its use of resources.
- 77** Performance in collecting former tenant arrears is limited. Although the current level of 1.5 per cent for former tenant arrears (quarter 2, 2009/10) meets the association's targets, it has increased from 1.1 per cent during the course of the year. A large amount of former tenant arrears were written off in 2007, and more has been written off subsequently. This process did not follow procedures, with limited information provided to the management board to confirm that all reasonable action had been taken to recover the arrears. Since 2007, 81 cases totalling £179,351 have been referred to a debt recovery agency, but only 2.4 per cent (£1,669) has been recovered. The association cannot be confident that it has taken effective steps to maximise its income.
- 78** The customer care aspects of rent recovery are mixed. There is a range of ways to pay rent, and active encouragement by the association has seen an increase in the use of Direct Debit by tenants. Standard correspondence for rent arrears and service charges is clear. However, there is no ongoing survey of tenant satisfaction with the rent service, which means that the rent service may not reflect the preferences of service users.
- 79** The approach to helping tenants to maximise their income is generally positive. There is a clear ethos to support tenants to pay rent rather than taking eviction action. Housing Officers receive welfare benefits training, and hand-held computers are used to calculate benefit entitlements. There is positive help at sign up of new tenants to maximise incomes, and the association works well with housing benefits services. The 2008 STATUS survey found that 79 per cent of tenants are satisfied with advice on rent payments, the highest level of satisfaction of the association's services. Tenants in arrears are referred to welfare benefits agencies, and there is evidence that this has helped these tenants improve their financial position. This means that the association is taking appropriate steps to support tenants in need.

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<sup>9</sup> Attachments of earnings is a process by which landlords take direct payment from the wages of employed tenants to reduce their rent arrears.

- 80 The way that the association deals with service charges has improved, but has yet to be fully implemented. Following extensive consultation with tenants on 28 schemes in 2008 service charge costs are now better apportioned to schemes, and tenants have been able to influence the level of services received in some instances. The association intends to introduce variable service charges in 2010/11, but has yet to provide estimated charges to tenants, which were due in September 2009 and undertake a further consultation period.

### Resident involvement

- 81 The previous inspection found this to be an area where weaknesses outweighed strengths. The association had launched a review of resident participation but had not formally publicised it. There was no training for residents, and residents lacked confidence in the association. Overall, efforts to involve tenants in decision making were minimal.
- 82 This is now an area where strengths and weaknesses are in balance. The association has invested in new structures and there is a range of ways for tenants to get involved in the work of the association. Active tenants are given appropriate support. Some initiatives such as the annual tenants' conference work well, and the active tenants we spoke to felt that their views are listened to. However, the STATUS survey found that many tenants did not feel this. There is a lack of involvement at a strategic level, and as yet few significant changes have resulted from resident participation.
- 83 There is a clear commitment to involving residents in the work of the association. A dedicated budget of £35,000 supports the activities, and expenses are paid to tenants who wish to get involved. A resident involvement officer has been appointed and there are some clear outcomes from the work of the officer, such as setting up four new tenant associations. Training is provided to new board members, though it has yet to be provided to all active residents. All staff have received training in resident involvement. The commitment to involving tenants is widely promoted in newsletters and a useful resident involvement guide is provided to tenants. As a result, the association's approach to participation, which was a significant area of weakness at the 2007 Audit Commission inspection, is now more embedded in the work of the association.
- 84 It is easy for tenants to get involved in the work of the association in a variety of ways. These are clearly and helpfully set out in the Tenant Compact. The Tenant Forum provides an opportunity for tenants to discuss issues of interest to tenants and to approve new policies and procedures before they are presented to the management board. Contractors attend the forum at the request of tenants. The Service Improvement Panel focuses on improving maintenance and estate services. Both are held quarterly and chaired by tenants, and the chairs have recently been appointed to the management board. Tenants are also consulted through surveys and one-off focus groups, and 10 per cent of tenants are registered on a database of tenants interested in getting involved. The annual resident conference is well organised, promoted and accessible to tenants. Around one in ten of all tenant households attend the conference, and we found it to be a useful way of informing and engaging residents. This wide range of options helps more tenants engage with the work of the association.

## How good is the service?

- 85 There are some examples of the association acting on the views of residents. For example, tenants were involved in the development of the new lettings and allocations policy, and a specific meeting was held to consult tenants in Temporary Social Housing properties. This resulted in changes to the policy, confirmed in writing to the fifty tenants who attended the meeting. Tenants attending the annual resident conference expressed interest in home ownership, and the association responded by arranging that they attend a seminar on the issue. More than 100 tenants attended the event, and the association is currently considering offering a home ownership option for tenants. This means that tenants can have some confidence that Arhag will respond to their views, and the active tenants we spoke to felt that their views are listened to.
- 86 Arhag is taking steps to support community development. There are a number of initiatives to encourage tenants to develop their skills and employability, and to promote positive relations among different groups of tenants. These include community activities on estates and financial support for tenants completing training and education. As a result, the association is addressing the wider needs of its customers.
- 87 Overall, however, the association is at an early stage of developing its approach to resident participation. Most tenants we spoke to felt that the Arhag is open to their opinions and listened to their views. But despite the actions outlined above, there are as yet only limited examples of significant changes resulting from the involvement of residents, and there are limited mechanisms in place to measure the impact of participation. The 2009 STATUS survey found that only 52 per cent of tenants felt that their views were taken into account. The current organised meetings, although providing a useful forum for discussion, act as a sounding board for the association's activities, rather than as a method for tenants to get involved in decision making at an early stage and at a strategic level. Therefore, while engagement with tenants has improved and widened, tenants are not yet consistently engaged in decision making.

## Tenancy and estate management

- 88 The previous inspection found that this was an area where weaknesses outweighed strengths. Tenancies had not been audited, files were in poor order and the approach to dealing with ASB was weak. Although the estates visited were well maintained, the association did not systematically monitor the quality of services. Communication with tenants on estates issues was not effective.

### **Tenancy management (including dealing with anti-social behaviour)**

- 89 Weaknesses outweigh strengths in this area. The tenancy audit is effective, but the help offered to new tenants is mixed. The approach to ASB is weak. Service standards and procedures are not comprehensive, and the association does not manage ASB cases effectively.
- 90 The association has effective systems to audit tenancies. Since 2007, staff have visited and checked the tenancies of 80 per cent of its customers. In 2008/09, 12 cases of unauthorised occupation were identified, and in six of these cases, the occupant has been evicted. This process has helped ensure that the association's resources are targeted on people in housing need, and have addressed tenancy fraud.

- 91 The support provided to new tenants is mixed. Our reality checks found that tenants are signed up to their new tenancies in a courteous and professional manner. The new tenant is provided with relevant information, including the gas certificate and the Energy Performance Certificate<sup>10</sup>, and the sign-up pack provided is comprehensive. However, despite the sign up process being very lengthy, some aspects of the tenancy were not adequately covered, such as the approach to resident participation and local facilities. Tenants are visited by housing officers six weeks after moving into their property, allowing them to meet the officer and discuss issues such as rent arrears and repairs. However, key aspects of the tenancy such as ASB are not covered during the visit. As a result, while useful information is provided to new tenants, early contact with the association may not be fully effective in sustaining new tenancies.
- 92 The approach to ASB is weak. The service standard for ASB is vague, with limited specific information about the services tenants can expect. The ASB policy and procedure, although clear, do not provide a detailed basis for staff and tenants to understand the approach to ASB, and there is a lack of monitoring to ensure that procedures are fully understood and implemented by all staff. This undermines the association's ability to respond to and handle reports of ASB effectively.
- 93 There are significant weaknesses in the way that the association deals with ASB in practice. The tenants we spoke to did not regard ASB as a key issue and the 2009 STATUS survey found that it ranked fifth among the top five tenant priorities. This is reflected in low levels of reported ASB, with only 20 cases being reported in 2008/09. Despite the low level of ASB activity, and relatively low patch sizes for housing officers, the cases we reviewed were poorly managed and monitored. Among the weaknesses identified were:
- lack of direct, recorded personal contact with complainants;
  - absence of information on cases, such as records of meetings and agreements;
  - actions not meeting target times, and action plans absent or incomplete;
  - lack of evidence of effective work with partners and of use of the full range of ways to address antisocial behaviour;
  - cases closed inappropriately, without consulting the complainant; and
  - service complaints not being correctly addressed.
- This means that tenants cannot be confident that they will receive an adequate response to their concerns.
- 94 Partnership working is not well developed in practice. Although procedures emphasise working with partners, and there are examples of the association providing diversionary activities for young people. The cases reviewed did not have relevant examples of working with partners, or of using the full range of responses to address ASB. For example, mediation was not attempted in a long running case of allegation and counter-allegation. The association is not therefore using the full range of actions to tackle ASB effectively.

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<sup>10</sup> Energy Performance Certificates give homeowners, tenants and buyers information on the energy efficiency of their properties. The EPC is required by law when a building is built, sold or put up for rent and it is valid for three years.

## How good is the service?

### Estate management

- 95** Weaknesses continue to outweigh strengths in this area. Communal areas are well maintained and there is reasonable monitoring of standards on estates. However, some tenants are not happy with cleaning and grounds maintenance and there is a lack of a shared understanding of what quality of service should be achieved. Health and safety is not fully managed, and there are no recycling facilities on estates.
- 96** Monitoring of estate cleaning and grounds maintenance is reasonably effective. Information provided on notice boards includes the cleaning schedule, a completion form for cleaners to sign, resident participation details and emergency numbers. Photographs of the cleaners are provided in some, but not all, blocks. Housing officers carry out regular estate inspections accompanied by the cleaning supervisor. In 2008/09, 94 per cent of estate inspections were completed, and the housing officers use the opportunity to knock on tenants' doors and discuss issues with them. Tenants attended 61 per cent of inspections in 2008/09, and are encouraged to help score the quality of services.
- 97** Cleaning and estate services do not consistently meet tenant expectations. Communal areas are well maintained and clean, and grounds maintenance effective. There is no visible graffiti, or flytipping. The quality of communal areas in Temporary Social Housing is good. Communal areas are graded 1-10 through estate inspections, with 7 rated as satisfactory. The average score in 2009/10 is 7.2. However, tenants are unhappy with the cost and quality of cleaning and grounds maintenance, and argued that cleaners do not carry out the works specified in the cleaning schedule. There is a lack of ongoing monitoring of satisfaction with estate services. The 2009 STATUS survey found that litter and rubbish are the most common problems identified by tenants. Therefore, while there are examples of good standards of cleaning and grounds maintenance, they are not consistently achieved to the satisfaction of tenants.
- 98** The impact of estate inspections is not being maximised. Although housing officers have a detailed guide to grading cleaning, there is no set of user-friendly standards for tenants. The contractor has a simple grading standard that could be provided to tenants, but the lack of structured and regular meetings between the association and contractor means that this has not been shared. Estate management of consortium estates is not fully effective, with some confusion about whom problems should be reported to, and about what information Arhag can provide for tenants on the grounds of the estate. Although the dates of estate inspections are promoted in the newsletter and on the website, the times are not provided; in practice we found that estate inspections did not always happen at the advertised times. Overall, estate cleaning and grounds maintenance is not consistent, and there is a lack of shared agreement as to what the standard of cleaning should be.

- 99** The association's approach to health and safety is mixed. Arhag has taken steps to address the concerns raised about fire safety in the 2007 Audit Commission inspection. However, there is no specific section in the estate inspection proforma for fire safety issues and in the examples we saw of completed forms, there was no entry in the 'health and safety' section. Our reality checks, and the association's own Fire Risk Assessments, found that residents store items in the communal areas of blocks and wedge fire doors open, so the lack of specific requirements for fire safety in the estate inspection forms is a weakness.
- 100** Sustainability issues are not yet effectively promoted, but there are plans to address this. The Asset Management Strategy has limited detail on the general approach to sustainability, and recycling facilities are not provided on estates. However, the association has consulted residents and some local authorities, and facilities are shortly to be introduced on a number of schemes.

### Allocations and lettings

- 101** The previous inspection found that this was an area where weaknesses outweighed strengths. Although the association had addressed issues of probity, procedures and information were not adequate, which meant that the association could not adequately demonstrate fair decision making. Frontline staff did not have adequate knowledge of the approach to allocations and lettings.
- 102** There is now a balance of strengths and weaknesses in this area. Tenants were able to contribute to the development of a new allocations and lettings policy, and this is quite clear and user-friendly. The transfer system is adequately maintained, but performance in processing applications for rehousing is weak.
- 103** The allocation policy is clear and user-friendly. Tenants were involved in reviewing the lettings and allocations policy in December 2007, resulting in some changes to the policy. The revised policy is clear and it is well explained in the tenants' guide to lettings and allocations procedure. The guide also contains information on home ownership and other housing options. The detailed procedure for staff is generally comprehensive, albeit with some minor inconsistencies. This means that the new policy is more transparent, and it is easier for tenants to see that their housing applications have been given appropriate priority.
- 104** The transfer register is adequately updated and maintained. A full review of the register took place in January 2008, and a further review is planned for January 2010. The register indicates active cases, their place on the register, their points and the requirements and preferences of the applicants. New tenant files contain relevant information and evidence as to why the allocations decision has been taken. Access to updating the register is restricted to the assessment and verification officer. As such, the process addresses the key criticisms made of the allocations process in the 2007 Audit Commission inspection. It also means that officers can make robust decisions and provide tenants with the information they need on their rehousing applications.

## How good is the service?

- 105** However, performance in processing rehousing applications is weak. Our reality checks found that forms are not always sent out in target times, assessment was late in half the cases seen and there have been some delays in referrals to the medical officer, with no indication as to why this was the case. File keeping is weak. Transfer information was only tagged in one case, making it difficult to retrieve relevant information and there was a lack of confirmation whether letters supporting the application were taken into account. Applicants on the register are not routinely updated as to progress with their cases. As a result, tenants requesting transfer may experience delays and frustration.
- 106** Publicity on the incentives to alleviate under and over-crowding is too recent to make an impact. The association has introduced a cash-based and removal cost incentive for under-occupied tenants, and will re-house adult children from over-crowded houses. However, these were only very recently published, and no tenant has yet taken up the incentives.

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## Is the service delivering value for money?

- 107** The previous inspection found this to be an area of weakness. There was no value for money strategy, and the procurement policy was basic. Although there had been an improvement overall in value for money, costs remained high in a number of areas, and there was a lack of information to guide the work of the association.
- 108** Strengths now balance weaknesses in this area. In 2007/08, the cost of management per property was low, though overhead costs were high. There is some evidence of a reduction in overhead costs since that time. Repairs are managed efficiently, and there are some examples of savings achieved through the procurement process. However, the drive for value for money is not fully embedded in the work of the association.

## How do costs compare?

- 109** The cost of services compared to other landlords is mixed, but there is evidence that costs have been reducing in key areas. The total cost of housing management per property, the average cost of repairs and the cost of tenancy and estate management were low in 2007/08. However, the cost of support services was high, with high back office costs and management costs. The association argues that costs in 2007/08 were relatively high due investment in additional staff to implement the changes needed in the challenging period which followed poor reports from the Audit Commission and supervision by the Housing Corporation. There is some evidence to support this view. In the year following 2007/08, overhead costs as a proportion of turnover fell from 20.5 per cent to 14.8 per cent, the total costs of overheads fell by 30 per cent and adjusted operating costs by 27 per cent. This enables Arhag to focus its resources on providing services to areas to matter to tenants.

### How is value for money managed?

- 110** Repairs costs are managed in an efficient way. Spending for planned and responsive repairs was close to budget in 2008/09. The proportion of emergency and urgent repairs is close to good practice levels at 32.1 per cent. In addition, the proportion of planned works compared to responsive repairs is relatively high at 70.5 per cent. Investing resources in routine and planned works improves the planning of service delivery and provides opportunities for improving value for money.
- 111** The association is taking a more systematic approach to driving service efficiency. The value for money strategy and the procurement toolkit provide a sound basis for the corporate approach to value for money, and this is monitored adequately by the management board.
- 112** Arhag has set targets for reducing the cost of asset management by 7.5 per cent (£43,000) in 2009/10, and reducing costs in other areas by 10 per cent. A number of initiatives are contributing to these targets:
- re-tendering the gas service has reduced the average cost of the responsive and planned gas service from £110 to £80 per unit per annum. This will realise £18,000 savings in 2009/10, and has resulted in improved outcomes;
  - repairs contractors have agreed to reduce the annual uplift for their contracts, reducing costs to the association;
  - changing the contractor for storing archives has saved £4,921 per annum;
  - re-procuring the supply of white goods to temporary accommodation and electricity to common areas has reduced costs by £21,000; and
  - a reduction in pest control services agreed with residents has saved £9,800 per annum.
- 113** Arhag has started to lever in resources to support its work, though this is at an early stage. An agreement has been made to provide planned maintenance services to another small association, with plans in place to extend this to other landlords. This will provide extra income to the association, with no additional increase in staffing.
- 114** Efficiencies achieved are being reinvested in priority services. For example, the association is investing an additional £30,000 each year to catch up on outstanding repairs. This investment reflects tenants' priorities and has contributed to increased satisfaction in this area.
- 115** However, value for money is not maximised in all areas. The average cost of voids is £2,280, and the way that the decoration of these properties is organised does not maximise value for money. Although a training session was held for all staff in 2009, the association has yet to embed value for money in its work. For example, value for money is not a standard element of the appraisal system, and the focus on value for money among staff is not consistent.

# What are the prospects for improvement to the service?

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## What is the service track record in delivering improvement?

- 116** The previous inspection found that strengths outweighed weaknesses in terms of track record. The association had faced considerable challenges in responding to previous wide ranging failures in service delivery and governance. While there was little progress that tenants would notice, and value for money remained poor, the association had made progress from a very low baseline.
- 117** Strengths and weaknesses are now in balance in this area. Satisfaction with services has increased, and the approach to complaints improved. The recommendations of the previous inspection report have been adequately addressed, and performance has improved in most areas. Value for money has also improved. However, overall progress in improving services has not been adequate. For example, progress in using diversity data, dealing with rent arrears, addressing anti-social behaviour and improving the cleaning and estate services is limited
- 118** There have been improvements in services that matter to tenants, though satisfaction with overall services remains low. For example, satisfaction with the repairs service has increased from 59 per cent in 2008 to 93.3 per cent in 2009/10 (October, year to date). A major, planned and cyclical works programme, based on the new asset management strategy, is delivering benefits to tenants. The response to complaints has recently improved, with 66 per cent answered in target times in 2008/09, rising to 93.3 per cent in 2009/10 (October, year to date). As a result, tenants' are more satisfied with services. Tenant satisfaction with overall services increased from 41 per cent in 2007 to 67 per cent in 2009. While many tenants are very positive about the way services have improved, satisfaction with overall services remains relatively low. This means that the association is yet to persuade many of its customers that the services it provides meets their aspirations.
- 119** There have also been improvements in the efficiency of the association. The time taken to relet properties has fallen from 49 days in 2007/08 to 23 days in 2009/10 (October, year to date). The number of post inspections of repairs has increased, and the level of variations of repairs orders has fallen from 43 per cent to 10 per cent.
- 120** The association has taken steps to address the recommendations of the 2007 Audit Commission inspection. The Housing Corporation (now the Tenant Services Authority) removed the association from supervision in December 2007, and the action plan from the 2007 inspection has been signed off as complete. A resident involvement officer has been appointed and resident participation structures introduced; tenants confirm that the association is now much better at listening to them. A range of policies and procedures have been introduced, making the delivery of services, especially allocations, more consistent. Staff have received induction and training in customer care, diversity and resident involvement.

## What are the prospects for improvement to the service?

- 121** Progress has also been made in improving value for money. The association is setting targets for cost reductions, and the cost of overall services and overheads fell between 2007/08 and 2008/09.
- 122** However, progress has not been made in all areas. The association has started to collect diversity information on satisfaction with services, but analysis of the information is limited. The level of rent arrears has fallen from 12.1 per cent of rent roll since the last inspection, but progress has not been adequate, and arrears remain high at 10 per cent. Targets have been introduced for responding to ASB, but implementation of procedures is poor. Residents are not yet fully engaged at a strategic level, and are dissatisfied with services to communal areas. Although new allocations procedures have been introduced, there are weaknesses in processing of rehousing applications. As a result, Arhag has made significant progress against its plans, but outcomes are limited in some areas which have a high priority for customers.

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## How well does the service manage performance?

- 123** The previous inspection found that weaknesses outweighed strengths in this area. A performance culture was at an early stage, and the association lacked a service improvement framework. The use of performance information and benchmarking was underdeveloped, and no risk register was in place. However, there was clear leadership, and some difficult decisions had been taken to address weaknesses.
- 124** Strengths now balance weaknesses in this area. Leadership is effective, and improvement plans are robust, but this has not resulted in acceptable progress in some areas of service. There are plans in place to address weaknesses. The collection and monitoring of performance information is generally sound, though the association lacks detailed information in some areas. However, learning from other organisations is limited.
- 125** There is effective leadership of the association by the Chief Executive and the management board. Arhag's priorities are communicated well to staff and partners. However, while the ambitions of the association are shared among staff, knowledge of targets, policies and procedures to achieve these targets are less embedded. Overall, strong leadership has led to changes that tenants would notice in some, but not all, areas.
- 126** The association has introduced a more effective system of collecting performance information, but this has yet to produce consistent outcomes. Satisfaction surveys have been introduced across a range of services. The collection of satisfaction information for repairs has improved, and the association now telephones 40 per cent of tenants with completed repairs in addition to a postal survey. However, the response rate remains low in some areas such as aids and adaptations and complaints. As a result, the association has good feedback from tenants in some, but not all areas.

## What are the prospects for improvement to the service?

- 127** Improvement plans are generally SMART<sup>11</sup>. The Business Plan clearly sets out the ambitions of the association over five years, and is linked well to individual service improvement plans. Feedback from tenants is incorporated into the priorities in the service plans. Performance against service plans is monitored through regular meetings and against a set of suitably challenging targets, including value for money. However, there is a lack of suitable milestones to ensure that the association is on track to achieve its aim to be an excellent landlord by 2013. Overall, the planning process allows the association to adequately measure its progress in improving services.
- 128** The collection, reporting and monitoring of performance information is generally robust. A detailed set of performance indicators is reported monthly to the senior management team, and where there are performance issues, the relevant manager has to provide a report outlining the reasons and actions to address the issues. Performance is reported to tenants in a user-friendly way in newsletters. Officers provide clear presentations to the Tenant Forum to allow performance to be assessed and to encourage discussion. The management board receive a quarterly summary of performance information, and our observation of the board indicated that members were able to identify and address key performance issues. This means that the association is able to identify areas of weakness and take action to deal with them.
- 129** The association analyses reasons for complaints. A learning form is provided for each complaint, and trends are reported to the senior management team and the management board. As a result, the association captures and uses lessons from complaints.
- 130** The association demonstrates a positive level of self awareness. There are a number of initiatives in place to address some of the weaknesses identified in this report. Tenants are currently involved in the procurement of a cleaning contractor, and a £6,000 tenant-led budget is in place to enable tenants to prioritise estate improvements. Improvements being made to the IT system will provide the association with a more focused approach to rent arrears. A mystery shopping process is being jointly developed with other small associations. Implementing these plans will provide an opportunity to further improve performance and outcomes for residents.
- 131** However, there are some weaknesses in performance management. Service plans, while well structured, are not fully comprehensive. For example, they do not include the review of the housing register. There is a lack of drill-down on some areas of performance, so the association is not aware of the reasons for high rent arrears or for low tenant satisfaction with value for money. Performance reported to the management board does not include performance in 2008/09 or a flagging system to alert members to trends in performance, though a 'traffic light' system will be introduced shortly. Some of the targets, such as those for estate cleaning, are not appropriate, and some, such as that for correspondence, is not clear. These issues limit the ability of the association to fully address poor performance.

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<sup>11</sup> Smart: specific, measurable, agreed, realistic and time-bound.

## What are the prospects for improvement to the service?

**132** Learning from other organisations is limited. Arhag's focus has been on putting robust systems in place and in improving customer-facing services. There has been an almost complete change in staffing in the last three years, and new staff are well regarded by tenants. However, staff were not able to provide compelling examples of how learning from their previous roles, or from best performing landlords, has led to significant changes that tenants would notice. This is a barrier to the association achieving its ambitions to provide three star services by 2013.

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### Does the service have the capacity to improve?

**133** The previous inspection found that strengths outweighed weaknesses in this area. The association was self aware and benefited from strong leadership from managers and the management board. Staff were well motivated, but training was not comprehensive. Arhag was in a healthy financial position, but lacked long term financial plans. Partnership working was mixed.

**134** Strengths outweigh weaknesses in this area. The association is in a reasonable financial position to achieve its aims. The management board has a good range of skills and knowledge. Staff are trained to support their work, and levels of sickness absence are low. The IT system provides adequate support for a relatively small association. The appraisal system works reasonably well, but value for money and equality and diversity issues were not fully covered in the examples seen. The association does not work effectively with partners in all areas, and some staff lack knowledge of targets and procedures in their areas.

**135** The association is in a reasonable financial position. It has £16.7 million reserves and an operating surplus of £179,000 in 2008/09. The association plans to divide this balance between purchasing additional properties and investing in maintaining its stock. As a result, Arhag is positioned to achieve the key aims set out in the Business Plan.

**136** The management board has a range of knowledge and skills. Members of the board have experience in senior management, working with refugees and migrants, finance, housing management and improvement planning. There has been an external evaluation of the board, which reached broadly positive conclusions about the board's ability to manage the association effectively. Board members receive an annual appraisal, and induction and training is provided for new and existing members. Our own observation of the operation of the board indicates that members effectively bring their knowledge and skills to the board to challenge, support and advise officers. The management board is therefore in a good position to manage the affairs of the association.

## What are the prospects for improvement to the service?

- 137** Arhag promotes staff development through a systematic approach to appraisal. All relevant staff have received appraisals, and the examples of appraisals reviewed during the inspection were completed in a careful and reasonably detailed way. Staff are set shared and individual targets, which are reviewed at regular one-to-one meetings. Although the competencies in the appraisals proforma include 'respect for all', this was not well completed and in only one of the appraisals seen was an equality and diversity target set. There is no standard field for value for money. Therefore while staff benefit from systematic performance management, an opportunity to embed equalities and value for money in the work of all staff has been missed.
- 138** The capacity of ICT systems is appropriate to the size of the organisation. Recent improvements to the system have included a 'quick view screen', which allows staff to view a range of key information at a glance. Staff report that the system is reliable and meets their needs. Weaknesses in ICT, such as in systems to monitor rent arrears, are being addressed.
- 139** Following a period of significant change, Arhag now has stable staffing, and the tenants we spoke to stated that it is now easier to contact members of staff that they know. The level of sickness is also low, with staff having an average of 1.5 days absence due to sickness in 2008/09. This is significantly below the industry average and allows the association to plan and deliver more effective services.
- 140** The association's work with partners is mixed. While partnership working is evident in some areas such as social inclusion, it is not apparent in the way that the association addresses ASB. There is positive engagement with large associations in terms of development activities, and there has been partnership working with smaller associations in procuring the most recent stock condition survey, and in joint training.
- 141** Appropriate support is offered to staff to carry out their roles. There is positive communication within the organisation, with regular team meetings and a quarterly meeting with the chief executive. Staff feel well informed about performance and about the direction the association is travelling in. All staff have received training in customer care and equality and diversity, as well as training specific to their roles. Some staff have benefited from day release courses to further their experience and roles. This level of support means that staff have improved their work practices.
- 142** However, the lack of monitoring of staff performance in some areas such as rent arrears and antisocial behaviour means that a significant number of staff are not aware of policies and procedures in their areas of operation. The use of temporary staff to cover a key housing management role limits the extent to which performance can be effectively monitored and improved.

# Appendix 1 – Performance indicators

**Table 2 Performance information**

	2007/08	2008/09	2009/10 October YTD	National average 2009
Satisfaction with overall services (%)	41	67		80.4
Satisfaction with repairs service (%)	66	80.7	83	76
% repairs completed in target	88.3	98.3	92.8	
Average relet times (days)	48.8	24	23	39.5
Average time to service voids (days)	23	8	7	
% rent collected	98.5	95.7	105	
% rent arrears	12.1	9.8	10	5.0
% former tenant arrears	2.0	1.1	1.5	
Complaints responded to in target time (%)	75	66	93.3	
% satisfied that views taken into account		52		62.8

Source: performance information provided by Arhag HA, benchmark information from Tenant Services Authority

# Appendix 2 – Reality checks undertaken

- 1 When we went on-site we carried out a number of different checks, building on the work described above, in order to get a full picture of how good the service is. These on-site reality checks were designed to gather evidence about what it is like to use the service and to see how well it works. Our reality checks included
  - mystery shopping;
  - visits to estates;
  - shadowing of staff;
  - visits to community events;
  - observation of the management board;
  - file checks; and
  - focus groups with residents.

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