

Housing Association Inspection Report

January 2007



Housing Association Inspection

Three Valleys Housing Limited

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

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Contents

Housing Association Inspections	4
Summary	5
Scoring the service	6
Recommendations	9
Report	14
Context	14
The locality	14
The association	14
The service	15
The inspection	15
How good is the service?	16
What has the service aimed to achieve?	16
Is the service meeting the needs of the local community and users?	17
Access and customer care	17
Diversity	20
Housing income management	22
Stock investment and asset management	26
Tenancy and estate management	34
Is the service delivering value for money?	39
How do costs compare?	39
How is value for money managed?	40
What are the prospects for improvement to the service?	43
What is the service track record in delivering improvement?	43
How well does the service manage performance?	45
Does the service have the capacity to improve?	49
Appendix 1 – Performance indicators	53
Appendix 2 – Reality checks undertaken	55

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 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.

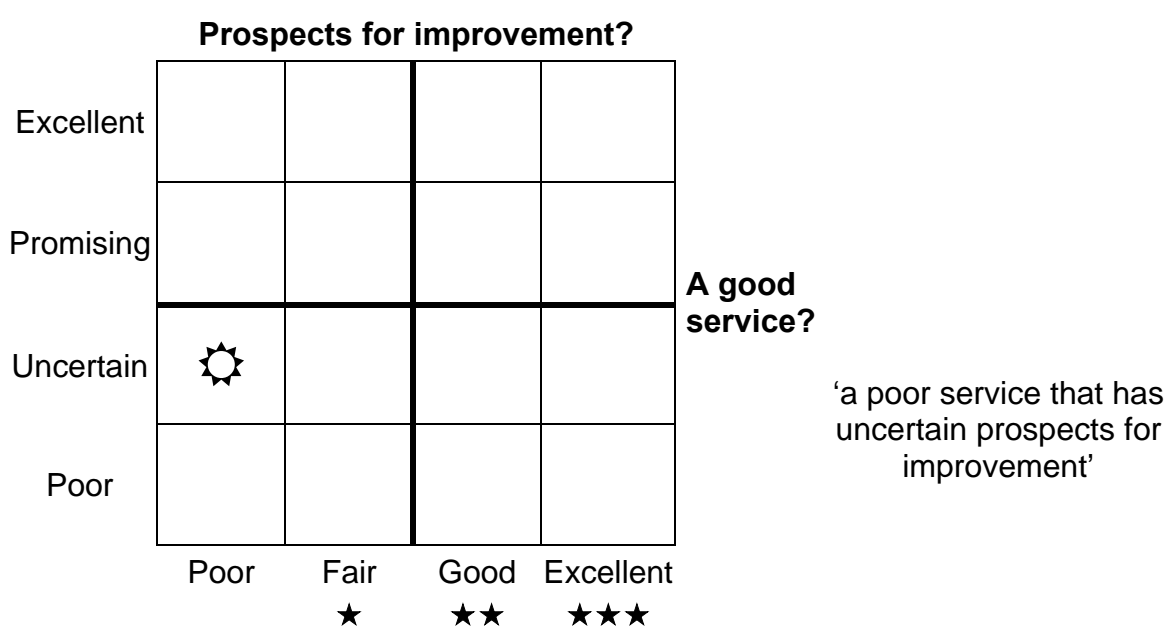
Summary

- 1 Three Valleys Housing is an independent housing association based in Sandiacre, in the borough of Erewash, Derbyshire. It was created to take the transfer of stock from Erewash Borough Council in March 2002.
- 2 The association owns and manages around 5,300 properties, around two-thirds of which is for general needs and one-third, sheltered. All the properties are located in Erewash, principally around the towns of Long Eaton, Ilkeston and Sandiacre, the remaining stock spread throughout the borough.
- 3 Erewash is largely rural. Deprivation levels are average, though one ward - North Ilkeston - in which the association has stock, is one of the most deprived in England. Unemployment is low, but comparatively high house prices and low incomes mean affordability is a key issue.
- 4 The association is in 'enforcement' level supervision, because of red, red and amber traffic lights in the Housing Corporation assessment (May 2006) of its governance, viability and management respectively. Three statutory appointees are supporting its board of management during its period of supervision.
- 5 We have assessed the service provided by the association is a poor, no star service. This is because of a lack of strategic approach, which has led to inconsistent customer focus and poor outcomes, across the services inspected. In particular the association is significantly weak in each of the cross-cutting areas of access and customer care, diversity and value for money. There are relatively few clear strengths.
- 6 We have also assessed its prospects for improvement as uncertain. This is because it has a limited track record of improvement because of previously ineffective leadership, resulting in the poor and inconsistent services customers experience. It shows emerging signs of improvement, but cannot generally demonstrate outcomes from these that customers would recognise. The association's renewed leadership is a key emerging strength, but there remain gaps in its capacity to ensure improvements are delivered.
- 7 The association can make some small but significant improvements - often known as 'quick wins' - on several minor weaknesses identified in this report. These can have an immediate positive impact for customers.
- 8 However, the key recommendations in this report centre on the need for the association to address fundamental issues at the centre of its ineffective service delivery. These include developing a more strategic and customer-focused approach, to embrace diversity effectively, to improve value for money and to develop more effective management of performance.
- 9 Some recommendations link to or complement the association's supervision action plan, reinforcing those actions as foundations for further improvement.

Scoring the service

- 10 We have assessed Three Valleys Housing Limited as providing a 'poor', no-star service that has uncertain prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Figure 1 Scoring chart¹



Source: Audit Commission

- 11 We found the service to be poor because of weaknesses including:
- lack of compliance with the commission for racial equality (CRE) code of practice in housing; gas safety regulations; asbestos at work regulations; and the disability discrimination act's existing and forthcoming requirements;
 - a lack of strategic focus across all services and in particular in access and customer care, diversity and value for money, which impact on all areas;
 - inconsistent customer care, resulting in poor or mixed customer experience when using services, such as in telephone access, customer complaint handling, adaptations and anti-social behaviour case management;

¹ 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.

- access arrangements, which are not designed in light of a clear assessment of customer needs;
- service standards which are of mixed quality and unmonitored;
- gaps in the quality or accuracy of customer information and promotion of its availability in other formats and languages;
- few opportunities for customer involvement in strategic decision-making, as customers have not decided the involvement agenda;
- lack of a diversity culture to inform service design and ensure equitable service delivery;
- not matching adapted properties to customers who most need them;
- future rent and service charge arrangements are undecided, despite the association approaching the end of the transfer rent guarantee period;
- generally traditional techniques to prevent and recover rent arrears, which are neither customer centred nor proactive;
- limited work to prevent rather than respond to anti-social behaviour (ASB);
- a lack of dedicated involvement in the sheltered housing service;
- traditional tendering and in-house contract arrangements which have not been tested against the open market; and
- being unable to show that services offer value for money, as it takes only limited steps to ensure service efficiency.

12 However, there are a limited number of strengths, which include:

- customer satisfaction with the association as a landlord is high overall and higher for BME customers;
- a robust stock condition database and stock condition survey to inform future investment priorities, including the decent homes standard;
- effective management of the £41.6 million property improvement programme, with resulting high customer satisfaction;
- high performance and satisfaction with the responsive repairs service and in providing minor adaptations; high performance in the turnaround time for reletting empty homes;
- effective use of surveillance equipment and witness support in ASB cases;
- innovative initiatives to engage traditionally hard-to-reach groups and disaffected young people;
- valuing and using satisfaction survey and customer group feedback; and
- an informative website, which is easily accessible.

- 13** The service has uncertain prospects for improvement because it has limited key drivers for improvement many of which are embryonic. Key drivers include:
- renewed leadership at board and executive team level which has begun to work effectively; increased capacity through the three statutory appointees;
 - self-awareness of the association's position and the challenges ahead;
 - review of its corporate plan, in liaison with other stakeholders;
 - capacity to manage crisis in a challenging environment;
 - effective current implementation and monitoring of the association's supervision action plan;
 - positive trends overall in published key performance indicators; and
 - high staff morale and support for the organisation's future.
- 14** It is beginning to address some barriers for improvement, though often, outcomes are embryonic. Key barriers include:
- a weak track record of improvements which customers would recognise - those that are in place are mostly recent or have mirroring weaknesses;
 - mixed levels of performance when compared with the association's peers;
 - a weak planning, and service review framework which is not SMART, mainly process driven and lacks clear focus on improvements for customers;
 - weaknesses in financial and performance management, which has not addressed some areas of less positive performance at all or effectively;
 - weak risk management and mapping;
 - a precarious financial situation, which casts uncertainty over the association's long-term viability and the resources available for service improvement;
 - limited effectiveness in human resource management and planning;
 - a weak approach to procurement to deliver improved value for money; and
 - an inconsistent approach to partnership working and limited focus on inward investment.

Recommendations

- 15 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 costs² 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 association shares the findings of this report with tenants and board members, and addresses all weaknesses identified in the report. The inspection team makes the following recommendations.

Recommendation

R1 Ensure compliance with statutory and regulatory requirements, by:

- *completion of an assessment against the CRE code of practice in housing (2006) and development of an associated action plan;*
- *reporting compliance against the CRE code to board at least every two years and as part of any major service changes;*
- *ensuring all repair work orders clearly identify - where appropriate - the presence of asbestos in properties or communal areas;*
- *ensuring robust implementation of gas safety procedures, including quality checking of records and work undertaken and effective monitoring of performance at operational and board level; and*
- *ensuring prompt implementation of work to comply with the existing and forthcoming requirements of the DDA (the disability equality duty), with clear progress reporting to board.*

This recommendation relates to statutory and regulatory requirements.

It should be completed by April 2007.

² 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 Improve the strategic approach of the association by:

- *ensuring continued implementation of the supervision action plan, including development of a new corporate plan in liaison with stakeholders and a robust planning framework;*
- *further developing the capacity of the board and senior managers to provide strategic guidance and leadership;*
- *reviewing the association's best value review plan to take account of the services which most need improvement;*
- *developing and implementing, in liaison with customers and partners, robust strategies and associated action plans to improve services to customers, including aspects related to:*
 - *customer care, including access to services;*
 - *diversity, including meeting the needs of vulnerable customers and equitable service delivery;*
 - *value for money, including procurement;*
 - *asset management;*
 - *services to older people; and*
 - *community sustainability;*
- *implementation of the 'ten' performance management system; associated training for staff and improved management and strategic performance reports; and*
- *developing a robust human resources strategy, in liaison with staff.*

The expected benefits of this recommendation are:

- clear strategic direction and leadership which enables the association to emerge from supervision successfully, with clarity in its future proposals;
- a framework of SMART, customer facing improvement plans, agreed with customers and stakeholders; and
- effective performance management, which enables robust progress monitoring and identification of areas for improvement.

Implementing this recommendation will have high impact with low costs. It should be completed under the supervision action plan timetable where relevant, with completion by October 2007.

Recommendation

R3 Improve the focus on service users by:

- *revisiting implementation of procedures to ensure service delivery from the customer perspective, including:*
 - *overhauling customer complaint handling, including effective co-ordination and quality checks;*
 - *reviewing arrangements for telephone call handling to improve performance in call success and response rates; and*
 - *addressing other areas in this report where the customer experience of services is poor or inconsistent;*
- *addressing weaknesses in customer literature, in liaison with customers;*
- *using existing and further customer feedback, including consultation with those who do not regularly use services, comprehensively in developing service accessibility, including:*
 - *office and telephone access (to include a review of changes made after the association moves offices);*
 - *opening times, appointments and out-of-hours services;*
 - *visiting services and surgery arrangements; and*
 - *paper and electronic communication;*
- *reviewing service standards to ensure they are comprehensive, related to in other service literature, monitored and performance fed back; and*
- *addressing weaknesses in resident involvement, including customers deciding their own 'work programme' and setting up the opportunity for customers in 'sheltered housing' to have a dedicated forum.*

The expected benefits of this recommendation are:

- service delivery from the customer perspective;
- increased access to and information about services; and
- increased customer satisfaction.

Implementing this recommendation will have high impact with low to medium costs, though some of these should be recoverable through more efficient resulting targeting of resources. It should be completed by September 2007.

Recommendation

R4 Improve the approach to diversity by (as well as earlier recommendations):

- *ensuring improvements in diversity form part of the association's corporate plan; (April 2007);*
- *maximising opportunities to collect and use customer profile information;*
- *undertaking comprehensive diversity training, tailored to the needs of the association, and measuring and responding to its impact;*
- *monitoring services and satisfaction to ensure service equitability;*
- *promoting the equality and diversity focus group as a sounding board in development of services;*
- *engaging with partners and agencies to act as critical friends; and*
- *setting up an adapted property database that maximises the use of adapted properties for those in most need of them.*

The expected benefits of this recommendation are:

- a diversity culture, with demonstrative equitable service delivery; and
- increased satisfaction for customers across a diverse profile.

Implementing this recommendation will have high impact with low to medium costs. It should be carried out in full by December 2007.

Recommendation

R5 Improve value for money by (as well as earlier recommendations):

- *robust analysis of service and activity-based costs;*
- *comprehensive benchmarking of costs against relevant peers;*
- *undertaking training in awareness of VFM across the organisation;*
- *market testing repair and maintenance services* and packaging void and adaptations work to secure discounts against standard repair costs;*
- *reviewing all other VFM weaknesses identified in this report, including:*
 - *rent restructure proposals and service charge disaggregation**;* and
 - *inefficient use of resources, such as the tour bus.*

The expected benefits of this recommendation are:

- a focus on value for money across all services; and
- efficiency savings, to reinvest in service improvements.

Implementing this recommendation will have high impact with low costs. It should be completed by December 2007, except for * which should be implemented in programmed phases from April 2007 to April 2009 and ** which should be completed by March 2008.

- 16 We would like to thank the staff of Three Valleys Housing Limited who made us welcome and who met our requests efficiently and courteously.

Dates of inspection: 30 October to 3 November 2006

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Report

Context

The locality

- 17 The association works entirely within the borough of Erewash (except for its Carelink service which also provides services to organisations in other areas). Its stock is located principally around the towns of Long Eaton, Ilkeston and Sandiacre, with some spread throughout the borough.
- 18 Erewash is a largely rural area, situated between the cities of Derby and Nottingham. It covers a geographical area of around 42.2 square miles with a population of 110,300 living in 48,077 households. Black and minority ethnic (BME) members of the community make up about 1.9 per cent of the population, increasing to 2.6 per cent when including white Irish. Census data shows projected growth in the number of people aged 75 and over and around one in five households in Erewash include somebody with a disability. (2001 census).
- 19 Deprivation levels are around the national average, though one ward - North Ilkeston - in which the association has stock, is one of the most deprived in England. Unemployment is relatively low, but average incomes are low also. Recent house price rises mean affordability is a key issue.

The association

- 20 Three Valleys Housing is an independent housing association based in Sandiacre, Derbyshire. It was formed in March 2002 following the transfer of housing stock from Erewash Borough Council.
- 21 Three Valleys owns and manages around 5,300 properties, around two-thirds of which are general needs and one-third sheltered (which it groups into three types: sheltered, semi-sheltered and satellite schemes). As part of the transfer it also took on responsibility for 10 shops, 347 garages and 335,000 square metres of open space.
- 22 The association has a core board of management, with ten members: four independent, four tenant and two Council-nominated members. In April 2006, the Housing Corporation placed the association in enforcement supervision, because of concerns over its governance. This led to three statutory appointments to its board, one of whom is acting chair.
- 23 In May 2006, the Housing Corporation changed its assessment of the association, recording 'red traffic light' indicators for governance and viability and an 'amber light' for management. Red lights signal serious concerns. The association's business plan has been in continual review since transfer.

- 24 The association has experienced high turnover at senior management level. It recruited a new Chief Executive and Director of Finance and permanently appointed its Director of Corporate Services, in August 2006. This is the first time in around 18 months there has been a full executive team in place.
- 25 It employs 211 staff, including its chief executive and four executive directors.
- 26 The association recently set up a customer 'strategic group' as its key resident forum. It is made up of 25 nominated representatives from 5 geographically-based 'zone meetings', which are local involvement forums.

The service

- 27 It provides services to customers from three offices, though only one of these is open to the public. This is its head office, based in Sandiacre. Most customers choose to contact the association by telephone: it has a switchboard located in the main office, a dedicated freephone number for responsive repairs answered in another office and publicises direct dial numbers for some services. Customers can access information through its website and it also has a roadshow 'tour bus', which visits a different location each Wednesday. It holds a weekly surgery in Kirk Hallam, with different services attending on a rota basis.
- 28 The association has an in-house maintenance service, which undertakes most responsive and void repairs, as well as - from April 2006 - gas safety and grounds maintenance. It also has an in-house out-of-hours and emergency alarm service - Carelink - which provides services to other agencies, as well as the association, for around 13,600 users in total. It uses external contractors for property improvement, planned and specialist maintenance and repairs.

The inspection

- 29 We base our assessment on the key lines of enquiry (KLOEs) in housing management, issued by the Audit Commission's housing inspectorate in July 2004 (as updated). The inspection focused on income management; stock investment and asset management; and tenancy and estate management.
- 30 As well as this core group of services, we also inspected the overarching issues of access and customer care; diversity and value for money. Finally, we also assessed the association's prospects for improvement, taking account of its track record, management of performance and its capacity to improve.
- 31 The inspection did not, however, consider supported housing or allocations and lettings in detail, leasehold management, administration of the right to buy and acquire programmes, regeneration or administration of the Carelink service.

How good is the service?

What has the service aimed to achieve?

- 32 The association's corporate plan (2005/11) outlines its vision as *'outperforming our Business Plan'*; and purpose *'to provide quality homes and services capable of sustaining communities and making a difference to peoples' lives'*.
- 33 It has five core values, which are to be creative and different; to earn respect and trust; have social responsibility; deliver excellent customer service; and have integrity, honesty and openness.
- 34 The Corporate Plan outlines six strategic objectives to:
- have an effective board that provides leadership and direction;
 - develop a workforce that excels the business;
 - promote partnerships that bring value;
 - encourage a culture of continuous improvement;
 - expand our business into new and existing service-based markets; and
 - earn respect and trust of others to serve the communities we work with better.
- 35 Twenty strategic goals (actions) *'drive the business plan'*, under three headings: *'expand into new markets'*, *'promotion and partnerships'* and *'business improvement'*. A strategic and operational action plan sits below the corporate plan informing the implementation of its strategic objectives.
- 36 The association is reviewing its corporate plan as part of its wider supervision action plan, as its current leadership do not 'own' it and in recognition of its weaknesses. The current plan does not directly reflect the needs of the local community or clearly relate to regional and national objectives.
- 37 The association's transfer agreement contained a range of promises made to customers. Key promises relate to: a programme of property and environmental improvements, regeneration at Hopewell Farm, resident involvement, enhanced housing management services, service charge clarity and a rent guarantee.
- 38 Its supervision action plan identifies 14 outcomes. Key ones are (summarised):
- a clear agreed strategy that is understood throughout the organisation, reflected in its plans and structures;
 - effective management and leadership at board and senior manager level;
 - an effective risk management and policy framework and robust asset management and equality and diversity strategies; and
 - a viable business plan that is externally validated.

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

Access and customer care

- 39** Weaknesses significantly outweigh strengths in this area. There is a lack of strategic focus on customer care. This has resulted in staff trying to provide the service they consider to be suitable, but having little clear guidance to ensure consistent, high-quality outcomes for customers. Access arrangements are not designed in light of customer needs and service delivery is inconsistent. Customer complaints management is ineffective. Positively, the association values its customer views and is increasing involvement opportunities, though this needs further development. Overall, customer satisfaction is high.
- 40** The association has a weak strategic approach to customer care. A core value is 'excellence in customer service', but it does not have a customer care strategy and its policy, which is essentially a list of service standards, is weak. All staff undertook 'advancing the service culture training' in 2005, but it has followed up little from the customer perspective, despite strong staff enthusiasm. It is not subsequently delivering services with a consistently strong customer focus.
- 41** The association has a 'customer charter' but the standards within it are of mixed quality and are not all monitored. A central team developed the charter, with limited involvement of staff and customers, reflecting its lack of clarity in providing customers with a clear picture of what they might expect from any particular area. There are gaps, such as an absence of standards relating to aids and adaptations and while some are challenging, other standards provide only a vague suggestion of service levels. The standards are only partially measured and feedback to customers is inconsistent. Staff have mixed understanding of the standards that apply to their teams, reflecting the lack of clarity within them. Customers do not therefore have clear information on which to assess performance and service delivery.
- 42** Written customer information is wide-ranging, although not all of it is up-to-date. The association revised its tenants' handbook immediately before the inspection (though it has not yet sent it to customers) and has leaflets about most but not all services. On the whole, information is in customer-friendly language, with contact details provided. However, some leaflets are not up-to-date and few contain reference to relevant service standards or straplines about alternative formats. The association has consulted customers in the content of some written information, including its customer newsletter, but not its overall design and layout. Customers cannot therefore always rely on written information to provide a clear picture of the services provided.

- 43 Customer satisfaction with the overall service provided by the association is high. The STATUS survey of 2005 showed 83.2 per cent of customers were satisfied with Three Valleys as a landlord, which is an improvement of 4.8 per cent since 2003. Positively, the association undertakes a telephone survey of a sample of residents between STATUS surveys. Its 2006 survey asked customers to rank the association out of 10. 79.4 per cent of customers gave a score of 8 or above, showing continued high recorded satisfaction.
- 44 However, the association has not fully involved customers in designing the way services are accessed. It has held two focus groups and undertaken some satisfaction questionnaires, which sought some useful information, but this has not provided comprehensive feedback on all aspects of customer access. It has mainly sought views on existing contact methods or its proposals for change, rather than involving customers in deciding what their needs are. Subsequently, customers have not been involved in designing services to determine opening hours or access methods such as surgeries and visiting arrangements.
- 45 Its public offices provide a mixed quality of customer environment. The association has improved access to its offices, which have automatic doors and hearing loop facilities, level access, disabled parking and internet access for customers. However, it does not have a low-level reception desk, access to some information is difficult to reach for some customers and interview rooms are both glass-screened. A telephone is provided for customers to speak to staff located in other offices but this is located in the main reception area, offering limited privacy. It has involved customers through a focus group in discussing the reception facilities they would like to see, which is positive. However, the space and layout of the current reception area restricts the improvements the association can make, which it plans to address within its new premises.
- 46 The telephone service is weak. Customers can use a main switchboard number and freephone number for repairs, alongside direct dial numbers in some areas. The switchboard is in the reception area, meaning staff have to choose between answering calls and seeing a personal caller. It has limited telephone monitoring information, which does not allow robust measurement of performance, as it combines both internal and external calls. However, it shows that while the average call response time is around seven seconds, the number of calls answered within its target of four rings, is only 73 per cent. Significantly, calls to the repairs service (accounting for around 30 per cent of all calls) show a similar low response. The level of calls unanswered is around 20 per cent, which is high. The association has taken little action to address this underperformance.
- 47 This reflects STATUS survey (2005) and mystery shopping results (2006). These found over 14 per cent of customers said it was difficult to get hold of the right person and only 67 per cent of calls were handled according to procedures, respectively. The mystery shopping also found examples of poor practice, such as telling customers to call back when an officer was not available. This matched the views of customers we spoke to, who said their experience of direct dial performance was also variable. While the mystery shopping also identified some positive outcomes, the overall picture shows an inconsistent telephone service.

- 48 The association has undertaken two telephone mystery shopping exercises, in early and late 2006. It targeted the second exercise at the weaker areas of service found in the first, which is positive. Customers undertook the second exercise, five of whom have received comprehensive training. This helps to assess the telephone service, from the customer perspective.
- 49 The association is not effectively taking services out to customers. It holds only one surgery, with services attending on at rota basis, at the offices of Surestart in Kirk Hallam. It has invested in a well-equipped 'tour bus', but is not maximising its use. It visits schemes to promote resident involvement (RI) - which has had some success - but other services only feature as a by-product of the RI tours, despite that section using it on only one day each week. The association has not considered, for example, use of the bus to provide a local surgery for the large number of tenants moving home as part of its Hopewell Farm regeneration scheme. This limits its effectiveness and value for money.
- 50 The association's website is informative, though not fully interactive. It improved the layout and content of its website immediately before the inspection, including the range of information and its accessibility, which is good. This followed consultation with customers who had previously contacted the association through its website, which is positive. The site is easy to navigate and enables customers to send reports and enquiries for some services. It plans further development in 2006/07 to provide a comprehensive online resource.
- 51 Customer complaint handling lacks customer care, which is a significant weakness. The association responded to only 73 per cent of complaints within target in 2005/06, with similar levels for 2006/07 so far. A significant number of responses took more than double the target timescale, which, at 15 working days, we assess to be unchallenging. We found several areas of poor practice. These include poor quality or no written response; ineffective recording of the reasons for the conclusion reached or whether the complaint was justified; and failing to advise customers of the next stage of the procedure. The association is also not effectively learning from complaints to inform service improvement. In one justified case, it instead reduced the service to other customers. This shows a lack of customer focus.
- 52 The association has a positive approach to resident involvement (RI), though outcomes are limited. It has developed a 'menu' of choices, enabling customers to decide the type of involvement that suits them. It uses customer feedback from RI groups and satisfaction surveys to improve services, which is positive. However, the level of involvement is dependant on individual departments, rather than being mainstreamed across the organisation. The association has recently developed a 'strategic group' (SG). However, it has little actual involvement in strategic decisions, as the association has not worked with it effectively to decide the involvement agenda or how RI opportunities link together. Subsequently, while customer satisfaction with RI has risen from 53.9 to 63.2 per cent between 2003 and 2005, customers have limited influence in overall service design.

Diversity

- 53** This is an area of significant weakness, with some isolated good practice. The association has a weak strategic approach to diversity, with only embryonic signs of progress. It is not designing services around individual needs and does not monitor equitable delivery. BME customer satisfaction is, however, high, and there are some isolated positive initiatives in place.
- 54** The association does not have a clear strategic framework around diversity. Diversity does not feature within the association's strategic priorities and there is no evidence of any lasting focus to drive the diversity agenda forward. As a result, it has not embedded a culture of diversity as there is mixed awareness and understanding of the issues. The association's supervision action plan includes its first equality and diversity strategy being approved by its Board in November 2006, when it plans to appoint a board 'champion' to raise the diversity profile. This will be, in essence, the first significant report to board on diversity, demonstrating a lack of strategic leadership in this area.
- 55** It also means the association has a reactive approach, in part because it does not have an appointed officer to address legislative and good practice issues. It has for example only worked towards compliance with basic regulatory practice (GPN4), rather than good practice in diversity (GPN8)³ and not anticipated the impact of the disability discrimination act (DDA) within its plans. It plans to address this through its appointment of a Human Resources manager in December, but it can only then begin being proactive in this area of service.
- 56** It is subsequently also not compliant with the commission for racial equality's (CRE) statutory code of practice on racial equality in housing. The CRE updated the code in September 2006, from previous codes⁴ produced in 1990/91. Although the original codes were produced before the association existed, it is now for the first time assessing its compliance. This is a significant weakness, as failure to monitor compliance, in itself fails to meet the code's requirements.
- 57** The association has not developed partnership working in diversity effectively. Its lack of strategic focus has resulted in limited engagement with other agencies. However, it is developing closer relationships with the Council, who have contributed to its draft diversity strategy, including exploring initiatives such as a referral scheme for leisure passes for vulnerable tenants. This is important to ensure an outward focus in addressing the needs of the community.
- 58** The association's staff and board make-up does not reflect the profile of the local community. Black and minority ethnic (BME) staffing levels are close to, but do not meet Census 2001 levels, whereas the core board membership is all white/British. It does not have clear targets on these and other equality factors, such as disability. While it has taken some steps in staff recruitment, such as advertising in neighbouring areas where BME representation is higher, as there are no targets in place, it is less likely this will improve.

3 Good Practice Notes: GPN4: 'Race Equality and Diversity', November 2002; GPN8: 'Equality and Diversity', February 2004. These are available on the Housing Corporation website: www.housingcorp.gov.uk.

4 The revised CRE code of practice in housing replaces the codes of practice in rented and non-rented housing issued by the CRE between 1990 and 1991. It is available from the CRE at www.cre.gov.uk.

- 59** The association is not fully DDA compliant, with only ground floor access at its main offices being compliant. Access is subsequently difficult for staff and visitors. It plans to address this through the relocation plans it is now considering, but has relied on this as the solution without a clear plan to address its existing offices. Several sheltered housing units also fail to be fully accessible to all customers, which is important given new DDA requirements from December 2006. It only undertook an audit against the DDA in June 2006, which is very late. It has now identified actions and costs, which it is considering. It has not yet developed disability impact assessments, though it is part of a multi-agency forum assessing their use. The association is not therefore promptly improving access, to ensure equal access for all.
- 60** The association has not undertaken a comprehensive programme of training on diversity. Positively, over 90 per cent of staff, most of the strategic customer group and around half of all board members have undertaken compulsory online training to raise awareness of diversity issues. However, it has not evaluated outcomes to inform more specific training or service improvements. It plans to undertake this in December 2006 and the board development programme includes diversity training as a core item. These are important in creating a diversity culture within the organisation.
- 61** The association has limited customer profile information on which it can tailor services. It has gathered some information through CORE⁵ letting data, STATUS and other customer surveys. However, it has not systematically analysed the data or used it to inform service provision as a whole. The association has completed a customer 'census', but this had only increased data available to around half of residents, as it had not done so comprehensively. It plans to analyse the data further but at the current time, this means it is not always providing services around individual needs.
- 62** Positively, the association records the data, which it uses when, for example, making access arrangements for responsive repairs or in sending out rent statements. It sends correspondence to one customer, for example, by email, which computer software reads and translates to audio format. However, the system relies on manual checks, meaning the association may not always send correspondence in each customer's preferred format. Staff also do not have clear guidance on how to respond to vulnerable customers, which does not ensure a consistent service.
- 63** Services for older people show mixed outcomes. The association does not have a strategy to pull together strands of its different services in meeting older peoples' needs. Strengths, such as providing extra security at relevant schemes, are balanced by, for example, the association missing an opportunity to include adaptations within its improvement programme. The sheltered housing service is positive overall, while aids and adaptations show both strengths and weaknesses, as detailed in individual sections of this report. These are important indicators of the association's approach to diversity, as older people form a large part of the local population and its tenant profile.

⁵ CORE: a national data 'COntinuous REcording' system for new tenants of social housing landlords.

- 64 The association does not comprehensively monitor equality of service provision. It collects limited data on services provided, principally only where required to by regulation. However, it includes equality questions in most customer surveys. However, even where collected, it does not systematically monitor the data, with little reporting on performance or responses needed to it to the board. Subsequently, it cannot show that it is providing services equitably.
- 65 Positively however, it breaks down the results of all STATUS survey responses, to show any variance between BME and non-BME residents. It reports the outcomes to the board. The STATUS survey of 2005 found that satisfaction among BME residents was 4.2 per cent higher than non-BME residents, with no other areas of adverse satisfaction. This helps to find out whether customers feel they are receiving the same service as others.
- 66 The association is not taking a proactive stance towards harassment and domestic violence (DV). It is a member of the local hate crime and DV forums, but cannot evidence clear outcomes from these for customers. Although, few incidents have been reported, there is little active promotion of a clear stance on these issues and the association's DV policy is weak on support it can offer. Therefore, victims may be reluctant to report any problems experienced. The carelink service acts as a signposting centre to the victim support service for other organisations, but not for the association itself. This is a missed opportunity to improve the service to customers and to aid assessment, alongside police and other data, of the actual level of local need.
- 67 However, the association is undertaking positive work in some areas of diversity. These include:
- significant efforts to involve traditionally 'hard-to-reach' groups, such as young people and gay and lesbian members of the community through targeted events and promotional literature;
 - as part of its developing strategic approach, it has set up a representative customer diversity forum;
 - property conversions at its Hopewell Farm regeneration project which it is designing around individual needs; and
 - an innovative 'Jigsaw project', in liaison with local schools and colleges. This enables children reaching the end of school-age, who are at risk of exclusion from school, to attend three-day a week work placements. This helps to develop their skills and expose them to positive community role models.

Housing income management

- 68 This is an area where weaknesses outweigh strengths. The association has not decided rent and service charge proposals beyond the rent guarantee period. It shows inconsistent customer focus in arrears management, through a traditional approach to recovery with little focus on prevention. The association does not effectively work with partners and performance management is weak. It does, however, set accounts up quickly and offers clear rent account information.

- 69 It is a weakness that the association has not yet decided its long-term rent setting arrangements. It provided existing customers with a five-year rent guarantee at transfer, which it is honouring. However, it does not yet have clear proposals to meet government rent restructuring proposals, which the association suggested it is unlikely to meet within the target deadline of 2012. It plans to report outline proposals to its board in December 2006. However, it now has limited time to consult customers and tell them all of its new rent policy before the end of the rent guarantee period in March 2007.
- 70 It is also a weakness that service charges remain pooled within the rent charged to customers. The association undertook a review of service charges, as part of its best value programme in 2005. However, it was unable to disaggregate the charges, as it had underestimated the complexity of doing so, across the range of services provided. It plans individual service charge reviews in 2007, though it has not decided a timetable and way to co-ordinate this. This means that customers will continue paying charges not fully related to the services they receive for at least a year after the transfer promise period ends.
- 71 The association offers customers a wide range of payment methods, to meet their individual needs. It offers payment types including swipe cards, credit and debit card telephone or internet payment, direct debit (DD) and standing order. It consulted affected customers before withdrawing office and rent collector services, which had proved unpopular and relatively expensive.
- 72 However, the association is not promoting use of the most efficient payment methods. It is not actively promoting DD payment, despite widening the payment dates available. It has no incentives for customers to switch to more effective methods and is not systematically tracking levels of payment use. It does not refer to available payment methods in its arrears letters. This means that it is not minimising the cost of transactions, reducing value for money within the service.
- 73 It sets up new rent accounts and payment facilities promptly. It sets up rent accounts on the IT system immediately following sign-up, during which it arranges payment method, sending payment swipe cards out within 48 hours. This minimises delays in administration which can lead to debts accruing.
- 74 Customers receive clear quarterly rent account statements, which the association amended in response to customer feedback. It responded to customer survey results by providing a clearer breakdown of charges and payment types, alongside a plain English explanation of what each part of the statement means. It plans to seek customer views on the new version in its customer survey which it plans to undertake in 2007.
- 75 However, leaseholder account statements are poor. They provide few details, set in the format of an 'invoice'. This lacks customer focus in providing clear and informative account details.

- 76 The association uses traditional techniques to recover debts, rather than having a preventive approach, through using modern methods. For example, it is not undertaking debt profiling to target resources and does not take action outside its standard office hours. It also has no formal referral arrangements with debt or money advice agencies and does not use text messaging or email reminders to customers. This is a significant weakness, as these methods are becoming standard practice in maximising arrears prevention and recovery.
- 77 Positively, it is taking action to meet the rent arrears pre-action protocol recently introduced by the courts, with one key weakness. It has amended its procedures to reflect changes brought about by the protocol and trained staff around its content. It is also looking into how its IT system can minimise the chance of human error. However, it does not proactively offer debt advice, which could question whether it has taken all reasonable steps to avoid court, required by the protocol. The association has a positive relationship with the court and attends court user meetings. It encourages all customers it takes to court to speak to the court welfare officer or housing aid volunteer before hearings and accepts their recommendation in orders sought. This is good practice, though sometimes, earlier referral to a debt advice agency could result in a similar positive outcome without the need for court.
- 78 However, there are positive aspects to the association's approach. It does not rely solely on letters, using visits and telephone calls to make contact also. It only considers eviction as a last resort. It has reviewed the content of arrears letters, helping to make them clear and concise and they include details of money advice agencies on their reverse. The association promotes use of a rents hotline, which is staffed by trained officers so customers can receive advice or make payment agreements, even if the officer managing their account is unavailable. The association is therefore making some efforts to provide customer focus in the service provided.
- 79 The association is not maximising outcomes for customers relating to housing benefit (HB). Its agreement with the local authority is basic and out of date, having been agreed at transfer. Its relationship with the Council is therefore reliant on individual officers, rather than the agreement, which it has not sought to update. It does not hold HB forms or verify claims and is not ensuring consistently that new customers or those whose circumstances change are offered HB estimates. It is good practice to minimise the risk of claims not being made in a timely manner and to make interim agreements based on a realistic assessment of HB in relevant cases. It is therefore a significant weakness that the association is increasing the risk of arrears occurring through not doing so.

- 80 The association's income management performance shows a mixed picture, as detailed in the performance table below. Rent arrears (which include supporting people payments due, as the association does not separate these out), show improvement. (The restated data shown gives directly comparable figures over the whole period, as performance indicator calculation has changed over time). However, the association cannot be sure of how much this relates to effective action, compared with current debts becoming former tenant arrears (FTA), as it is not monitoring this separately. It has not pursued FTAs effectively until the start of 2006/07, resulting in a significant write-off of over £700,000 this year. This is significant, as combined with the FTAs now outstanding (£128,000), this equates to around 6 per cent of rental income due.

Table 1 Income management performance

Category	Period		
	2004/05	2005/06	2006/07 (September 2006)
Rent arrears (%) (see text)	2.0	4.4	4.2
Rent arrears (%) - restated (see text)	4.8	5.1	4.5
Write-offs (former tenant arrears) (£000)	69	7	719*
Rent collected (%)	100.65	100.36	99.27**
Recharges collected (%)	35.61	144.64	98.56
Lifeline charges collected (%)	108.56	91.79	115.11
Leaseholder charge collected (%)	67.5	84.39	54.32
Garage charges collected (%)	108.05	93.86	67.68
Shop rent and charges collected (%)	75.11	111.46	56.18

Source: HA data *relates to FTAs 2002-06 ** incl. cyclical HB due

- 81 However, within the limitations of the association's approach, we found that it is taking prompt action in managing cases. On the whole, it is quick to follow-up missed payments or housing benefit issues for example, and notes about cases are comprehensive. This suggests the reduced levels of rent arrears are, at least in part, as a direct result of action taken.

- 82 Performance monitoring in income management is only partially effective. The association monitors current rent arrears on a four-weekly cycle, by individual officer. It times this to coincide with cyclical payments of HB, giving a clear picture of true arrears, which is positive. However, it does not measure expected HB and because of its weak agreement, is reliant on the goodwill of the Council for HB performance data. It has not monitored all other debts effectively, having no monitoring in place for former tenant arrears, until September 2006. It does, however, monitor legal action taken, which is positive. This shows a reduction in court and eviction proceedings, suggesting increasing early intervention. However, it does not fully monitor the level at which it takes action, although it does measure the presence of high-level debts, which also shows a positive trend. It therefore has a clear picture of performance on only part of its income management performance.
- 83 Customer involvement in the service is limited to its satisfaction survey, which it is only sending to new tenants. This does not therefore provide clear feedback on the service from a representative sample of all customers.

Stock investment and asset management

- 84 Weaknesses outweigh strengths in stock investment and asset management overall. The strongest areas of service (responsive repairs and void management) have several weaknesses. In other areas, weaknesses outweigh strengths, some significantly so. The overall service shows inconsistent customer focus and in all areas, it cannot demonstrate value for money.
- 85 In each of the five areas of the repairs and maintenance service, the association cannot demonstrate value for money (VFM), which is a significant weakness. It cannot demonstrate VFM resulting from its £23 million investment at the Hopewell Farm regeneration scheme. Procurement is through a traditional tendering approach. It selects contractors from its approved list and has awarded work to its in-house maintenance service (IHMS), without it testing these against the open market. It has undertaken only limited benchmarking of its IHMS and overall costs and it does not attract discounts against its standard schedule of rates for work which it could package more efficiently, such as void repairs and adaptations. It has also not sought discounts on decorating costs for customers moving into empty homes.

Asset management, capital, planned and cyclical works

- 86 Strengths and weaknesses are balanced in this area. The association is collecting and updating robust stock condition data to inform compliance with the decent homes standard and long-term investment needs. Tenant choice is extensive and satisfaction with property improvements, which reflect modern standards, is high. There are examples of it using feedback to improve service delivery, though overall resident involvement is limited. The association does not, however, have an asset management strategy to clearly set out its priorities and new stock condition data indicates significant shortfalls in business plan projections. The association is taking action to address asbestos, but does not comply with asbestos at work regulations, which is a weakness.

- 87 The association does not have an asset management strategy to collate information on costs and services to decide priorities for the short, medium and long-term. This is a significant weakness, particularly given its current financial position, which requires it to have accurate information on its investment needs. It subsequently risks the capacity to deliver the improvements needed.
- 88 The association is collecting accurate information on the condition of its housing stock. This will enable it to assess compliance with the decent homes standard (DHS) and 30-year repair and maintenance spending requirements accurately. It is undertaking a comprehensive stock condition survey (SCS), sampling 30 per cent of its properties, representing a wide range of property types. This is important because it has not updated stock condition data since the transfer of properties which provided only limited property data. It is also updating its data through component replacement information from property improvements, empty property and responsive repair work. This ensures the data remains relevant, so that it can base decisions on sound information.
- 89 Positively, it has involved tenants in deciding how it carries out the SCS, including recruitment of a consultant. The association surveys customers affected by the SCS and has responded to feedback by improving its information. Satisfaction has subsequently increased, currently standing at 94 per cent.
- 90 Interim SCS results, provided immediately before the inspection, are mixed. They suggest that previously projected spending to meet the DHS standard by 2010 is reasonably accurate. However, they also identify a projected shortfall of £32 million in existing business plan projections for responsive repairs. This is a significant weakness, as it potentially threatens the association's viability.
- 91 The stock condition database in place to manage the SCS data is robust. It can calculate compliance with the DHS, and estimate future non-compliance because of ageing components. The association knows therefore that, without any improvement work, non-compliance would rise from its current 22 per cent to 45 per cent by 2010. It can therefore respond by using the database to identify levels of investment and the component replacements needed to ensure compliance. The database also models improvement programmes to ensure selection of the right improvement works to the right homes, at the right time.
- 92 The association provides a wide range of component choices for tenants, which meet modern specifications and standards. They are also able to influence the layout of major works, such as kitchens and bathrooms to match their own preferences. However, it has not consulted tenants about the range of styles offered. This is a weakness, as it has not therefore ensured that the choices available meet customer needs and expectations.
- 93 The association is managing the property improvement programme effectively, resulting in it being on schedule and within budget. Its five-year programme is providing £41.6 million of investment as part of its transfer promises to tenants. Improvements have included replacement PVCu windows, security doors, kitchens and bathrooms. This is improving the homes of most tenants and the association's performance in meeting DHS requirements.

- 94 It is also investing over £23 million in regeneration of the Hopewell Farm estate. This is a rise from the original forecast of around £8 million at outset, which has impacted negatively on the association's business plan. However, the change in outlook of the estate and its attractiveness to new and existing residents is significant. Work has included demolition of existing stock (in three phases of which the third has just begun) and replacement with new housing, alongside redesigned street layouts, all incorporating secure-by-design standards. The association has worked closely with the Council and residents to put in place plans which provide a high-quality of accommodation and an environment which it is not easy to distinguish as social housing. It has subsequently been shortlisted alongside only five others for the nationally recognised 'housing association regenerator of the year award 2006', to be announced in December.
- 95 However, it is not measuring the impact of its investment at Hopewell Farm on a formal basis. Subsequently, as it does not have any targets on which to measure the outcomes achieved, it cannot quantify how effective it has been in improving community sustainability and subsequently in delivering value for money.
- 96 Tenants receive comprehensive information about the improvement programme, although it only publishes details for the year ahead. This means that tenants do not have a clear understanding of when it will carry out later improvements to their homes. It has, however, publicised the importance of DHS work and information is effective in explaining the fair way in which the association is carrying out work proportionally across the area.
- 97 It has also carried out tenant satisfaction surveys on property improvements for each contractor involved. Satisfaction levels are mostly above 95 per cent. It has improved the service following tenant feedback, including how it stores materials on schemes where it is undertaking improvement work.
- 98 The association has not agreed a 'DHS plus' standard to improve stock above the basic DHS standard. However, in practice some extra works are taking place, such as replacing warm air heating with gas central heating and installing double glazing. It is also fitting smoke alarms in partnership with the local Fire and Rescue Service, which has also provided employment opportunities for young people. The absence of a DHS plus standard does not show tenants that the association is committed to raising standards in service delivery.
- 99 The association is proactive in identifying and managing asbestos. It has surveyed communal areas of schemes and an annual programme of surveys on 750 properties is underway. It records all survey information clearly on its asset management database, classified according to risk. It also carries out further assessments as part of the property improvement programmes. The association has recently introduced a budget to manage asbestos, which it has prioritised against its risk categories. It has trained operatives in asbestos awareness. Some are able to remove asbestos for collection from a specialist disposal contractor. Positively, it has also told tenants about the presence and potential dangers of asbestos through the tenants' newsletter and press releases.

- 100** However, it is a weakness that it does not inform operatives about the presence of asbestos where this is known. It has not integrated its IT systems, meaning this information is absent from works orders. The association is therefore not compliant with asbestos at work regulations, putting the health and safety of operatives and tenants at potential risk.
- 101** The association has contracts in place to service electrical systems, communal heating systems, lifts and other plant and mechanical equipment in accordance with manufacturer's guidelines, statutory requirements and good practice. This reduces the risk of equipment failure and helps prolong the life of components.

Responsive repairs

- 102** Strengths outweigh weaknesses in responsive repairs. Performance is effective and improving and tenant satisfaction with the service is high. The level of repairs offered by appointment are increasing and most repairs are completed at the first visit. The association is achieving the optimum balance of emergency, urgent and routine repairs to deliver the service more efficiently. However, it is not consistently publicising options for tenants to access the service, it does not provide diagnostic information and it offers only limited appointment times.
- 103** Performance in carrying out responsive repairs on time has significantly improved in the last few years. The association is now a high performer compared with others, as shown in the table below. It is providing a prompt service and carrying out most repairs on time. It is subsequently exceeding its performance targets, although we assess these to be unchallenging. This is because it has set targets at the same or lower level than the previous year's performance.

Table 2 Repair performance (repairs completed on time)

Period category	2004/05	2005/06	2006/07 (to September)	Position compared with others (2005/06)
Emergency	88.9%	98.0%	100%	Top half
Urgent	87.3%	95.6%	98.2%	Top half
Routine	81.2%	98.0%	98.0%	Best performing

- 104** Tenant satisfaction with the repairs service is high and improving. The STATUS satisfaction survey found satisfaction with the repairs service had increased from 74 per cent in 2003 to 79 per cent in 2005. The association carries out additional surveys of all tenants who have reported repairs and current results are strong. For 2006/07, 97 per cent of tenants considered the quality of work to be good or very good. Additionally, 95 per cent said operatives showed identification, 98.5 per cent of appointments made were kept and nearly all operatives were polite, courteous and left the area clean and tidy. Positively, the association is using the survey to assess the number of repairs completed at first visit, which is currently 88.5 per cent. This is strong performance, resulting from significant investment in multi-skill training for operatives. The high satisfaction levels show the association is carrying out repairs to the standard customers expect.

- 105** It is increasing the number of responsive repairs provided through appointments, though appointment times are limited. It introduced repair appointments in April 2006, initially on 50 per cent of all non-emergency (NE) work. This has since risen to 73 per cent, which it plans to increase to all NE repairs in 2007. It makes appointments at the time tenants report repairs, which is positive, reducing levels of non-access. Performance is high, 99.4 per cent of appointments made having been kept in the first half of 2006/07. However, it only offers appointment times in weekday morning or afternoon slots, with times finishing half an hour before its offices close. This may limit the extent to which they meet all customer needs.
- 106** The tenants' handbook provides clear information on repairs priorities. It explains the repair categories and the types of repair which fall into each. It also explains that some routine repairs will be completed through programmed work, enabling it to batch repairs to attract discounts and reduce costs. This sets clear service standards for tenants to inform them of the service they can expect.
- 107** However, the handbook does not clearly explain options to report repairs during office hours. The freephone number is publicised on the back of the handbook, but is not included in the section on repairs. The range of ways to report repairs publicised is limited to in person or over the phone, with options to email the association not included. This limits tenants' ability to choose their preferred method of contact.
- 108** The association does not provide diagnostic information to tenants to help them in reporting repairs, such as diagrams of fixtures and fittings as a reference guide. It also does not have any diagnostic software to help staff in ordering repairs accurately. However, repairs staff have the authority to order all types and values of repairs, ensuring minimal delay. Staff have worked with repairs operatives to improve their knowledge, helping them to assess repairs more effectively.
- 109** The association is achieving an optimum balance of emergency, urgent and routine repairs. In 2005, emergency repairs accounted for 29 per cent of all repairs and emergency and urgent repairs combined accounted for 58 per cent. In the first half of 2006/07, the figures have improved significantly to 7.5 and 30 per cent respectively. This compares well to Audit Commission recommended practice of 10 and 30 per cent. A positive ratio reduces costs, improving value for money, though the association will need to sustain this level over the long-term to ensure this outcome for customers.
- 110** However, it is less effective with levels of pre and post-inspection of repairs. At 19 and 14 per cent respectively, it exceeds Audit Commission recommended practice of 10 per cent in both categories. Pre-inspections add an extra stage in the repairs process, delaying the start of work. Post-inspections are effective in assessing the quality of repairs completed, but extra costs are incurred where extra inspections do not achieve any additional outcomes.

Void (empty property) management

- 111 Strengths outweigh weaknesses in this area. Performance is strong when compared with others. The association is repairing properties to meet its own relet standard and the decent homes standard. It has agreed the relet standard with tenants, although it is not providing it to prospective residents. It does not offer prospective tenants the same property improvement choices as existing tenants and does not analyse satisfaction results effectively.
- 112 The association is a top performer at reletting empty properties quickly when compared with others. Performance currently stands at 14 days, having reduced from 53 days in 2003/04. It is managing void property work robustly, through prompt inspections and an assessment of rechargeable repairs which is invoiced to the outgoing tenant. It tailors deadlines for completion of work to the type of works required for each property, specified to meet both the relet and decent homes standards. Properties that we inspected had been completed to high standards. On completion of work, it then adds the data to its asset management database, which is positive. This approach ensures that it completes work to high standards, while being relet as quickly as possible to people in housing need.
- 113 While it is positive that void work meets the DHS standard, the association does not offer prospective tenants the same choices as existing tenants. This is a missed opportunity for them to influence the works being carried out on their new home to reflect their own preferences.
- 114 The relet standard is comprehensive, setting out clear guidelines for the standard of work needed. It includes arrangements to carry out gas and electrical safety checks and external work. It also includes clear guidance on decorating standards, though the association has not negotiated discounts from local suppliers for tenants' use of decorating vouchers it awards, which is a weakness. It consulted tenants on the standard effectively, including visits to empty properties to assess the current service and potential improvements. This enables the standard to more clearly reflect tenant expectations.
- 115 However, the impact of the relet standard is reduced as it has been written for staff and it is not provided to prospective tenants when viewing a property. This reduces customer understanding of the standards they can expect.
- 116 The association carries out a satisfaction survey for lettings, but this has a low response rate, reducing its reliance as a tool for assessing the service. It found that most tenants were satisfied with the information and support they received, including the tenancy sign up. However, it is not reporting tenant satisfaction with the standard of the property and it is not collecting data from applicants who have refused properties. These are significant missed opportunities, particularly as reasons for refusal often identify opportunities to improve performance further.

Gas safety and servicing

- 117 This is an area of significant weakness. The association has not complied with gas safety regulations, which is of serious concern. It is not effectively monitoring performance and its procedures are not robust. There are no quality assurance arrangements. The extensiveness of safety checks undertaken is positive.

- 118 The association has not been complying with gas safety regulations, which require all relevant properties to be checked and serviced annually. This is a significant weakness. In September 2006, it identified that 642 properties (around 12 per cent of total stock) included within the gas servicing contract had not been serviced for up to two years. It has therefore incorrectly reported performance of 98.6 per cent during 2005/06. Crucially, the association failed to identify this shortfall through its contract management meetings and performance monitoring, despite its scale. This put the association at risk of legal proceedings, but most importantly also put the health and safety of tenants in potential danger.
- 119 However, on identifying this issue, the association has managed the crisis effectively. It began prompt and robust action to service appliances, using extra contractors and evening and weekend working. In addition, it has taken extraordinary measures to check its gas servicing records to ensure the action has been comprehensive. This had reduced the number of services outstanding to 30 at the time of the inspection. Because of the seriousness of this situation, we have monitored the association's performance following the inspection. The action taken has resulted in only seven of the properties now outstanding, for which two have confirmed appointments, with the other five receiving follow-up action. While the situation should not have occurred, the action taken displays strong and effective leadership in a challenging situation.
- 120 However, it has also failed to monitor whether servicing was completed on or before the anniversary of the last service, to determine whether it was on time. This means that it cannot be certain if any remaining stock, while serviced, was carried out late. This shows performance monitoring is ineffective.
- 121 Information for customers about the importance of gas servicing is good. It is clearly promoted in the tenants' handbook, alongside comprehensive information on carbon monoxide poisoning and action to take if a gas leak is suspected. Letters arranging access are easy to understand and include clear warning signs to emphasise the health and safety implications of faulty gas appliances.
- 122 This is supported by the extensiveness of the safety check undertaken. The association is now checking appliances fitted by tenants themselves and undertakes checks on both open and balanced flues. It has also fitted carbon monoxide detectors in properties, as well as hard-wired smoke alarms. This is good practice, as it minimises the risk of any faulty appliances or blocked or inefficient flues putting customers' households' lives in danger.
- 123 However, there are weaknesses in guidance for staff and contractors on access arrangements. Timescales between the various stages are not always prescriptive and it does not fully explain legal remedies. The procedures are letter-driven, with limited innovative techniques used, though it has recently started use of brightly coloured stickers over letter boxes. Reminder letters to customers do not highlight their conditions of tenancy relating to them providing reasonable access. The association is amending its gas servicing procedures, which currently do not support its ability to carry out servicing promptly.

- 124** It has, however, made improvements to its gas servicing arrangements by moving from a winter programme to a ten-month cycle. This will increase the number of properties serviced in the warmer months so heating is in sound working order during the coldest periods of the year.
- 125** The association is not carrying out post-inspections for gas servicing. It commissioned an independent consultant as a one-off arrangement using a very small sample of properties, but has no ongoing arrangements in place. It plans to address this, through its revised gas servicing procedures. Post-inspections are good practice, as they provide quality assurance in gas servicing being carried out to appropriate standards.
- 126** Arrangements to assess tenant satisfaction with the service are also weak. The association issues tenants with the responsive repairs satisfaction survey, which it does not breakdown by service area. It cannot therefore identify important feedback to inform service specific improvement opportunities.

Aids and adaptations

- 127** Weaknesses outweigh strengths in aids and adaptations. The association is carrying out minor adaptations quickly, through use of an appropriate budget. Tenant satisfaction with the service is high. However, publicity to ensure equal access is not fully effective and customer focus is inconsistent. It does not recycle adaptations effectively through matching applicants to adapted properties.
- 128** The association enables tenants with disabilities to continue to live in their homes by providing aids and adaptations. It has a budget of £320,000 for 2006/07 reflecting significant increases since transfer, when it was £100,000, meeting its transfer promise commitments, despite it being under spent. The association undertakes both major and minor adaptations, except for walk in showers, which the Council currently provides using Disabled Facilities Grants (DFG). It has recognised that it can use its budget underspend more effectively to provide these and is working with the Council to put this into place, from January 2007. This will provide a more responsive service to tenants who currently wait an average of about 14 months for works to be completed.
- 129** The association has begun to pilot a new approach to providing minor aids and adaptations, in response to new Housing Corporation and social care guidance. Tenants can now apply for minor adaptations, such as grab rails after self-assessing their own requirements. This removes the need for them to wait for an occupational therapist assessment. It has set a challenging target of 14 calendar days from the date of application to deliver these works, which it is achieving. This compares with a previous delay of between three and six weeks for the assessment alone. Positively, tenants receive a letter confirming the association has approved their request, with a deadline for the works to be completed. Tenants are therefore clearly informed about the outcome of their application and the service they should receive.

- 130 However, there is little Information provided to customers on other aids and adaptations requested. Customers do not receive any clear information or targets for completion of their assessment or work if the scale of it falls outside the pilot programme. The association simply refers customers seeking walk-in showers to social services and does not provide them with any further information. This shows inconsistent customer focus.
- 131 The association promotes aids and adaptations to tenants, but this is not consistent. It effectively publicises the minor aids and adaptations scheme through the tenants' newsletter, roadshows, its website and through leaflets and posters at public access points including doctors' surgeries and libraries. However, leaflets in its reception, did not provide information on the pilot scheme and information in the tenants' handbook is ineffective. It does not give clear guidelines on tenant circumstances most likely to benefit or give examples of the types of aids and adaptations available. Crucially, it refers tenants' to the Council, with no indication that a service is available directly. This reduces the likelihood of customers accessing the service, particularly for those who are most vulnerable and rely on the written information available.
- 132 The association does not make effective use of existing adaptations, as its stock condition data is not transferred from its asset management database to the housing management system. It cannot subsequently match adapted properties to people who need them, or vice versa. This is a missed opportunity to meet the needs of all applicants and to make best use of the investment.
- 133 The association assesses tenant satisfaction with the service, the majority recording high satisfaction levels. It also post-inspects all adaptation work to ensure that it is carrying work out to suitable standards.

Tenancy and estate management

- 134 Strengths outweigh weaknesses in these areas of service. Sign-up interviews are robust overall, providing an important start to tenancies for new tenants. Support to sustain tenancies is now in place and developing. Managing anti-social behaviour is becoming more effective, although customer focus is mixed. Preventive action and estate management are developing, though they have room for improvement. The sheltered housing service is positive overall, though resident involvement in it is limited.

Tenancy management

- 135 Sign-up interviews are robust, overall. The association provides customers with a comprehensive sign-up pack, including the tenancy agreement and each of the association's leaflets and the latest tenant newsletter. It uses the interview to explain conditions of tenancy and to assess whether the tenant has any support needs. There are, however, weaknesses in the process relating to housing benefit, explained in the income management section of this report.

- 136 The association carries out follow-up visits to new tenants within six weeks, to help check whether they have settled in. It is also used to check progress in terms of rent payment and other conditions of tenancy. It monitors whether visits are undertaken, which was 100 per cent in the six months to September 2006. These visits are important in building an effective landlord - tenant relationship.
- 137 The association has recently introduced an in-house housing support service, which provides floating support to new tenants where this can help in sustaining tenancies. Although the service is new, outcomes are starting to emerge with early cases where it has prevented legal action which might have otherwise been taken. Awareness of the service and other similar services which it can access through other housing organisations is mixed. The association is using team meetings and information to raise the profile of the service.
- 138 There are weekly meetings between service departments to discuss key 'enforcement cases', for tenants who are at risk of legal proceedings. This helps to avoid duplication of effort and understanding of key cases.

Managing anti-social behaviour (ASB)

- 139 The association does not have an overall anti-social behaviour (ASB) or community sustainability strategy to guide the work that it is undertaking. This reduces its ability to co-ordinate differing aspects of its work effectively to deliver wider sustainability objectives.
- 140 This is particularly important given its regeneration initiative at Hopewell Farm. The association is investing £23 million in property and environmental improvements on the scheme. However, it does not have a clear understanding of the wider benefits it wishes to achieve to measure performance against them. It has seen a fall in void turnover and ASB, but it is not monitoring outcomes formally, so knows this only anecdotally. It cannot therefore show how effectively the scheme has delivered sustainable outcomes for the community.
- 141 However, it has taken a positive approach to more effectively tackling ASB and associated estate management issues, following its recent best value review of estate management. Following the review, the association redirected resources from its housing needs team to enable a more structured approach to dealing with both preventative and enforcement activity. The changes are recent and outcomes are limited so far, though there is emerging change in it delivering more preventative measures, speed of response and information and support.
- 142 Information about the service is provided through a clear overview in the tenants' handbook and leaflets. These are supported by further details in the tenants' newsletter, highlighting the association's stance and success it has had in taking action to deal with ASB reported.

- 143** Customers can access the service in various ways. The change in structure has enabled an increasing visual presence at schemes, meaning customers can report issues at local locations, as well as the main office. They can also report ASB issues by telephone or email, as well as in writing. However, the association does not advise customers of the on-call out-of-hours' duty system, or signpost to other out-of-hours' services, reducing accessibility where ASB occurs when the office is closed.
- 144** A preventative approach to ASB is emerging, but is underdeveloped. The association can point to some positive initiatives it has undertaken, such as the jigsaw project highlighted in the diversity section above and sponsorship of youth football events. However, it has not sought to develop relationships with the local youth service and other agencies to develop diversionary programmes across its work. It did not put any arrangements in place, for example, to anticipate the rise in issues related to young people during the school summer holidays this year. Similarly, it has not sought to engage with agencies offering support to perpetrators to address their behaviour. Subsequently, there remains scope for an improved balance in preventing rather than reacting to ASB issues.
- 145** It has undertaken limited environmental improvement work so far, despite a transfer promise of a £2 million fund⁶. The association began to consider environmental improvements only in 2005 and has delivered around £200,000 of work. It has not considered how it can achieve better value for money through long-term planned programmes, currently delivering work on a scheme by scheme basis. It plans to invest only £75,000 each year in the programme. On this basis, it will be over 20 years before the £2 million fund is spent, which in our view cannot deliver a promise given as part of the transfer agreement.
- 146** The environmental improvements undertaken have, however, had a positive impact. It decided priorities following widespread customer consultation, using the tour bus programme. It has arranged work around the preferences of affected residents, who have been given significant choices in design and finish. The programme has been delivered through a partnership with Groundwork Erewash Valley, which supports community enterprise and sustainability. Standards of work are extremely high. There are high levels of satisfaction and anecdotal evidence of significant decreases (in some cases to zero) in levels of ASB reported. Customers cannot directly bid and there are no published criteria for funding. However, the association can show positive outcomes for customers, through customer-focused programme delivery.
- 147** It has also used crime hotspot information from the police to invest in target hardening at a number of schemes. This has enabled improvements to be made such as security measures including fencing and gating schemes and a door-entry system programme in all flatted accommodation.
- 148** However, its own incident database is not fully effective as a monitoring tool. It provides a list of incidents by type in the current year, but is not sophisticated in identifying hotspots, as an extra resource to the police data. This reduces the robustness of its data in directing resources to areas in most need.

⁶ The transfer promise did not specify that £2 million would be spent within any specific period, though the implication of the promise was that the fund would result directly from the transfer, rather than long-term activity.

- 149** It also shows mixed customer focus in handling reports of ASB. The association is responding to reports and aims to resolve these promptly and effectively. However, it is not always advising customers of service standards and is not always ensuring that it agrees action plans with them or that follow-up contact is made. This is an important part of ensuring that it builds the trust and confidence of customers in the seriousness with which complaints are dealt with. Similarly written incident records provided to customers are ineffective, though it sometimes offers digital voice recorders as an alternative. Positively, it provides support to individuals in the most serious cases, through a dedicated officer. This for example, includes supplying personal alarms as well as reassurance and guidance on evidence gathering and legal proceedings. Customer care within the service is therefore inconsistent.
- 150** It is also not effectively managing ASB cases. The association has not been undertaking quality checks to ensure consistency and file records do not always give a clear picture of all action taken. The association does not keep a case summary, which in complex cases makes it difficult for anyone other than the officer managing the case to understand progress. The association appraises the options available before taking action, though it doesn't record the reasons behind its decision, nor share this with customers. It has only recently begun to gauge customer satisfaction in the service, with initial results showing around one-third of customers scoring the service low. It cannot therefore demonstrate equitable service delivery.
- 151** It is, however, using a wide range of tools to enforce its tenancy conditions in response to ASB reported. In addition to taking possession proceedings in the most serious cases, the association has used a local mediation service to resolve disputes between neighbours. It works closely with the police and local authority to implement acceptable behaviour contracts (ABCs) and anti-social behaviour orders (ASBOs) and has successfully sought injunctions. It has also recently applied for its first two demotion orders to avoid possession becoming necessary, demonstrating use of the wide range of options available.
- 152** The association also works effectively with its partners. It has strong relationships with the police, through which it responds promptly to suspected or proven criminal activity within its properties. It also uses its digital voice recorders and camera surveillance equipment to monitor initial incident reports. This enables it to assess whether it is appropriate to engage other agencies, such as environmental health. This reduces the number of cases where other agencies are contacted unnecessarily, while providing initial evidence to support their investigations, where further support from them is required.
- 153** Further, it works as an active partner in multi-agency forums. It meets weekly with the police to discuss serious cases and uses meetings with its partners to consider joint approaches to tackling cases. It can demonstrate some positive outcomes, such as Surestart providing family support in place of legal action and joint issuing of ABCs as an alternative to taking possession proceedings.

- 154** The association has begun a programme of proactive estate inspections, though this is not fully risk based. The association is undertaking a series of inspections, across some of its schemes. While it uses some local knowledge to prioritise the programme, including feedback from customers, this is not fully developed. Subsequently, the programme loosely follows the tour bus programme as one-off inspections, rather than being timetabled at appropriate intervals based on the actual level of local issues. It does not have any clear estate standards, to ensure that agreed action meets a consistent standard across all of its schemes.
- 155** However, it focuses the inspections on positive outcomes for customers. The association invites all residents to be involved, alongside other agency representatives, such as police officers or councillors. A comprehensive standard form is used and all attendees are asked to sign this on completion to agree the notes made. Customers are offered a copy of the assessment and action plan which results. The association has a budget of £25,000 to take action in response to any issues identified, which are not addressed as responsive repairs. Key issues are discussed at local zone meetings, enabling feedback on action taken.
- 156** It also undertakes targeted property inspections to address issues such as abandonment or illegal occupation. The association uses both its estate inspections and individual property visits to identify and tackle such issues, reducing the potential for prolonged tenancy misuse.
- 157** There are high standards of grounds maintenance. The association brought the service in-house in April 2006, following significant complaints and poor performance from its previous external contractor. It did not fully test the market to ensure value for money in the decision taken. However, customer satisfaction has risen from an average score of 2.5 (out of 10) for the previous contractor to 7.5 for the first six months of 2006/07, showing higher standards being delivered.

Sheltered housing service

- 158** The sheltered service meets nationally recognised standards. The Derbyshire supporting people team recently accredited the service at the minimum required standards. It has met level 'C'⁷ of the national quality assessment framework (QAF), matching its own self-assessment. The association was about to re-submit a revised QAF self-assessment, at level A. Its carelink service has also been re-accredited by the Telecare Services Association⁸ for a three-year period. The association has not yet achieved centre for sheltered housing services (CSHS) accreditation, which is now common in the social housing sector, though it has now registered to work towards doing so.
- 159** Customers are satisfied with the service provided. Both the STATUS survey and a specific survey of sheltered residents in 2005 show high satisfaction among sheltered housing residents, demonstrating that they value the service provided.

⁷ Where 'A' is the highest rating and 'D' is failure to meet the required standards

⁸ Previously the association of social alarm providers (ASAP) under which it was accredited in 2004

- 160** All residents have a support plan which takes account of their individual needs. The plans are detailed, though they have a fixed six-month review date, rather than one set on an individual basis. Services brought into sheltered schemes are comprehensive and include activities which other customers are invited to. This helps to sustain independent living and provides social activities with others.
- 161** However, we found instances where information is not being updated on the Carelink system. This is a weakness, as such information can be crucial to a customers' well-being, should an incident occur, particularly outside office hours.
- 162** The association does not have any dedicated involvement forums for the sheltered service. While many customers attend other forums, there are no mechanisms which focus on the sheltered service. In addition, it has not sought customer views since its survey in 2005. We assess this to be a weakness, particularly as the association has not subjected its QAF reassessment to challenge by customers. It plans to introduce a sheltered forum in future, but currently, customers do not have a direct route in which to influence improvements to the service as a whole.

Is the service delivering value for money?

- 163** This is an area of significant weakness for the association. It does not have a strategic approach to value for money. There are significant gaps in its understanding of service costs and its approach to procurement. There are some positive initiatives undertaken, but these are relatively few. Its annual efficiency statement does not provide a clear assessment of efficiency within the organisation. Overall, it cannot demonstrate that it delivers value for money.

How do costs compare?

- 164** Rents charged by the association are in the lowest charging 25 per cent of association's nationally (2005/06). It inherited rent levels at transfer which it can only adjust within the scope of the government's rent restructuring proposals. However, it has not yet decided how it intends to implement target rents as part of these proposals. As its financial position means it has limited scope to meet the national target timescale of 2012, it is likely that its rents will remain disproportionate to its peers for a considerable time.
- 165** The association has high overall management costs compared to cost performance indicators published by the Housing Corporation (HC). In 2004/05 these show that it was in the highest-costing 25 per cent of associations for both its average weekly operating costs and its costs as a percentage of its turnover. The HC has not yet published figures for 2005/06, but it is not expected that the association's comparative position will have changed.

- 166 There are significant gaps in the association's understanding of its costs. It is undertaking a systems audit of its budgeting and cost centre arrangements as there are duplications and gaps in the data collected. Its base level understanding of its costs is therefore weak and it is unable to identify with any degree of certainty what its costs are. This is a significant weakness as it cannot therefore clearly establish overall service costs or the costs of activity-based processes.
- 167 Additionally, it has not used benchmarking effectively. While some data is available, there is no clarity around where or how it is applied and any subsequent impact it is intended to inform. The association is a member of Housemark and inputs data to its benchmarking club. It is also a member of a repairs benchmarking group, though data is only just beginning to develop. For example, it has done some work on comparing schedule of rates, but accurate data is not yet available on average costs per repair. Overall benchmarking which has been undertaken, compared to 26 LSVT club members found mixed cost performance, with particularly weak performance when costs are compared against turnover. The association is reviewing the use of benchmarking, which it plans to develop as part of its VFM strategy development.
- 168 As a result, the association cannot be sure that some of its non-core housing activity, such as the provision of its carelink alarm service is actually being met by the charges made. Services such as these are provided to other organisations and private customers. Subsequently, it cannot be certain that its tenants are not subsidising the service through their rents. It has recently put a hold on any further expansion of the services until its costs are more clearly established.

How is value for money managed?

- 169 The association has not finalised its rent restructuring and service charge disaggregation proposals. It understands the implications of these issues and is reporting proposals to its board in December. However, customers will continue to pay service charges not fully related to the service provided for a significant time after their rent guarantee period ends in April 2007. This is a significant weakness, as until resolved, the association cannot ensure the relative value for money (VFM) of rent and service charges against actual service delivery.
- 170 The association does not have a clear strategic approach to VFM. It has developed a VFM policy, which sets out some key principles which will underline its approach, many based around Audit Commission guidance. However, it does not yet have a clear strategy to set out how it intends to deliver VFM across the organisation and a plan for implementation. Customer involvement in deciding a strategic approach is weak, as it has only asked its strategic group to comment on policy content. Subsequently, it cannot show how VFM will be delivered.
- 171 It does, however, have some initial proposals to develop a clearer approach. It has planned work to develop a clearer strategy, alongside a revised approach to procurement. It has also planned financial training for all managers in 2007, to include a focus on value for money issues. The association recognises the need to do significantly more work to embed VFM as part of an organisational culture, but these demonstrate awareness in taking the first steps towards doing so.

- 172** The association cannot demonstrate that value for money has been a robust element of the decision-making process. While sometimes it has considered costs, such as in its best value reviews, it has mostly been focused on processes, rather than outcomes for customers. Subsequently, it has not generally sought the best balance, from the customer perspective, between costs and quality. For example, its previous decision to spend £5 million on a new office location did not consider all the aspects of service provision and VFM. While it has now withdrawn its original plan because of its financial position, it is now in a position where time, rather than VFM, is of the essence. Service-based decisions have generally centred on cost or process, with a limited VFM perspective.
- 173** It is also not maximising value for money from several initiatives. For example, it is not promoting the most efficient payment methods and is making only limited use of its 'tour bus'. While in such cases, the association can demonstrate efforts to provide improved customer services, the outcomes for customers are reduced significantly by the relatively inefficient use of resources involved.
- 174** However, despite this, there are areas where it has achieved significant efficiency savings, while services have improved. For example, in restructuring its in-house maintenance service the association has saved around £400,000. While cost was at the centre of this decision, there have been improvements in outcomes for customers. These include the introduction of repair appointments and improving performance in repair response times, improving the relative VFM achieved.
- 175** The association has produced a draft procurement strategy and toolkit, which we assess to be weak, as it mostly reflects current arrangements. It is not therefore seeking to explore the range of modern procurement options available and the risks and benefits of using these. The association now intends to review the toolkit before presentation to its board for approval.
- 176** Subsequently, it cannot demonstrate significant improvement in VFM through procurement. It inherited then innovative arrangements from the Council for its property improvements and planned maintenance programme. These were designed to enable easier assessment of VFM and to develop long-term partnering arrangements, through piloting contracts with a range of selected contractors. Since that time, the association has compared contractor costs and agreed a universal rate to reduce costs, but not tested these in a competitive market. It has also not used them as a platform to develop longer-term partnering, which could increase supply chain-based efficiency. It cannot therefore demonstrate that it is achieving VFM in what is its biggest area of expenditure.
- 177** Similarly, in other areas of the repairs and maintenance and garden maintenance services, work has been brought in house or tendered from the approved contractor list, without being fully tested against the open market. The association can point to some improving repair ratios, though these are yet to be sustained over the long-term. It has not packaged contracts in voids and adaptations to generate greater efficiency. It cannot therefore demonstrate that procurement arrangements in its maintenance services ensure value for money.

- 178 It can, however, demonstrate some modern procurement activity. These include using procurement clubs in areas such as purchasing stationary and mobile phones. It has also achieved efficiency gains through changes such as officers representing the association at court, reducing the relatively expensive use of solicitors. This shows some focus on achieving improved efficiency.
- 179 It is a founder member of a collaborative venture, the Central England Procurement Partnership (CEPP), which was formed in July 2006. CEPP is made up of 14 housing organisations, who collectively aim to deliver quality housing for residents using modern methods of procurement and working practices. CEPP aims to improve efficiency in maintenance and construction programmes by an average of 20 per cent by 2010, resulting in savings it can invest in learning and business development opportunities. It is also seeking to support community sustainability by incorporating environmental work and local training and employment initiatives into work programmes. Membership of CEPP demonstrates the association's commitment to increasing value for money through joint procurement arrangements.
- 180 The association cannot demonstrate that the information on efficiency gains in its 2005/06 and 2006/07 annual efficiency statements (AES) relates accurately to its actual business plan activity. While some of the gains identified are real, others relate to aspirations rather than actual projections it had or will achieve. Progress monitoring against targets identified within the AES is also weak. This is a significant weakness, which the association recognises it will need to manage carefully, as part of its VFM strategy. AES statements are prepared by all housing associations for the Housing Corporation, to demonstrate the sectors' contribution to national efficiency targets.
- 181 It has not had a clear focus on improving value for money through partnership and inward investment. Its services show evidence of both strong and weak partnership working. It has had a limited focus on inward investment, with little external funding attracted to support service development. There is, therefore significant scope for improvement in this area to improve VFM outcomes.

What are the prospects for improvement to the service?

What is the service track record in delivering improvement?

- 182** The association has a limited track record of improving services for customers. It has not, for the most part achieved either its overall vision or its key objectives. Performance indicators show a positive trend, though the association is not yet a top performer in all services. There have been some improvements which customers would recognise, though many are embryonic or unembedded.
- 183** It has not achieved its vision, 'to outperform its business plan'. The association has amended its business plan continually since transfer, due to ineffective financial management⁹. It is now doing so again to achieve a final plan, which it can agree with the Housing Corporation and its funders. However, it has failed to achieve financial stability throughout its first four years, limiting its ability to invest effectively in service delivery.
- 184** The association has also only made limited progress against its key strategic objectives. The lack of customer perspective within the corporate plan means it is not a reliable source on which to measure improvement customers would recognise. However, in each of the six corporate objectives progress has been made only in part or has not had an overriding positive impact on outcomes for customers. Overall, weaknesses in the plan are mirrored by limited overall progress in the strategic direction of the association to date.
- 185** The association is not on target to meet all of the transfer promises, which is a significant weakness. It had immediately before the inspection undertaken its first formal analysis of progress against the promises made to customers, which was carried out robustly. While in the minority, it identified several areas where there were questions over progress. We also assess that areas such as the substantial increase in expenditure at the Hopewell Farm regeneration project, limited expenditure on environmental improvements and incomplete disaggregation of service charges, place question marks over its achievements. It is now involving customers in assessing progress which is positive, but it has left it too late to determine changes in its plans to ensure the promises are achieved.
- 186** However, in some cases it can demonstrate that it has embraced the promises made, exceeding what was originally proposed. These include for example, significant and increasing investment in aids and adaptations, comprehensive security works in properties for older people and fitting hard-wired carbon monoxide as well as smoke detectors. It has therefore achieved improvements in some areas beyond those originally envisaged.

⁹ 'failure to address critical issues in the delivery of the business plan' - Housing Corporation Assessment, May 2006

44 Housing Association Inspection | What are the prospects for improvement to the service?

- 187** The association is not yet achieving top performance in all indicators published by the housing corporation. At March 2006, of 11 indicators¹⁰ where a comparable position is recorded, the association was in the top performing 25 per cent in four indicators. It was in the top half in a further four indicators and in the worst performing 25 per cent in the remaining three. Its repairs performance and DHS compliance cannot be fully relied on as data could not be validated as accurate throughout the whole year. Similarly, actual SAP ratings may be better than the indicated low performance. Overall this shows mixed performance levels.
- 188** However, trends in performance are strong, overall. Performance indicators show an improving trend, particularly over the past two years. Using the same indicators, in 2005/06, the association improved its position in six from their position in 2004/05, the others remaining at the same level. Performance data to September 2006 shows improvement in most service areas, including repairs and void management. Some areas, such as rent collection and arrears show mixed trends over the same period, with improvement in the current year.
- 189** Customer satisfaction shows a positive trend in overall results with some areas of mixed performance. The association's STATUS survey shows satisfaction with the association as a landlord has increased from 78.4 per cent in 2003, to 83.2 per cent in 2005. Its sample telephone survey in 2006 shows satisfaction at slightly lower levels, but remaining high. The 2006 survey however, shows very mixed levels of satisfaction relating to whether the transfer promises have been met, repairs and resident involvement, for example. This suggests that growth in satisfaction may be slowing.
- 190** The association has not consistently delivered improvements as a result of internal and external recommendations. It has not been robust in implementing recommendations from its best value reviews, some being outstanding from the earliest reviews going back to 2002/03. Similarly, outcomes from its mock inspection, mystery shopping, access audit, customer care training and other initiatives have only been followed up in part or on an isolated basis by individual departments. This has limited the improvements delivered as a result.
- 191** It has, however, implemented the recommendations made by its internal auditors. Regular reports are provided to board, showing timely implementation of the recommendations made. This is important as these recommendations reduce the risk of service failure and increase security and financial probity.
- 192** It has also followed up recommendations made following validation of its key performance indicators, as required by the Housing Corporation and the assessment of its sheltered housing service by Derbyshire Supporting people. These indicate that it is responsive to regulatory assessments.
- 193** The association cannot, however, demonstrate improving value for money across all services. It has achieved some efficiency gains, but its lack of strategic direction means outcomes are isolated. A stronger approach to VFM is now emerging, but has significant scope for development.

¹⁰ Excludes rent charged, which was in the lowest charging 25 per cent of associations in 2005/06.

- 194** It can demonstrate some improvements that customers would recognise. These include:
- property improvements across stock and in the Hopewell Farm regeneration scheme;
 - the introduction of repair appointments for some repairs;
 - an increasing range of resident involvement opportunities;
 - the introduction of estate inspections to identify issues; and
 - early signs of positive impact through the new housing support service.
- 195** However, most improvements identified are relatively new, not embedded or have mirroring weaknesses. For example, the association has improved its reception area. However, weaknesses within office access arrangements and the ability to measure equitable service delivery, neutralise the improvement achieved. Similar conflicts can be found throughout the service, driven in particular by a lack of strategic framework to drive holistic improvements.
- 196** The association has achieved some nationally recognised standards. Its sheltered and housing support services have been accredited by Derbyshire supporting people and its carelink service has achieved telecare services association (TSA) certification. However, these are relatively few, compared to the range of accreditation standards achievable within the housing sector.

How well does the service manage performance?

- 197** This is an area where weaknesses outweigh strengths. The association has not been effective at managing performance, with significant weaknesses in its planning framework and strategic approach. It is too early to determine outcomes from the positive signals related to improved leadership, though there are embryonic plans developing to address these weaknesses comprehensively.
- 198** The association does not have clear aims. Its corporate plan (2005/11) is being reviewed in recognition that it is weak. For example, its vision sets out to 'exceed our business plan'. This means very little, particularly to customers and other stakeholders, who have not been invited to input into the plan. The association's key objectives and the actions that sit under them do not set a clear strategic agenda for improvement and have limited customer perspective. The plan has not been formed through a realistic assessment of the challenges and opportunities the organisation faces, with only vague links to regional and national objectives. The new board and executive team do not have ownership of the plan, which they aim to review, comprehensively, by March 2007.

- 199 The association's current planning framework is weak. This has resulted in service delivery plans which do not clearly flow from its strategic objectives, are not SMART and are process, rather than outcome-focused. In some cases, service managers have chosen to write their own more effective plans with individual staff to achieve more significant improvement. Subsequently, there is no direct relation and link between plans across the organisation. This has led to poor strategic co-ordination of activity and subsequent silo-working. Some teams have worked in isolation from other teams, though operationally, staff have made efforts to work together. These weaknesses are significant as they have limited the effectiveness of the improvements which can be delivered.
- 200 However, it has a new draft framework, which recognises and addresses these issues. It has developed a draft set of robust standards for revising the approach to planning, which is due to be discussed at the next meeting of the board of management. It is also ensuring timely implementation and robust monitoring of its supervision action plan. These show recognition of the need for a strong and co-ordinated approach, though it is too early to assess how effectively the new framework will be delivered.
- 201 The association is now self-aware and realistic in its ambitions. The association's current plans show ambition which is unrealistic, lacking awareness of the issues affecting customers and being process-focused. For example, the association set an objective to achieve a two-star rating, with promising prospects in this inspection, without a clear assessment of what SMART actions were required to deliver services which would achieve such a rating. Its strategic and operational plan, for example has only three actions recorded for the housing operations department, which provides key customer facing services. Two of these relate to expansion of the carelink service. However, the new executive team demonstrates a clearer awareness of the issues facing the organisation, its actual current position and the action now needed, strategically, to bring about improvement. It now recognises that, as a business, the association is in essence back at the starting point it was, at the original date of transfer.
- 202 Its framework for service reviews is ineffective. Positively, the association developed a five-year best value review (BVR) plan in 2002, with an aim to complete a review of all major elements of the service before the end of the transfer promise period. However, the programme has remained unchanged throughout this time, despite the association recognising that some reviews are process-focused or not comprehensively reviewing the service provided. It has not achieved all of the reviews planned, partly because its resources to do so rely on local knowledge of an individual officer, rather than a toolkit and strong understanding throughout the organisation. Reviews have been of mixed quality, though later ones have been informed by those undertaken earlier, resulting in for example, more detailed customer involvement over time. Actions from the reviews have not been effectively implemented, but the board is now taking a more robust approach to monitoring. The association now plans to consider a revised BVR plan, using the inspection outcomes as a key driver.

- 203** It has also begun to more effectively use a range of focus groups, involving residents to review aspects of service delivery. The association has developed a number of groups to look at individual aspects of services and help them to shape improvements that can be delivered. More are planned. While it has not fully co-ordinated these groups within the wider approach to resident involvement, this provides opportunities for improvements to be delivered quickly, with clear customer influence.
- 204** Risk management is weak. The association does not have a robust risk management framework and monitoring processes. It did not, for example, clearly assess the risks of its engagement in the Hopewell Farm regeneration scheme. This has led to substantial rise in expenditure and it needing to reassess its business plan in recognition of the significantly higher property sales required than originally forecast. As an interim measure, the association is developing a list of its top 20 risks at its next board meeting. It has engaged a consultant, in the meantime to deliver training to the board and senior managers, to develop an effective approach to dealing with the risks it faces.
- 205** Overall financial management has also been weak. The association's viability has been put at significant risk by a lack of effective financial-related decision-making and management. This has led to continuous amendment of the association's business plan since transfer, which is now again under review because of the significant shortfall in assumptions made relating to asset management. It is working actively to identify a revised business plan and is confident it will be approved by the Housing Corporation and its funders. However, each change has placed at greater risk the actual level of improvement which it can achieve.
- 206** However, it has recently produced a board report setting out a clear assessment of its financial position and action it needs to address. It has been swift to acknowledge the seriousness of its business plan position and has worked with its funders and the housing corporation to identify a positive solution. While it is too early to determine that these measures have been successful, it is a significant strength that the new management team has built the confidence of the association's partners to support it in these challenging circumstances.
- 207** Performance management (PM) is not fully embedded across the organisation, though it is developing. The association has recently improved its performance reporting arrangements at strategic level and now provides clearer reports for its board. However, there remains lack of clarity in the robustness of some of the information, particularly where performance is below target. Reporting is also not structured consistently throughout the organisation leading to a variance in the quality of information within each team. There is little information regarding equitable service delivery. This has led to a focus on what has been done, rather than on underperformance and action needed to address weaker service areas.

48 Housing Association Inspection | What are the prospects for improvement to the service?

- 208** This is highlighted in the serious performance management failure in relation to gas safety and servicing. Similarly, despite the substantial increase in investment at Hopewell Farm, there are no ongoing formal assessments of the resulting change delivered. While not so significant, across services, there are gaps in the level and quality of reporting and action taken as a result. For example, the association does not monitor former tenants' arrears and there has been no action taken to improve performance in regard to customer complaints. Performance information has not therefore been used effectively as a key driver for improvement, or to ensure equitable service delivery or value for money.
- 209** It is also demonstrated by the lack of effective progress monitoring, though there are signs of progress. The association has fallen behind proposed timescales on implementing a wide range of action plans and in delivering its best value review (BVR) plan. It also does not have robust processes in place to monitor delivery of efficiency gains. However, it is closely monitoring its supervision action plan, which is progressing rapidly, within the timeframes set. The board has also begun to ask more searching questions on BVR progress. This demonstrates a positive move towards more effective monitoring.
- 210** There are areas where the association can identify it has used performance information successfully. For example, having identified underperformance in voids management in 2004/05, it has taken action to improve void turnaround. This has resulted in significant improvement, leading to the association achieving top-level performance in 2005/06.
- 211** Target setting is not robust. The association has not been consistent in the effectiveness with which targets have been set and monitored, and is yet to develop year-on-year targets against longer-term aims to be a top performer. While it wishes to be a top-performer, not all targets are ambitious. In repairs for example, targets are set at lower levels than its actual previous performance. Additionally, it is only setting targets against a regional benchmarking group, rather than all its peers or national best performers. It cannot therefore demonstrate it has set appropriate targets against all services, in the current year.
- 212** In relation to each of the above issues, however, the association is developing robust performance and risk management software. It is currently developing its 'Ten' management system which incorporates a planning framework tool, linking strategic and operational objectives to a risk mapping and performance management database. The software enables a clear and consistent process for reporting performance and managing risks. The association anticipates the system being in place from April 2007. However, its actual effectiveness will be dependant on the quality of data entered, which it is too early to assess.

- 213** The association is not fully effective as a learning organisation. It does not have a formal learning framework in place. It can identify learning from others as an important element of its best value reviews, but only limited examples outside this process. Much of that learning has related to structure or processes, rather than outcomes that can be delivered. There are few examples where it can identify learning from its own experience, as it has no consistent processes in place for doing so, though it has taken account of customer survey feedback in a number of areas. It has a staff suggestion scheme, through which small improvements to services have been made, but this is outweighed by a lack of learning from customer complaints, where its processes are particularly weak. Subsequently, the association is missing opportunities to improve.
- 214** However, there are areas where the association has improved services through external challenge. While it has not effectively involved stakeholders in its corporate planning process, it has, for example, valued this inspection. The association had the opportunity to defer the inspection as a result of its supervision status, but chose not to. It intends to use the outcomes to develop its improvement plans and has already begun to address some issues identified. It has also undertaken mystery shopping by another organisation, a mock inspection and assessment and accreditation processes for some of its services. While these have not all been followed up robustly, it can demonstrate the use of external organisations to validate services and some improvements as a result.

Does the service have the capacity to improve?

- 215** This is an area where weaknesses outweigh strengths. The association's viability is of serious concern and casts doubt - at least in the short-term - over its future. Leadership has been particularly weak. Partnership and inward investment are limited. However, there are significant developments towards achieving greater capacity, with signs the association has set an agenda that can turn around its supervision status. While it is too early to assess many outcomes, it has put in place a positive foundation for change.
- 216** The association cannot demonstrate that it is viable. It has received two red and one amber light in the Housing Corporation's (HC) assessment of it in May 2006, for viability, governance and management, respectively. The association is currently in 'enforcement supervision', which reflects the HCs most serious level of concern. However, it has now agreed a supervision action plan with the HC. This is designed to enable its supervision status to be reconsidered by August 2007, as a result of the association addressing key strategic weaknesses. The association is implementing what is a challenging timetable effectively and closely monitoring action taken as part of the plan, alongside regular HC liaison.
- 217** Its financial position is also of significant concern. The changes to the association's business plan have been significant and further change is now required to address the shortfall in anticipated expenditure over the long-term. While the association has promptly sought to address the shortfall, it has not at this stage been able to rule out reducing investment in improved service delivery. As its business plan has only been resolved for the current year, it cannot be certain of the impact the changes will now have on service delivery.

- 218** The association's supervision status has, temporarily, increased its capacity to deliver improvement. As part of the supervision status, the HC has made three statutory appointments to the association's board. These board members provide additional housing experience from which the association can benefit. One appointee has undertaken the role of interim chair, providing more effective leadership while the association recruits a permanent, experienced chair, which it plans to have in place by December 2006. In addition, it has engaged recognised consultants to assist in development of its risk management framework.
- 219** Leadership of the association has been ineffective, leading, ultimately to the supervision status implemented by the HC. Its executive team has undergone significant change following periods where working between the board and executive has been poor. This resulted in the lack of strategic direction previously identified which reduces its capacity to deliver improvements, as its focus is on managing fundamental weaknesses.
- 220** However, the association has recently recruited new board members (as well as the statutory appointees), a new chief executive and new finance director and made other changes at senior management level. The new executive team and board have a clear understanding of their roles and responsibilities, while recognising the need for a positive relationship with each other. The level of work undertaken to begin to address the weaknesses of the association has been significant, particularly given the short period since the new appointments. This has improved the capacity for improvement as there is now a clear agenda for change and a mutual acceptance of the need to work together effectively, in delivering improvement within the organisation.
- 221** Further development of the board is necessary, though there are signs of progress. Essentially, changes made at board level have brought about an almost entirely new board to the previous membership. This has given the association an opportunity to start afresh, while having a challenge in developing its new members effectively. It has made significant initial progress, through sessions to challenge members about their role and understanding of the challenges they face. The board has a range of skills and is enthusiastic and determined to take on the challenge ahead. As part of the supervision action plan, it is developing a board appraisal and skills analysis programme, alongside a comprehensive training programme. The association has appointed consultants to deliver its training and to deliver expert advice in risk management. This will increase the board's ability to challenge and scrutinise progress.
- 222** Similarly, further development is also needed at executive and senior management team level. The association has seen a significant amount of staffing changes, which are continuing with recruitment of senior managers in the human resources and finance teams. As well as new staff from outside the organisation, a number of staff have been promoted into roles requiring greater strategic input than previously. This provides significant challenges for the association in ensuring development of staff capacity, but is mirrored by the opportunity provided to make a new start to effective strategic working.

- 223** In supporting this 'new start' a significant strength is demonstrated by the approach of the association's renewed leadership. In the short period of time since appointment of new members, the board has developed significantly into a body that has some confidence in its ability to address its weaknesses. The pace of change has stepped up further since the new executive team was appointed. This has formed a solid foundation on which to move the association forward, with confidence built in board, staff, funders and the Housing Corporation within the short period since their appointment. While there has only been embryonic change implemented, this demonstrates a high level of work undertaken to understand the challenges ahead and set out a robust programme of strategic change, in which all parties have ownership.
- 224** The association's new leadership can also show strong capacity to deal with crisis. On discovering the gas safety inspections outstanding, the association dealt with this in a robust and prompt manner. This has quickly reduced the level of cases to almost nil, with only those requiring further action outstanding. This provides a positive indicator of the ability of the organisation to respond to challenging situations in an effective manner.
- 225** This is further supported by the high level of enthusiasm and optimism of staff, despite the turbulent changes it has been through. This is particularly significant because many related their enthusiasm to the changing leadership of the organisation, which has taken steps to communicate the action which it is taking to move the association forward. Subsequently, despite the scope for disenchantment within the workforce, we assess morale to be high.
- 226** However, the association does not have a fully effective human resources (HR) framework. It developed an HR strategy in 2005, but this has not been fully implemented, because of vacancies at a strategic level. Nonetheless, there have been some positive, isolated initiatives, such as its jigsaw project, as detailed earlier and comprehensive induction for new staff. It anticipates development and implementation of a more comprehensive HR approach in the coming 12 months, following recruitment to its current HR manager vacancy. It was about to fill the post on a temporary basis while it recruits permanently to the position.
- 227** Subsequently, there is mixed effectiveness within aspects of human resource management. A significant training budget of £100,000 was fully utilised in 2005/06 and is on target for this year. However, there is no training evaluation taking place to determine outcomes, despite the association having software to do so. Most staff had received an annual appraisal, which they saw, on the whole as positive. However, appraisal forms are not SMART and sample copies show ineffective completion of some areas. Sickness absence has been managed effectively, with long-term absence in particular reducing from previous high levels. The association has developed some further HR initiatives including a staff newsletter, intranet, conference and suggestion and reward schemes. Staff we contacted told us that they received these positively and we found the information provided through them to be strong. However, the association has not thoroughly tested its staff views, such as through an overall HR survey. It is not therefore currently maximising the capacity of its staff to deliver effective services.

52 Housing Association Inspection | What are the prospects for improvement to the service?

- 228** The association has a comprehensive ICT strategy, but lacks a clear implementation plan. Its ICT systems do not provide it with fully functional and integrated systems to manage services, such as management of ASB cases, asbestos handling and performance management, and telephone monitoring software, which is planned. The lack of an implementation plan risks slippage or gaps within effective implementation. Further, the association's current business plan review risks effective implementation without a clearly resourced plan that can be retained within the revised financial forecast.
- 229** The association's use of partnership working is mixed. While in some service areas, there are elements of strong partnership working, these are matched by areas where this is weak. This reduces its capacity to deliver improvement through using the resources of others to support service delivery.
- 230** It has also not comprehensively adopted modern procurement methods. While it can demonstrate some modern procurement, these are generally in areas of relatively minor expenditure. The association has sat comfortably with existing arrangements because they appeared to deliver value for money, without actually challenging itself to determine if this is actually the case. It is now a member of the Central England Procurement Partnership, which is positive, but has not yet delivered outcomes for customers. Its current procurement proposals are weak, reducing its capacity to achieve efficiency gains.
- 231** The association has also been weak in investing in others and attracting inward investment. This reduces its capacity as it is significantly more reliant on its own limited resources rather than these being matched or part matched by others.

Appendix 1 – Performance indicators

Performance indicators (general needs) ¹¹	2003/04	2004/05	2005/06	2006/07 (to September)	Quartile 2005/06 ¹²
Vacant dwellings and lettings					
Relet time (days)	26 days	53 days	31 days	14 days	1
Voids available to let	-	0.1%	0.4%	n/a	1
Voids not available	-	5.2%	3.2%	n/a	4
Lettings to BME tenants	-	2.4%	3.5%	2.53%	n/a
Stock condition and repairs performance					
Average SAP rating	58	58	59	n/a	4
Failing decent homes standard	-	-	1.6%	n/a	1
Emergency repairs	94.8%	88.9%	98%	100%	2
Urgent repairs	94.7%	87.3%	95.6%	98.2%	2
Routine repairs	83.9%	81.2%	98%	98.0%	1
Appointments made and kept	-	-	0%	99.4%	4

¹¹ Source: Housing Corporation performance indicators and Three Valleys Housing performance data

¹² Quartile positions are reflected in the report as: 1. top/best performing, 2. top half, 3. lower/bottom half, 4. worst performing. Quartile positions in brackets relate to 2004/05, as they are not yet available for 2005/06.

Performance indicators (general needs) ¹³	2003/04	2004/05	2005/06	2006/07 (to September)	Quartile 2005/06 ¹⁴
Service to tenants (%)					
Tenant satisfaction overall	78%	78%	83%	n/a	2
Tenant satisfaction with participation	54%	54%	63%	n/a	2
Financial performance					
Weekly operating cost (£)	£65.26	£65.59	n/a	n/a	(4)
Operating cost as a percentage of turnover	153.1%	140.7%	n/a	n/a	(4)
Rent collected	103.9%	100.8%	100.36	99.27	(1)
Rent arrears at year-end	-	2.0%	4.4%	4.2%	(2)
Rent lost due to voids	5.4%	5%	5.0%	4.9%	(4)
Average weekly gross rent	£46.62	£47.14	£53.69	n/a	(1)

¹³ Source: Housing Corporation performance indicators and Three Valleys Housing performance data

¹⁴ Quartile positions are reflected in the report as: 1. top/best performing, 2. top half, 3. lower/bottom half, 4. worst performing. Quartile positions in brackets relate to 2004/05, as they are not yet available for 2005/06.

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:
 - interviews with a range of people involved with the service, including frontline staff and service managers, team leaders, departmental directors, the chief executive and members of the board of management;
 - tenant focus groups, including those actively involved in tenant involvement activity;
 - attendance at resident involvement forums and a board of management meeting;
 - visits to a range of the association's properties, including empty (void) properties, sheltered housing and schemes where property and environmental improvements had been undertaken or were planned;
 - visits to the Hopewell Farm regeneration scheme;
 - observation of the repairs service, reception service and scheduled interviews with customers;
 - mystery shopping of the service;
 - visiting the association's website (www.threevalleyshousing.com); and
 - inspection of a random sample of recent case files, relating to anti-social behaviour cases, rent arrears recovery and customer complaints.