

Short Notice

Inspection

Short notice inspection of services, gas servicing and the re-letting of empty homes

Somer Community Housing Trust

August 2010



Contents

Housing association inspections	3
Summary of our findings	5
How good is the service?	6
Recommendations	11
Prospects for improvement	14

Housing association inspections

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

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

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

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

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

The Association

- 1 Somer Community Housing Trust (SCHT) is a charitable registered stock transfer association formed in 1999. SCHT is a member of the Somer Housing Group Ltd (SHG), a non asset holding parent company, registered in 2002. SHG provides central services to the group structure comprising of SCHT, Redland Housing Association, Shape Housing Association and Lantern Homes Ltd.
- 2 SCHT owns and manages about 9,000 homes, including 1,700 sheltered housing properties, and manages a further 850 leased dwellings. SCHT operates principally in Bath and North East Somerset (BANES), owning 86 per cent of the social housing stock in that area. SCHT has its own repairs team, which carries out works to homes within the group using neighbourhood based multi-skilled trade staff.

- 3 SCHAT employs 252 staff, and is managed by a Managing Director, who is also a member of the group's Executive Team, which reports to the Chief Executive of the group. SCHAT has a board of nine members, including four tenant trustees. Three of the SCHAT board members sit on the group's board.
- 4 SCHAT was inspected by the Audit Commission in 2004ⁱ and assessed as providing a good service that has excellent prospects for improvement.

The scope of the inspection

- 5 The scope of this inspection focused on the following areas, which have been identified in consultation with the Tenant Services Authority (TSA).
 - Gas servicing.
 - The re-letting of empty homes.
- 6 The inspection also included an assessment of how Somer Community Housing Trust is addressing three cross-cutting themes: access and customer care, diversity and value for money within the services included in the inspection's scope.
- 7 We would like to thank the staff of Somer Community Housing Trust who made us welcome and met our requests efficiently and courteously.

Dates of inspection: 22 to 24 March 2010

ⁱ This was a full service inspection.

Summary of our findings

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

Table 1 Assessment

How good is the service?	Assessment
<ul style="list-style-type: none"> Access and customer careⁱⁱ 	Weaknesses outweigh strengths
<ul style="list-style-type: none"> Diversity 	Weaknesses outweigh strengths
<ul style="list-style-type: none"> Value for money 	Weaknesses outweigh strengths
<ul style="list-style-type: none"> Gas servicing 	Strengths and weaknesses are in balance
<ul style="list-style-type: none"> Re-letting of empty homes 	Weaknesses outweigh strengths

- 9 We have asked Somer Community Housing Trust to consult with its tenants on the findings of this report and on the preparation of an action plan to implement our recommendations. We will publish Somer Community Housing Trust's response together with our assessment of the Association's prospects for improvement within three months.

- 10 We have assessed Somer Community Housing Trust as having uncertain prospects for improvement for the service areas included in the scope of the inspection. Our judgements are based on the evidence obtained during the inspection and the short notice inspection action plan agreed with customers. These are summarised below.

Table 2 Assessment of prospects for improvement

Prospects for Improvement ⁱⁱⁱ	Assessment
Track record of improvement	Weaknesses outweigh strengths
How well is performance managed	Weaknesses outweigh strengths
Is there capacity to improve	Strengths outweigh weaknesses

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

ⁱⁱⁱ In the relation to the service areas inspected

How good is the service?

Access and customer care in the service areas inspected

- 11 We found weaknesses outweigh strengths in this area.
- 12 There are a number of weaknesses.
- There are no service standards currently in place. This means that tenants do not know what level of service to expect, or what level of service is being delivered.
 - The website is not routinely updated. Information on service standards, equalities schemes and Choice Based Lettings has not been sufficiently updated. This means tenants are not always kept up to date on available services.
 - Telephone performance is not consistently monitored across all of the services and the level of abandoned calls for gas repairs/servicing has increased significantly. This means that tenants may not be receiving an effective service when contacting the trust by telephone, despite it being the main contact method used by tenants.
 - The overall handling of complaints is not well managed. Performance on how quickly complaints are processed is not known, satisfaction levels are not monitored and the trust is not consistently learning from complaints.
- 13 There are a number of strengths.
- The offices^{iv} that we visited are customer focused and welcoming, and front line staff are helpful and competent.
 - Information available for tenants is generally clear and informative, and the website is easy to find, navigate and well set out, which helps tenants access services and resolve their queries.
 - There are high levels of tenant satisfaction with the opportunities to participate and of the trust taking tenants' views into account. Tenants influence decision making of the trust through a number of avenues, including the Somer Residents' Committee, Area Panels and specific service groups.
 - Individual complaints are responded to in a sensitive and comprehensive manner, and compensation is offered (where appropriate). This provides complainants with some assurance that the trust is acknowledging service failures.

^{iv} The offices visited during the inspection were The Maltings, and the local service centres at Meade House and Rosewell Court, Bath.

Diversity in the service areas inspected

14 We found weaknesses outweigh strengths in this area.

15 There are a number of weaknesses.

- Equalities and diversity is not sufficiently embedded within the trust. There are no clear equalities objectives, Equality Impact Assessments have not been carried out for the services inspected, and satisfaction levels are not routinely monitored across the six nationally recognised diversity strands. This prevents the trust from being sure that services are meeting the needs of its tenants, and being provided in a fair and equitable manner.
- The trust has information about the profile of only about 50 per cent of its tenants. This information has not been strategically used to tailor services and consequently, services may not be meeting the needs of tenants, and in particular those that require additional assistance.
- The board and staff of the trust are not fully representative of the customers that it serves.
- The approach to domestic violence and harassment is not well publicised on the website and performance reports do not capture if reports are being handled effectively.

16 There are a number of strengths.

- The level of lettings to Black and Minority Ethnic (BME) households has increased from 4.9 per cent (2008/09) to 7.6 per cent (April to December 2009/10).
- Where known the individual needs of vulnerable tenants are highlighted through the IT systems. This enables officers and gas engineers to tailor their approach to contacting and visiting individual tenants to better meet their needs.
- Specific resources have been used to target the needs of some groups, including: the promotion of dementia awareness; tackling isolation and promoting healthier life styles for older tenants; working with BME older tenants to improve access to sheltered accommodation; and a dedicated officer to assist vulnerable tenants with rehousing from the Pre-cast Reinforced Concrete (PRC) stock.

Value for money in the service areas inspected^v

17 We found weaknesses outweigh strengths in this area.

18 There are a number of weaknesses.

- A systematic approach to value for money is not yet in place. Value for money does not yet feature as a key corporate objective and it has only recently been considered in the trust's planning process. Benchmarking data is not routinely used to evaluate cost and quality and the trust has not completed some of the actions set out in its strategic plan for improving the value for money of its services.
- The trust has not fully explored the value for money of the inspected services, and early indications show some stock is high cost, specifically the trust's Georgian period properties.
- The trust is losing income due to the lengthy periods it takes to re-let homes.
- Only 75 per cent of the trust's tenants felt that their homes represented value for money.

19 There are a number of strengths.

- The trust has recently introduced a clear strategic action plan for delivering value for money.
- The trust has low overheads as a percentage of 'adjusted turnover'^{vi} and office costs and IT costs per direct employee are also low, when compared to similar organisations.
- The trust benefits from being a member of various procurement partnerships, and the cost of purchasing new kitchens, gas boilers, energy supplies, IT and office equipment have reduced as a result.
- The application of Systems Thinking^{vii} has reduced the cost of the repairs service by £149,000, and the cost of the gas service has been reduced by £50,000 due to the reduction in the use of external contractors.

Gas servicing

20 We found strengths and weaknesses are in balance in this area.

21 There are a number of strengths.

- The majority of the trust's homes have had an annual gas safety check. At the end of February 2010 eight properties were overdue an annual inspection by up to one month.

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

^{vi} For comparison purposes 'Adjusted turnover' takes into account some aspects of organisational structures, for example if an organisation has a DLO (Direct Labour Organisation).

^{vii} Systems Thinking applies a three stage cycle to processes, in an attempt to reduce duplication and delays and deliver improved outcomes for customers.

How good is the service?

- Some aspects of the service are customer focused including: a range of appointment slots are offered to residents; and telephone calls or texts are used to remind residents of appointments.
- The importance of gas servicing is well publicised to residents through posters in the local service centres, leaflets, newsletters and the website, although the latter is not so clearly signposted.
- The trust has taken some steps to ensure its leaseholders homes have had an annual gas safety inspection, and has confirmed that 50 per cent have.

22 There are a number of weaknesses.

- Due to the trust's 11 month programmed approach to gas servicing, the late initiation of contact with tenant's means that a proportion of annual gas safety inspections are not completed within the legal requirement of one year.^{viii}
- External auditing of the quality of gas safety inspections is not meeting recommended good practice levels, and audits have identified weaknesses in the labelling, documentation and the recording of gas safety inspections. The trust could therefore be in breach of gas safety regulations.
- Ongoing satisfaction testing of the service is not in place, and this prevents the trust from ensuring that it is improving the service to meet the needs of its residents.

The re-letting of empty homes

23 We found weaknesses outweigh strengths in this area.

24 There are a number of weaknesses.

- Properties take a long time to be re-let, taking an average of 49 days between April and December 2010. This means that applicants are waiting longer for housing and the trust is losing income while the properties are empty.
- The re-let standard is basic and is not provided to new tenants, or sufficiently user friendly. This means that new tenants are unclear about the standard of property they can expect to receive.
- There are no incentives currently in place to ensure that vacating residents provide 28 days notice or leave the property in a satisfactory condition.
- The trust has not tested the level of satisfaction of those tenants that have moved through the PRC decanting programme. This means that the trust is not identifying potential weaknesses or strengths in its own processes to assist future improvements.

^{viii} Across the period April 2009 and February 2010 106 gas safety inspections were reported to be overdue up to one month, and four up to two months.

25 There are a number of strengths.

- The trust is working with local authority partners to address strategic housing priorities, and tenants have some choice over their rehousing through Choice Based Lettings.
- There are high tenant satisfaction levels with the lettings process and the condition of new homes^{ix}.
- A dedicated officer has effectively supported the decanting of 193 households from the trust's Pre-cast Reinforced Concrete (PRC) stock since 2007. Particular assistance has been provided to the more vulnerable tenants, and therefore reduced the stress and anxiety generally associated with moving home.

^{ix} Based on SCHAT's routine satisfaction testing of new tenants.

Recommendations

26 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^x 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 Improve outcomes for tenants in the services inspected by:

- completing the development of comprehensive measurable services standards with residents for the services inspected, and monitor and publicise performance against the standards;
- ensuring that the website is routinely updated with information that is relevant to tenants;
- improving the monitoring of telephone answering, and the performance of telephone answering for gas repairs and servicing;
- improving the overall management and performance of complaints handling and monitoring; and
- reviewing the re-let standard with tenants and providing it to all customers that are viewing a property.

The expected benefits of this recommendation are:

- tenants will be clearer on what they can expect from the service and when they are not receiving the level promised;
- up to date and clear customer information in electronic formats;
- better access to the gas repairs and servicing team by telephone;
- better evidence that complaints from tenants are being handled effectively; and
- improved service delivery.

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

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

Recommendation

- R2** Strengthen the approach to equality and diversity in the services inspected by:
- strengthening the corporate commitment and profile to improve the trust's approach to equalities and diversity;
 - developing a comprehensive understanding of the tenant profile;
 - using the profiling information obtained to ensure that services are accessible, appropriate and meeting need;
 - monitoring and reporting against the six diversity strands and address the findings, including tenant satisfaction monitoring;
 - setting targets against key service areas and board and staff membership to reflect the tenant profile;
 - putting in place a timetabled programme of robust Equality Impact Assessments and acting on their findings; and
 - improving the approach taken to domestic violence and harassment by: providing clearer service information and standards; monitoring service delivery; and reporting against outcome focused targets.

The expected benefits of this recommendation are:

- services that reflect the needs of customers and are accessible to all tenants; and
- services which do not inadvertently discriminate and which can demonstrate they are equitable.

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

Recommendation

- R3** Improve the approach to value for money in the services inspected by:
- improving the corporate commitment and profile to deliver services that are value for money;
 - routinely benchmarking service costs with high performers, and addressing findings; and
 - improving empty property re-let performance.

The expected benefits of this recommendation are:

- a better understanding of how service costs compare to other organisations providing similar services;
- homes that are let quickly to those in housing need; and
- more efficient services for tenants.

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

Recommendations

Recommendation

R4 Improve outcomes in the delivery of gas servicing by:

- improving performance on gas service completions, including the level of annual gas services that are completed within the legal 12 month requirement;
- improving the quantity of external quality inspections of gas services to meet good practice guidelines;
- ensuring completed gas safety inspections meet gas safety regulations; and
- routinely testing tenant satisfaction with gas servicing.

The expected benefits of this recommendation are:

- safer homes for tenants; and
- improved service delivery.

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

Prospects for improvement

What prospects are there that the services inspected will improve?

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

27 We found weaknesses outweigh strengths in this area.

28 There are a number of weaknesses.

- A number of significant under-developed areas have affected the Trust's ability to demonstrate a sustained track record of improvement. These include: instability in leadership and governance; under-developed performance management framework; and inconsistent action planning that often lacked clear measurable outcomes.
- The Trust cannot demonstrate a track record in delivering access and customer services. Service standards are not yet in place^{xi}, it does not monitor telephone answering performance or complaints handling. This means the Trust cannot demonstrate how well services have been delivered to tenants.
- Re-let performance of empty homes has deteriorated, and performance at the end of December 2009 of an average of 49 days places the Trust among the worst performers in re-letting homes when compared to its peers. This not only means that applicants are waiting longer to be rehoused but reduces the level of income that the Trust receives while properties stand empty.
- The Trust's approach to diversity is in its infancy. There is a lack of clear corporate commitment, measurable targets and mechanisms in place to assess the delivery of fair services. The Trust does not have a comprehensive profile of its tenants, and this prevents it from strategically delivering services and directing resources in a consistent manner to those most in need.
- The Trust has a limited record of delivering value for money. While there are some cost reductions that the Trust has achieved through procurement partnerships, it does not systematically assess cost and quality across the services.

29 There are a number of strengths.

- The Trust has delivered on the ten year promises made to tenants at the time of transfer in 1999. In line with improving the condition of homes it has almost completed a three year decant programme of 193 homes from its Pre-Cast Reinforced Concrete (PRC) stock. As a result tenants have benefitted from the improved quality of current and new homes.

^{xi} Since the inspection service standards have been consulted on and introduced.

Prospects for improvement

- Performance on the completion of annual gas services has improved significantly this year. The number of properties with a gas safety certificate has increased, with only eight properties overdue a gas inspection at the end of February 2010 and the time period of overdue inspections has reduced to between nought to one month. More tenants are now occupying safer homes.

How well is performance managed in the areas inspected?

30 We found weaknesses outweigh strengths in this area.

31 There are a number of weaknesses.

- Co-ordinated leadership of the Trust through the group is not sufficiently developed or embedded. The group Chief Executive post has been vacant since April 2009^{xii} and the group and Trust board's are fragmented. These prevent the group and Trust from having sustained and clear, shared visions and targets to support the delivery of service improvements.
- Performance management is not yet sufficiently developed or embedded within the Trust. The board has not been sufficiently challenging regarding performance, particularly the deterioration in re-let times. There is a lack of targets across the areas inspected, in particular voids and routine monitoring of performance is not in place for some, for example complaints handling.
- The Trust is not yet fully utilising benchmarking. It has a number of benchmarking arrangements in place, but these are not being systematically used to compare cost and performance against high performing organisations.
- There are weaknesses in the Trust's approach to improvement planning. Plans are not consistently SMART^{xiii}, they lack consistent measurable outcomes, milestones and there is a lack of clear read across the corporate and directorate plans. This makes it difficult to measure how well the Trust has delivered what it planned to.
- There is limited learning in place. The Trust is not using internal learning methods, for example complaints and satisfaction testing. Neither does it systematically seek and implement learning. This prevents the Trust from improving services at the same pace and to the same level as high performing organisations.

32 There are a number of strengths.

- Steps have been taken to improve the quality of performance reports. Reports have been made clearer and include trend information. This means that the board and management teams are in a better position to identify and target weaker performing areas.
- There is an open recognition from managers that the Trust needs to improve performance and challenge the culture of the Trust in order to make it more accountable.

^{xii} This followed the subsequent departure of the two previous Chief Executives, and a strategic decision taken by the Board not to recruit a permanent replacement until the groupwide review was complete. Since April 2010 interim arrangements of the role have been in place, initially by an internal manager and since February 2010 an external interim Chief Executive.

^{xiii} SMART: specific, measurable, agreed, realistic and time-bound

- Improvement plans are routinely monitored and contained some of the weaknesses identified during the inspection, with some progress being made in implementing them.
- Residents are involved in monitoring service delivery through the resident involvement structures.

Do the areas inspected have capacity to improve?

33 We found strengths outweigh weaknesses in this area.

34 There are a number of strengths.

- The Trust is part of a financially healthy group which the Tenants Services Authority has confirmed meets the expectations of the regulatory code in this respect. There are low levels of staff sickness and staff turnover at the Trust. This means the resources are available to deliver improvements in service delivery.
- The Trust is in the process of reviewing its services, and as a result has made cost savings and initial performance improvements in its responsive repairs service following a review. Review work of gas servicing is at an early stage, and voids and lettings will follow in summer 2010.
- The Trust has developed a SMART improvement plan with residents that addresses the service area weaknesses identified in the inspection.
- The Trust has secured external funding and investment to: support the delivery of measures to improve the energy efficiency of homes; and for free smoke alarms to be supplied and fitted across the Trust's homes by the Fire Authority.
- There are some positive partnerships in place. In particular with BANES and the delivery of Choice Based Lettings supporting the Council's strategic approach to housing, and the procurement partnerships that have benefitted the Trust financially.

35 There are a number of weaknesses.

- Governance and leadership of the Trust are yet to be resolved. The group is in the process of reviewing its governance arrangements and the group Chief Executive is only in position on an interim basis.
- The delivery and achievement of value for money is in its infancy.
- There are weaknesses with current IT systems. The three systems for housing management, gas servicing and asset management do not interlink and require manual updates. This requires additional officer capacity, as well as potentially leaving room for input/update errors. While work is underway to upgrade IT this is at an early stage, with a planned implementation date of October 2011.

The Audit Commission

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

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

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

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, audio, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2010

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

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
