

Short Notice Inspection

Southern Housing Group Limited
July 2009



Contents

Housing Association Inspections	3
Summary of our findings	5
How good is the service?	6
Prospects for improvement	12
Recommendations	16

Housing Association Inspections

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

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

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

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

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

The Association

- 1 Southern Housing Group Limited (SHGL) is the asset holding parent body of Southern Housing Group and is a registered social landlord owning and managing 24,000 homes across London and the south east. Of this just over 7,000 are managed through two subsidiaries. Southern Housing Group Limited has a turnover of £115,264,000.
- 2 SHGL was registered with the Housing Corporation (since superseded by the TSA) in 1991 and has more than 17,000 homes in over 64 local authorities. It is the successor organisation to the Samuel Lewis Trust which was established in 1901. It operates in areas of high demand and of diverse communities. In some of the London boroughs where SHGL is most prominent around one third of the communities are from Black and Minority Ethnic (BME) backgrounds. 'Stock is managed through teams operating out of regional offices in Islington (London region), Barking (Thames Gateway region) and Horsham and Ashford (South region). SHGL employs 553 staff.

The scope of the inspection

- 3 The scope of this inspection focused on the following areas, which have been identified in consultation with the regulator:
 - income collection;
 - resident involvement; and
 - reporting of repairs (including satisfaction).
- 4 The inspection also included an assessment of how SHGL is addressing three cross-cutting themes: Access and Customer Care, Diversity and Value for Money within the services included in the inspection's scope.
- 5 We would like to thank the staff of Southern Housing Group Limited who made us welcome and met our requests efficiently and courteously.

Dates of inspection: 13 to 15 January 2009.

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Summary of our findings

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

Table 1 Assessment

How good is the service?	Assessment
• Access and customer care ¹	Strengths outweigh weaknesses
• Diversity	Strengths and weaknesses are in balance
• Value for Money	Strengths and weaknesses are in balance
• Use of repairs reporting	Strengths and weaknesses are in balance
• Income collection	Strengths and weaknesses are in balance
• Resident involvement	Strengths outweigh weaknesses

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

How good is the service?

Access and Customer Care in the service areas inspected (including repairs reporting)

- 7 We found strengths outweigh weaknesses in this area.
- 8 There are a number of strengths as follows.
 - Tenants have ready access to the service through a telephone based one stop service (customer service centre) which is also contactable by email and supported by regionally based staff.
 - Tenants receive a phone service that compares well with other social landlords. Service centre performance is in the top 25 per cent for the proportion of calls answered and shows average performance for the level of abandoned calls.
 - The easy to navigate website offers customers reasonable electronic access to services. For example the inclusion of rent payment facilities and the facility to register interest in resident involvement activities enables tenants to access services at their own convenience.
 - Tenant information is generally clear and informative and the consistent use of straplines is improving accessibility for different groups.
 - The availability of information is tailored where there is a recognised demand. For example the handbook is available in Bengali and Turkish in hard copy and through the website.
 - The telephone service includes dedicated lines for Bengali and Turkish speakers which are widely promoted through the association's literature and through locally based Bengali and Turkish speaking staff. The service has been accessed by more than 260 customers in the past year.
 - Tenants benefit from flexibility in the management of complaints as frontline staff are authorised to compensate tenants up to the value of £75 for complaints of service failure and this is contributing to minimising the escalation of complaints.

How good is the service?

9 There are a number of weaknesses as follows.

- Although non English speakers using the website are signposted to the service centre through the use of straplines, key service information can not be downloaded in all six community languages listed.
- While the service charter is readily available, tenants will not always be clear what quality of service they should expect as service standards such as those for the rent service are not comprehensive and timescales are not expressly defined.
- Performance reporting to tenants is not comprehensive making it difficult to understand how well services are being delivered against published standards.
- A stretched target has been set for telephone answering but performance at around 70 per cent within 20 seconds is not yet meeting the published performance standard of 80 per cent.
- The bespoke complaints recording system is inconsistently applied and is not effectively managing complaints and in addition there is no reporting of performance against timescales agreed with tenants.
- Customer satisfaction with the performance of the customer service centre is not used as a key measure of the centre's overall performance to, for example, measure the quality of customer contact.

Diversity in the service areas inspected

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

11 There are a number of strengths as follows.

- Weaknesses in leadership are being addressed with the recent appointment of a Board diversity champion and through the Board recruitment process.
- There are examples of services being varied to meet individual need. The inclusion of tenants' vulnerabilities on the IT system is accessible by staff and made available to contractors resulting in repairs services varied to meet the needs of individual tenants.
- Mandatory diversity training and a series of road shows have better equipped staff and the Board to deliver equitable services to tenants.
- Feedback from diverse communities is informing service improvements. Gender specific focus groups with tenants from the Bengali community were consulted in the revision of arrears letters for example.
- An accessible communications strategy covers communication and information services to all residents and identifies standards, resources and expectations about increasing customer accessibility.
- SHGL has provided facilities to enable tenants to communicate in different languages and through other means such as Typetalk and Braille for the hearing and visual impaired.

12 There are a number of weaknesses as follows.

- Tenant profile information is incomplete and is not yet comprehensively based on the six key diversity strands such as disability, religion and sexuality or effectively informing strategic planning or service delivery.
- At present SHGL cannot be certain how accessible services are for tenants. While the approach has been trialled there have been no successful equality impact assessments of services to date.
- Outcomes from our small mystery shopping exercise showed that access to translation services is not consistently offered.

Use of repairs reporting

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

14 There are a number of strengths as follows.

- Tenants reporting repairs through the customer service centre commented on the helpfulness of staff.
- Customer service staff are trained in the diagnosis of repairs and have use of a diagnostic tool to help in the identification of repairs.
- The repairs reporting process is minimising inconvenience to tenants and at present this is contributing to high satisfaction with the quality of work carried out and with the time taken to complete work. For example partner contractors carry out necessary repairs to the value of £500.
- The approach to repairs reporting is tailored in accordance to tenants' wishes. The three key performance measures (right first time, satisfaction with the work carried out and the time taken for the work to be completed) have been identified and agreed with tenants.

15 There are some weaknesses as follows.

- Key tenant literature is not used to fully inform customers on service performance such as telephone answering.
- Arrangements for repairs appointments are not all efficient or customer focused. For example appointments are not routinely offered at the first point of service. Those who do not request an appointment are required to wait in for contractors to call to make an appointment.

How good is the service?

Income collection

16 We found strengths and weaknesses are in balance.

17 There are a number of strengths as follows.

- Basic rent service information is clear and tenants are made clear as to the rent payable for their home and why.
- Tenant access to the income management service is positive with the availability of the customer services team (8.00am to 8.00pm), local staff, flexible working arrangements such as out of hours working and the use of text messaging to tenants.
- Regular surveys show high levels of tenant satisfaction with the service delivered by the central team.
- Overall, current arrears performance is improving although from a low base.
- Performance in the collection of former tenants' arrears compares favourably showing upper quartile performance and write off levels are average.
- SHGL is providing positive in-house services through which tenants unable to make rent payments or experiencing other debt may get help although service literature does not make this consistently clear.
- Work is in progress to bring about greater use of more cost effective payment options by tenants.
- The rent IT system is an effective tool in the efficient management of arrears.

18 There are a number of weaknesses as follows.

- There is no agreed overarching income strategy in place at present which would best guide the service.
- Preventative action to minimise the accrual of arrears early on in the tenancy is inconsistent and the use of profiling to better target resources is not a feature.
- The position regarding the level of garage arrears is still to be determined.
- Performance in the collection of former tenants' arrears is well below the 30 per cent target at 13 per cent in the year to date (at December 2008).
- The use of a tracing/debt collection agency in the management of former tenants arrears is not yet fully effective.
- While comparing favourably with benchmarked peers current arrears are high against national indicators.

Resident involvement

19 We found strengths outweigh weaknesses in this area.

20 There are a number of strengths as follows.

- The level of dedicated financial and staffing resources supports SHGL's commitment to resident involvement.
- Tenants are increasingly satisfied that their views are taken into account. A survey of 800 tenants shows satisfaction to be 80 per cent in this respect.
- Improved opportunities for involvement is contributing to high satisfaction with involvement.
- Guidance for those wanting to become involved at a strategic level is clear with details of the relevant groups and how tenants can apply.
- Tenants can choose from a variety of ways in which to take part in the activities of the association and can thereby influence service delivery in the way that best suits them.
- Projects specifically designed to support engagement with young people enables them to better determine effective outcomes most important to them.
- SHGL actively seeks tenants' views in its work to improve services and an annual impact report shows tenants how their involvement has shaped the service.
- Tenant involvement activity is reaching a broad base of tenants. Over 10,000 surveys are conducted each year and 53 focus groups and workshops have been held since April 2008.
- Customer feedback is leading to significant outcomes with improved services such as the content of the rent section on the website.
- Tenants are becoming involved in the delivery of frontline services.

21 There are a number of weaknesses as follows.

- Tenants are not yet effectively involved in strategic and policy making decisions.
- The prioritisation of service improvements is not informed by tenants and as a result the programme may not address tenants' priorities.
- The tenant selection process to the regional forums is not totally transparent and may limit tenant access to key decision making routes.
- Positive benefits and opportunities afforded to tenants through effective involvement are not consistently promoted or incentivised.
- It is not clear that involved tenants are fully representative of the general tenant population since tenant profiling work is incomplete.

How good is the service?

Value for Money in the service areas inspected²

22 We found strengths and weaknesses are in balance.

23 There are a number of strengths as follows.

- Operating costs compare well with others in its key benchmarking group. SHGL was fifth lowest (2008) at £2,704 with the highest at £7,278.
- There are examples of SHGL's consideration of VFM in services. In the rent service SHGL has saved £14,350 since the introduction of online court applications and £116,161.30 in the year to date as a result of its focus on challenging housing benefit over payments.
- Benchmarking has led to some service improvements. For example in the procurement of a new translation service provider and in the redesign of complaints handling.
- The cost of collecting former tenants' arrears is decreasing with more cases managed internally through a dedicated post.

24 There are a number of weaknesses as follows.

- The strategic approach to VFM is still developing and VFM issues of importance to tenants may not have been identified and opportunities to improve VFM may have been missed.
- Benchmarking is not fully developed or consistently used to understand how VFM could be improved for tenants. Although some benchmarking has been used to identify how better efficiencies could be achieved in income management for example, benchmarking is not consistently used at all levels in the organisation and is not used as a tool with which to challenge the VFM of services inspected. Comparisons are not always made with the best in sector.
- Service cost information is not fully used to assess VFM or to focus on cost and quality. Although the cost of services is understood information is not part of the performance management system or made widely available to the Board or involved tenants.
- The most cost effective rent payment options such as online payments and direct debit are not commonly used and their use is not incentivised.

² In assessing value for money we are looking at two questions: 'How do costs compare?' and 'How is value for money managed?'

Prospects for improvement

Summary of our findings

25 We have assessed Southern Housing Group Limited (SHGL) as having promising prospects for improvement for the service areas included in the scope of the inspection. Our judgements are based on the evidence obtained during the inspection and are outlined below.

What prospects are there that the services inspected will improve?

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

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

27 There are a number of strengths.

- Ongoing surveys show significant improvement in satisfaction; with resident involvement (80 per cent) since the 2006 STATUS survey; which showed only 45 per cent.
- There is a wide range of ways for residents to be involved.
- Although not meeting its target, telephone answering performance has improved from around 66 per cent within target times at March 2008 to around 70 per cent in the year to date and the proportion of calls answered compares well with similar call centres.
- Tenants experiencing debt benefit from the provision of in-house support and advice. Satisfaction with the rent service is high.

28 There are a number of weaknesses.

- Despite improving telephone performance it remains below the target of 80 per cent.
- Improved outcomes have not been consistent. For example, arrears levels are still high compared to national indicators.
- Tenants do not know what level and quality of service they should expect or how well services are being delivered.
- SHGL has been slow to effectively address the diversity agenda.
- While some measures are in place the approach to debt prevention is not yet fully consistent.

How good is the service?

How well is performance managed in the areas inspected?

29 We found strengths outweigh weaknesses in this area.

30 There are a number of strengths.

- The Corporate plan 2009/12 includes value for money and equality and diversity as key objectives for 2009/10. The corporate plan is supported by a financial plan and annual performance targets.
- The Board and senior management provide strong leadership.
- Key weaknesses highlighted have already been identified by SHGL and plans are in place to address them. For example:
 - gaps in the service information reported to the Board, managers and tenants are being addressed and service standards are being revised;
 - SHGL aims to further improve the service to tenants from the customer service centre through work in progress to analyse the service provided;
 - a draft rent income strategy has been devised and is currently in consultation;
 - the Board and customer services committee are better placed to judge if former tenants' arrears cases are being managed well. They now require commentary on individual former tenants' arrears cases before considering write off;
 - work to address weaknesses identified in tenant involvement mean that over time tenants should have the opportunity to influence the organisation's priorities and to challenge performance; and
 - new expanded customer profiling data is currently being incorporated into the IT system covering some fifteen personalised categories.
- An inspection improvement plan aimed to address identified weaknesses and developed with residents should lead to improved outcomes for customers.
- SHGL is better placed to achieve consistency in outcomes as a member of a newly convened group-wide service development group.
- Examples of SHGL responding to external review and implementing change should lead to improved outcomes for tenants. For example the former tenants' arrears policy is currently subject to a review following a mock inspection in 2008.
- Complaints are used as points of learning and are feeding into service improvements.
- SHGL is pragmatic in its approach to continuous improvement with the continued use of targets and benchmarking to assess performance alongside the use of Systems Thinking.
- Tenants are actively involved in decisions about the priorities to develop tenant involvement at SHGL.
- Many improvement plan actions are due for completion in the period March to June 2009 when SHGL estimates 90 per cent of actions will be completed.

31 There are a number of weaknesses.

- Improved outcomes have not been consistent and services are not yet properly informed by customer information.
- Benchmarking is not consistently used in a sophisticated manner. Comparisons are not always made with the best performers outside of its benchmarking group and information is not filtered down through the organisation.
- While the association has identified the lack of a strategic approach to access and customer care as a weakness it has not reviewed its approach in a systematic way or looked at the priorities to improve access for tenants.
- Feedback from tenants highlighted gaps in the performance information they receive which limits their ability to challenge the Association's performance.
- Tenants do not all receive information to enable them to compare performance with other landlords and so at present they are unable to effectively judge if SHGL is providing services comparable to other landlords.
- Progress against improvement plans has shown slippage although those relevant to the areas inspected are expected to be back on track in February 2009.

Do the areas inspected have capacity to improve?

32 We found this is an area of strength.

33 There are a number of strengths.

- SHGL has been proactive in empowering staff to act as 'champions' in its approach to continuous improvement.
- SHGL has financial capacity for the development of resident involvement; £75,000 has been allocated to the regions for various resident involvement opportunities and £98,000 for other areas of the organisation to fund resident involvement although there has been no systematic assessment of the budget.
- Staff capacity to deliver services for tenants in line with its objectives is being enhanced with staff and relevant contractors receiving customer care training through an in-house training programme.
- SHGL is working in partnership with its constructor partners to increase the efficiency of its complaints system with contractors effectively trained in the use and management of the complaints system as appropriate.
- The Foundation's project work has benefited over 6,000 people in the last year and levered in additional funding of £895,000.
- The training and employment opportunities offered to tenants is improving their capacity in terms of life skills.

How good is the service?

34 There is a weakness.

- SHGL is not yet maximising its use of strategic partnerships in the rent service. While there are plans to address this and operational links are positive, at the time of the inspection there were only eight service level agreements in place with housing benefit services within SHGL's areas of operation.

Recommendations

35 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 costs³ and indicate the priority we place on each recommendation and key dates for delivering these where they are considered appropriate. In this context, the inspection team recommends that the organisation shares the findings of this report with tenants and board members; and takes action to address all weaknesses identified in the report. Associations forming part of a group structure should share the lessons and findings of the report amongst the wider group. The inspection team makes the following recommendations.

Recommendation

R1 Improve the approach to equality and diversity and customer focus by:

- completing the collation of comprehensive tenant profile information and ensuring it is used for the strategic shaping of services which best meet tenants needs;
- ensuring translation services are made fully available as promoted;
- ensuring services on the website are fully accessible to those with diverse needs;
- assessing the equalities impact of all policies and procedures for the inspected services;
- reviewing and establishing measurable service standards for all services with tenants;
- ensuring the booking of repairs appointments is made easier and more convenient for tenants;
- ensuring tenants consulted or actively involved are representative of the general tenant population;
- ensuring tenants' effective involvement in strategic and policy making decisions; and
- ensuring the benefits of involvement are consistently promoted and that all the methods of involvement are transparent.

³ Low cost is defined as less than 1 per cent of the annual service cost, medium cost is between 1 and 5 per cent and high cost is over 5 per cent.

Recommendations

The expected benefits of this recommendation are:

- the delivery of fair and equitable services;
- customers will be clear as to the service they can expect;
- services will better shaped around customers; and
- meaningful tenant involvement opportunities at all levels of the decision making process.

The implementation of this recommendation will have high impact with low costs. This should be implemented by September 2009.

Recommendation

R2 Improve the approach to income management by:

- adopting an income management strategy;
- strengthening the emphasis on preventative measures to minimise the incidence of arrears; and
- increasing the take up of the most cost effective rent payment options.

The expected benefits of this recommendation are:

- a robust approach to income management and improved value for money in the service;
- improved guidance for the organisation, staff and for tenants; and
- improved rent collection and resources for services to tenants.

The implementation of this recommendation will have high impact with low costs. This should be implemented by August 2009.

Recommendation

R3 Develop a robust approach to value for money by:

- strengthening the strategic approach to value for money;
- developing a consistent approach to benchmarking and its use in assessing value for money; and
- ensuring service cost information is effectively used to assess value for money as part of the performance management system.

The expected benefits of this recommendation are:

- improved value for money in services.

The implementation of this recommendation will have high impact with low costs. This should be implemented by October 2009.

Recommendation

R4 Address all other weaknesses highlighted in this report.

The Audit Commission

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