

Short Notice Inspection

Short notice inspection of stock investment,
responsive repairs and gas servicing

Old Ford Housing Association

June 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.

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 – tenants and leaseholders. 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 Old Ford Housing Association (Old Ford) is a Registered Social Landlord that provides general needs homes in east London. Old Ford Housing Association was set up in 1998 as the successor to Tower Hamlets Housing Action Association to own and manage an estate of 1,000 homes. It is part of Circle Anglia Group which is a group of 10 housing associations working across London and the east of England. There are separate board arrangements for the Group and Association. The Association took transfer of more properties in 2007 and now has 4,416 properties in the London Borough of Tower Hamlets and has recently transferred 550 London Borough of Havering properties on the Orchard Village estate that are being redeveloped. The Association employs 114 people.

The scope of the inspection

- 2 The scope of this inspection focused on the following areas, which have been identified in consultation with the regulator:
 - Stock investment;
 - responsive repairs; and
 - gas safety.
- 3 The inspection also included an assessment of how Old Ford Housing Association is addressing three cross-cutting themes: access and customer care, diversity and value for money within the services included in the inspection's scope.
- 4 We would like to thank all the residents who took the time to meet with us and the staff of Old Ford Housing Association who made us welcome and met our requests efficiently and courteously.

Dates of inspection: 12 to 14 January 2010.

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Summary of our findings

- 5 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
• Access and customer care ¹	Weaknesses outweigh strengths
• Diversity	Strengths and weaknesses are in balance
• Value for money	Strengths and weaknesses are in balance
• Stock investment	Strengths considerably outweigh weaknesses
• Responsive repairs	Weaknesses outweigh strengths
• Gas safety	Strengths outweigh weaknesses

- 6 We asked Old Ford Housing Association to consult with its customers on the findings of our original report on the strengths and weaknesses of the service areas we inspected; and on the preparation of an action plan to implement our recommendations. Following receipt of that action plan this final report has been published to include our assessment of the Association's prospects for improvement.
- 7 We have assessed Old Ford HA as having promising 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 ¹¹	Assessment
Track record of improvement	Strengths outweigh weaknesses
How well is performance managed	Strengths and weaknesses are in balance
Is there capacity to improve	Strengths significantly outweigh weaknesses

¹ Access and Customer Care, Diversity and Value for Money are assessed in relation to the service areas inspected only.

¹¹ In the relation to the service areas inspected.

How good is the service?

Access and customer care in the service areas inspected

- 8 We found weaknesses outweigh strengths in this area.
- 9 There are a number of weaknesses.
- Customer experience of contacting the association by phone is weak. Calls take on average 49 seconds to be answered, with 16 per cent of callers hanging up before their call is answered and nearly one in eight callers waiting over two minutes. Tenants cannot report non-urgent repairs outside of the office hours of 8.30 am to 5 pm.
 - Service standards do not comprehensively cover all inspected services. Performance against the standards is not fully reported to customers and no comparisons of performance are provided. Customers do not know if promised standards are met or how to gauge performance information they are given.
 - The association does not respond to letters and emails well. The target to respond to letters and email within ten working days has only been achieved 77 per cent of the time with letters and performance on emails is not measured.
 - The approach to managing complaints is weak. Only 57 per cent of complaints are addressed within the target of ten days and the monitoring of satisfaction of outcomes is underdeveloped with only eight responses collected in 2009/10 to date. However there is some evidence of learning from complaints.
- 10 There are some strengths.
- The main office is easily accessible for residents including people with physical disabilities: it is in walking distance for most residents. It offers a range of useful features including a resident's involvement office, private interview rooms and a good range of literature.
 - Old Ford has a strong level of resident involvement with its residents clearly involved in shaping services. Residents can work with the association in a wide range of ways. For example, in the selection and management of the Decent homes contractor.

How good is the service?

Diversity in the service areas inspected

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

12 There are some important strengths.

- The make-up of the staff reflects the make-up of the community within which Old Ford works which helps the organisation to understand the issues that some communities experience. This is supported by effective training delivered to all, staff and contractors to help embed an equality-focused culture.
- Staff have easy access to interpretation facilities. Various staff members speak other languages, particularly Bengali and Somali. The major works contractor Apollo also employs multilingual staff. This means that tenants can often speak directly to somebody in their own language.
- Old Ford actively engages with its contractors about diversity issues. The association requires all contractors to monitor diversity within their workforce and requires all staff to undertake diversity training. With new contracts contractors are required to employ a proportion of local labour living within ten miles of the Old Ford office.
- There are many positive examples of the association promoting community cohesion and responding to community needs. The association requires contractors involved in delivering the responsive repairs and major works programmes to support local apprentices and support training that has led to over 50 young local people benefiting.
- Where different needs have been identified, staff and contractors adapt services to meet individual requirements and respect cultural or religious differences. Customers who, for example, need callers to 'knock loudly' or 'require a female companion' have their individual needs met.

13 There are a number of significant weaknesses.

- Old Ford does not hold comprehensive information on its customers. Information is incomplete on a number of diversity strands, with for example only ninety per cent of customer age profiles and 55 per cent on disability known. Old Ford has not yet made much use of the diversity profile that it has of residents to consistently shape its services.
- Not all key policies and procedures have been initially screened for their equalities impact. A programme of full equality impact assessments has begun but to date only four policies have been reviewed, so Old Ford cannot demonstrate that potential barriers to customers accessing services have been identified and addressed.
- Some services are not provided in ways that are accessible to residents. For example if a tenant requires a letter in large print there are no mechanisms to ensure future letters and newsletters are sent out in this format. This means some tenants lack information about their tenancies.

Stock investment

14 We found strengths considerably outweigh weaknesses in this area.

15 There are a number of strengths.

- Old Ford has comprehensive stock condition information. This enables an improved strategic approach to investment decisions. An investment plan has been developed, which will ensure all homes meet a standard agreed with residents, which is higher than the minimum decent homes standard.
- Residents benefit from high quality improvement works to their homes and customer satisfaction level with the work is 96 per cent for 2009 and the trend is improving based on a 100 per cent return rates. The needs of vulnerable residents are identified well in advance of any work and arrangements made to meet these.
- Resident involvement in major repairs is well embedded. It includes participation in selecting the contractor and deciding on what materials to use. Tenants actively participate in the monitoring of the contract. Tenants meet regularly with contractors formally and informally to discuss the work and identify ways it can be made more customer-focused. For example requesting changes to the satisfaction questions.
- Homes are brought up to higher than the Decent Homes Standard as a result of extras such as showers over baths wherever possible, thermostatically controlled radiators and mixer taps, heat detectors and smoke detectors.
- Old Ford has an effective cyclical maintenance programme and inspection arrangements for health and safety related issues. This helps ensure the safety of residents, while maximising the life of equipment and materials.

16 There are no significant weaknesses.

Responsive repairs

17 We found weaknesses outweigh strengths in this area.

18 There are a number of weaknesses.

- Responsive repairs performance is weak. For example in 2009/10 only 94.9 per cent of emergency repairs 96.2 per cent of urgent repairs and 92.8 per cent of routine repairs were completed within target. This is not providing a customer-focused service to residents.
- The association cannot demonstrate that the responsive repairs service is delivered in a cost effective way. Benchmarking suggests that the cost of responsive repairs is high although work by Old Ford has shown that this may be the result of poor condition of stock that was transferred.

How good is the service?

- Some aspects of the responsive repairs service are not customer-focused with only 76.8 per cent jobs completed at first visit and only 85.8 per cent of appointments made were kept in 2009/10.
- The approach to rechargeable repairs is weak. While some rechargeable repairs orders are raised these have not been effectively recovered with less than £450 brought in during 2009/10 to date. This is a lost opportunity to bring some additional income into the association and reinforce the rights and responsibilities of tenants.

19 There are a some strengths.

- Recent tenant satisfaction with the repairs service is consistently high. 98.5 per cent of tenants who reported a repair said they were satisfied with service based on returns from the contractor and the association.
- The association has just moved to a more customer-focused appointment system where tenants can make repair appointments at convenient times, including evenings and Saturday mornings. Operatives ring tenants before attending an appointment to let them know they are on the way.

Gas safety

20 We found strengths outweigh weaknesses in this area.

21 There are a number of strengths.

- Performance on gas safety checks is strong and currently at 99.9 per cent of homes have a valid safety certificate, with just one property overdue a service.
- The gas safety programme is customer-focused, with evening and weekend appointments where tenants request them but only morning, afternoon or avoiding the school run slots available during the week. Appointments are confirmed using a text message or phone call before the day before the engineer arrives.
- Clear processes are in place to ensure Old Ford manages the gas safety programme and contractor effectively. These include independent third party checks provide assurance on the quality of gas safety programme.
- Robust procedures are in place to gain access. There is a clear and up to date gas servicing, appointment and non-access procedure.

22 There are some weaknesses.

- The service is not consistently customer-focussed. There are no service standards for gas safety to inform customers of what they can expect and the service has only just started to measure satisfaction. Satisfaction is not yet clearly reported to decision-makers.
- Leaseholders have only been given limited information telling them of the importance of carrying out gas checks and Old Ford does not offer gas servicing to leaseholders.

Value for money in the service areas inspected¹

23 We found strengths and weaknesses are in balance.

24 There are some of strengths.

- The strategic approach to value for money is developing. The Board has a commitment to value for money principles. There is a group-wide value for money strategy which is underpinned by a value for money action plan.
- The effective procurement and partnering within the stock investment programme is delivering value for money. The decent homes programme is predicted to deliver efficiencies of £1.8 million pounds. Kitchens and bathrooms are being delivered at a cost that is the lowest among benchmarked organisations with high levels of satisfaction and reasonable quality installations that exceed the decent homes standard.
- The approach to procurement is increasingly robust. As Old Ford needs to procure new goods or services the decision is referred to the group. Where appropriate procurement is conducted on a group-wide basis to achieve economies of scale. Consideration is also given to the use of procurement clubs, for example the new contracts for gas repairs and servicing are projected to produce a reduction in prices of £80,000 per year while providing an enhanced service.
- There have been some improvements to central costs. The Circle Anglia Group has delivered savings of £2.9 million across the group over the last two years with costs reducing 15 per cent in real terms over the last three years. Some of these savings have been directed to services that benefit residents such as the community development projects, which are improving community cohesion and investing in employment training.
- Old Ford has some success in securing external resources to increase its capacity. There are examples with the inspected services where Old Ford has been able to supplement its own funds with income from other sources these include £400,000 for energy efficiency works.

¹ In assessing value for money we are looking at two questions: 'How do costs compare?' and 'How is value for money managed?'

How good is the service?

25 There are a number of weaknesses.

- Old Ford has a developing understanding of the relationship between costs and performance, and how these compare to others. It has not yet been able to use this information to fully examine more efficient ways of working, addressing higher cost services, reducing costs to the association, and challenging contractors.
- Value for money is not embedded in the association's approach to managing performance. For example, the use of value for money indicators in performance reports is limited. Staff do not have value for money targets to work to or information on progress in this area and staff do not yet have value for money objectives in their appraisals.
- The costs of the current contract for responsive repairs are high compared with other organisations. These costs are likely to be higher because of the relatively poor condition of the housing stock. While there remains more to do it is positive that costs are reducing.

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^I 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 Strengthen the customer experience by:

- working with tenants develop a SMART^{II} plan to improve the associations' response to complaints telephones and letters;
- reviewing with residents office opening hours to ensure they offer effective access to all residents; and
- reviewing service standards so they are measurable and cover all services and are reported in a meaningful way to customers.

The expected benefits of this recommendation are:

- a consistent experience for all customers;
- improved levels of engagement with tenants and services better shaped around their needs; and
- customers will know what level of service to expect and how well their landlord is performing.

The implementation of this recommendation will have high impact with low costs. This should be implemented by March 2011.

^I 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.

^{II} SMART - Specific Measureable Achieveable Relevant Timed

Recommendations

Recommendation

- R2** Strengthen the approach to equality and diversity by:
- increasing the proportion of customer profile data available across all diversity strands and ensuring this is used to tailor service provision appropriately;
 - ensure that customers receive communications in an appropriate format to ensure services are provided equitably; and
 - completing a programme of full equality impact assessments.

The expected benefits of this recommendation are:

- a better knowledge of the needs of customers;
- improved communication with more hard to reach customers;
- the identification and removal of barriers to service provision; and
- the ability to demonstrate services are delivered equitably.

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

Recommendation

- R3** Adopt a value for money approach in the areas inspected by:
- putting into place, with the involvement of customers and staff, an improved value for money strategy that clearly identifies the relative cost and quality of services and sets a series of SMART targets to monitor and address;
 - analyse and understand the costs of responsive repairs and use this information to set SMART targets for improving performance;
 - improve the approach to the collection of rechargeable repairs; and
 - taking steps to understand the detailed costs, performance and satisfaction in the service areas inspected, how these compare to other similar providers and acting on the findings.

The expected benefits of this recommendation are:

- better levels of understanding and awareness of value for money across the association;
- improved value for money and achievement of efficiency gains; and
- better outcomes for residents.

The implementation of this recommendation will have high impact with low costs. This should be implemented by June 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 strengths outweigh weaknesses in this area.

28 There are a number of strengths.

- The overall satisfaction with the association is improving. Overall satisfaction rose from 59 per cent in July 2008 to 78 per cent in November 2009 using information contained in STATUS surveys.
- Performance in the inspected areas has improved or remained strong over the last three years. Key performance indicators such as homes brought up to the decent homes standard, number of homes with valid gas safety certificates and speed of responsive repairs have improved over the last three years. Although, in the case of responsive repairs performance was achieved from a low base and is not yet providing a satisfactory service.
- The service has introduced some customer-focused improvements in the service areas inspected. These include delivering improvements at a higher standard than the decent homes standard and an improved range of appointments for responsive repairs and gas servicing.
- The association has demonstrated that it can address change well. It tripled in size in a six-month period in 2007 when it received only two weeks notice that 2,300 homes were to be transferred after a two-year delay. The main challenges were met and despite set backs the organisation is continuing to improve.

29 There are a number of weaknesses.

- Progress on improving the approach to equality and diversity, demonstrating the value for money of services and improving access to services, for example by answering the phone quickly, does not match that of the best performing providers.

Prospects for improvement

How well is performance managed in the areas inspected?

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

31 There are a number of strengths.

- OFHA's board has a suitable range of skills to oversee the inspected services. It provides effective leadership and has shown it is prepared to take tough decisions to improve services for residents including the decision to change repairs contractor.
- A comprehensive performance management framework is embedded within the organisation. Regular reports go to senior management, tenants and board members on performance. However, this information is not yet being translated into effective targets for individual staff.
- A robust service improvement system is in place. The improvement framework for the group is driven by the business plan which has priorities agreed with good input from residents. This is developed into a Continuous Improvement plan for the association. The plan sets generally SMART outcomes and during 2009/10 only 3 per cent of targets were missed.
- OFHA has produced a comprehensive SMART action plan to address the inspection recommendations. The association consulted all residents using a range of methods including meetings, questionnaires and the internet. Various resident groups have been involved in discussing and developing the plan. The plan also addresses other concerns raised by residents during the consultation process. Positively residents will be involved in its monitoring.

32 There are a number of weaknesses.

- Reports to tenants, managers and Board do not routinely contain benchmarking information. This makes it difficult to compare and learn from the best performers.
- There are some issues around the quality of data presented to decision-makers. For example, performance information is sometimes handled inconsistently. Responsive repairs performance may be reported incorrectly because of issues between the software used by the contractor and the association. The ratio of planned maintenance was not shown accurately within performance reports.
- The use of performance targets for staff is not always effective. They do not know their targets, get them wrong or think they are meeting them when they are not. They do not know how their performance compares to other organisations. This makes it difficult for them to ensure they are delivering effective services and difficult to identify how they can improve.

Do the areas inspected have capacity to improve?

33 We found strengths significantly outweigh weaknesses in this area.

34 There are a number of strengths.

- OFHA, supported by the group, has sufficient financial capacity to support business improvements within the inspected services. A loan agreement signed in 2007 has provided funding to finance the groups business objectives for the next 16 years.
- OFHA benefits from extra capacity gained from being part of the Circle Anglia group. Benefits include financial stability and access to specialist staff such as stock investment and treasury management experts. More generally staff benefit from exchanges between the associations which has enhanced learning for example improvements first used in another association in the group led to better gas servicing arrangements.
- Board and Staff capacity within OFHA is enhanced through access to training and support. Board members are offered training and support. Sickness levels are relatively low and morale is high. This equips staff and Board members to deliver customer-focused services.
- OFHA benefits from an active resident involvement which is helping to shape services around the needs of its residents. Residents can work with the association in a number of ways. For example, it has three estate boards that are able to challenge performance and provide feedback on service improvement. The association has a strong local base with a number of tenants working as staff members. This strong engagement with the community allows OFHA shape its services around local needs and aspirations.
- Partnership working is in place and is enhancing capacity helping the association to deliver its priorities. There are examples where external resources are used to enhance financial capacity for example in the procurement of gas servicing and responsive repairs contract. These new contracts also show close working with the contractor and demonstrate flexibility to ensure it is meeting residents' needs. There are good links with local authorities and OFHA helps to deliver local priorities such as providing services to young people for the London Borough Tower Hamlets.
- OFHA can show an improving approach to value for money in the inspected services. The association has recently let contracts that will allow better control of value for money and will provide significant savings over the previous contract.

35 There is one weakness.

- There are some weaknesses with the ICT systems that impact on the effectiveness of services. For example issues of compatibility between the contractors and the associations IT programmes have been identified as the source of the differing performance reports reported by the two organisations.

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