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| Mersey South Service Charge Scrutiny |
| Review of Service Charge Delivery Across the Division |
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| MERSEY SOUTH SCRUTINY PANEL |

September 2013

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# Summary

The Panel welcomes the recent changes in the approach to service charge delivery and congratulates the Board and Divisional managers on their forward thinking in the development of this service area. The introduction of the Divisional Services Team is seen as a positive step.

The Scrutiny Panel concludes that a more focused approach now should be taken to planning and evaluating the work of the team. More formal performance management is needed for both staff and contractors, with information being made available to residents and the neighbourhood team.

The involvement of tenants in the service charge review and in satisfaction surveys is a practical and transparent shift towards positive tenant engagement. There is scope for involving residents further and for using their input to help improve services.

The Scrutiny Panel would like to thank the staff of Mersey South for their help and co-operation as we have carried out this scrutiny and we hope our report will be useful.

#  Introduction: tenant scrutiny in Mersey South Division

The Scrutiny Panel currently consists of seven Riverside tenants from across the Division who responded to a request for volunteers for the new Mersey South Divisional Scrutiny Panel. In 2013 we went through a selection process and were then trained for our role.

The role of the panel is to provide robust tenant scrutiny of housing services within the Division, acting as Riverside’s ‘critical friends’. We will do this by:

* Maintaining a watching brief on housing management performance and compliance with regulatory standards.
* Scrutinising the effectiveness of the strategies, policies and procedures of Mersey South in comparison to other Divisions across the Riverside Group and other, similar Providers
* Identifying issues of concern to tenants and residents and carrying out in depth scrutiny reviews
* Making recommendations to the Division.

The Mersey South Resident Scrutiny Panel will report its findings to the Divisional Board and to other Riverside scrutiny panels.

#  The Service Charge scrutiny

In the period June – August 2013 the Panel scrutinised variable service charges in Mersey South’s general needs properties. We focussed on:

* Service charge strategy, policies and or procedures
* The service for which tenants pay services, asking if they know what to expect and if they get value for money
* The information provided to tenants about their service charges
* If the Division ismeeting its legal and regulatory obligations and internal service standards
* How performance is managed (contractors and service charge team)
* If the Division is following best practice

## 2.1 Why this service

In discussion with the management team, this service was selected for scrutiny because:

* There had been a recent, major service charge review across Riverside with a report published in March 2011. The Panel was interested in the progress made implementing the review’s recommendations within Mersey South
* The 2010 STATUS showed low levels of customer satisfaction with value for money of the service charge
* The Riverside plan 2011-14 begins with a commitment to deliver a good value, consistent service for all.

## 2.2 How we worked

We approached the gathering of evidence to inform our scrutiny and our final analysis in a number of ways.

We studied a range of relevant documents (see list in section 5) and interviewed staff. We had a presentation in which we saw screenshots of the service charge IT system.

We also interviewed tenant members of the Service Charge Review group and visited sites in Lee Valley and Halton where residents pay service charges.

When we had completed our information gathering we met to review our findings and check that our conclusions were evidence-based before preparing our report.

# Key findings

## 3.1 Service charges – project planning and evaluation

The Scrutiny Panel congratulates Riverside on carrying out a thorough review of service charges and welcomes the introduction of the General Standards Model (GSM) and the General Standards Offer (GSO) as outcomes of that review. We also welcome the piloting of this approach in Mersey South and the introduction of the Divisional Services Team (DST). We believe that the DST should improve the standard of services such as gardening and communal cleaning and the information provided to residents by co-ordinating finance, resident involvement, contract procurement and contract management.

As this service model is a new initiative within Mersey South we had expected to see a detailed delivery plan with timescales, a budget and targets so that the project could be evaluated. Although we asked several times to see an implementation plan nothing was provided and we are not sure if there is one. We were shown a Divisional Service Team (DST) plan for the period June 2012 - June 2013. We do not know if there is a Team plan beyond June 2013. We also noted references to estate services planning in the Divisional Annual Plan:

* 2012-2013: 02.8 Value for Money. “Develop estate services delivery plan”
* 2013-2014: “Estates Services Action Plan is a priority”

We saw no further evidence of detailed project planning and control. There do not, for example, appear to be dates set for the completion of the Guaranteed Standards Offer, although this is a key element of delivering the Guaranteed Standards Model. We were told all this is work in progress but were unable to get a clear picture of how much progress has been made and what is yet to be done.

DST is the central part of the new way of working in Mersey South and it has been in place since June 2012. We would have expected there to be careful monitoring of the team’s impact but we were told that there has been no evaluation so far and there is no mention of one in the two Annual Plans we have seen.

## 3.2 Performance management

During one of our interviews when we were asking about performance management the Panel was surprised to be told, “We’re very free flow”. Residents will expect Riverside to have much closer control over service delivery than that, particularly at a time when many people are struggling financially and want to be certain that they are getting value for their money.

We were told that the performance of the DST is monitored on a monthly basis. We asked to see the SMART targets set for the team (i.e. team targets, not those for individual members of staff) but it seems that the only performance measure is the number of estate inspections completed on time, which was referred to during interviews with members of staff. We were told that the DST was achieving 100% on this measure and we congratulate the DST on exceeding the target.

Although timeliness of inspections is important, the Scrutiny Panel does not consider this alone to be a sufficient measure of success. It gives no indication of the quality of the services being delivered or the condition of the schemes inspected. Nor does it show if any necessary follow up actions have been taken or show how residents feel about the services in their schemes.

## 3.3 Monitoring contractor performance

We consider that systematic monitoring of contractors’ performance, and then taking corrective action if necessary, is the most important way to ensure that residents are getting value for their service charge. We were told this is a key part of the DST’s work but we are not sure if the process is sufficiently rigorous.

In particular:

* We understand that there are regular meetings with contractors. We asked for sample copies of minutes from some of those routine meetings so we could track the issues discussed and the actions taken. We were given a copy of a review meeting with KGB on 3 July 2013; however the information was not detailed and did not seem to be a comprehensive account of proceedings.
* We asked for and were shown some sample inspection reports completed by Communal Area Officers (CAOs) and were disappointed with the quality of the information recorded. For example, on 1 July the CAO apparently spent from 0810-1100 at a scheme and noted only that the gardens needed spraying. On 2 July another report showed that the CAO had been at a scheme from 0800-1600 and noted that the bin shed was full of wood/split bags. No other information was on the reports and we were not able to establish what happens to the reports once the CAO has returned them to the office. We were simply told, “they go into the system”
* We understand that the inspection reports do not go to Neighbourhood Managers or to the scheme residents. Although the reports would not be very useful in their present form, if they were completed fully we think that residents would find them very interesting and the housing management staff would find them helpful as a way of keeping track of the condition of their estates
* The GSO includes a contractor attendance register, which we consider to be essential for checking that contractors have actually turned up as scheduled. We were told that no such register exists and there seems to be no plan to put anything in place.

## 3.4 Residents shaping the service

The Regulator expects residents to be able to shape service delivery and good practice is to make efforts to collect tenant feedback from a range of sources and use it to review the way services are planned and delivered. The Scrutiny Panel welcomed the involvement of residents in the service charge review and in the design of service charge bills. We are also pleased to note that the GSM includes a commitment to achieve a consistent level of resident involvement.

We asked how Mersey South is enabling residents to shape the delivery of the GSM within the Division through complaints, procurement, satisfaction measures and informal feedback.

**a. Complaints.** There is a key performance indicator for service charge complaints. We were told there had only been four complaints related to service charges and although we asked, we were unable to see the complaints or to find out what they were about.

There does not appear to be systematic recording of informal complaints or reports of service failure and although service charge queries are recorded on the system we are not clear how this information is analysed and used. Similarly we did not see any evidence of information collected from various sources e.g. complaints forms, call centre and face to face being collated.

**b.** **Resident involvement in procurement.** The Panel was told that there is some involvement by residents in contract procurement, for example in Halton. We welcome that and would like to see the practice extended to include having a process for consulting residents on the specification and involving them in procuring all contracts for which they pay a service charge. There does not seem to be any training provided to tenants to prepare them for that role, although this is promised as part of the GSO.

 **c. Resident satisfaction**. We note that the 2013 STAR survey shows a 1% increase in satisfaction with value for money on service charges (up from 64% to 65%) in Mersey South. The Panel is pleased to see that but also notes a 4% increase (to 66%) in Carlisle and a 2% increase in Mersey North (to 66%) so this cannot yet be taken as a measure of success of the Mersey South approach. We look forward to a continuing upwards trend on this measure.

We were pleased to know that the Divisional Services Team had carried out a postal survey within Mersey South in December 2012 to establish a baseline of resident opinion. We saw that there had been some feedback to residents on the results in Neighbourhood Matters in Spring 2013.

The Panel was told that the survey will be repeated in 2013. We welcome efforts to get more resident feedback and so are concerned that we cannot see the proposed repeat survey in a plan with the necessary resources of staff time and money ear-marked.

**d. Talking to residents informally**. The Panel was told repeatedly that the Communal Area Officers are encouraged to knock on doors and talk to residents in their areas. Two of the CAOs we met told us that they spoke to residents as they met them out and about on the estates. Although the Panel welcomes this informal approach to getting customer feedback, it is of limited value if the information is not formally captured and then used as part of a systematic approach to monitoring standards and performance, in order to influence future development. We saw no evidence that this was happening.

## 3.5 Equality and diversity

The Service Charge Policy states that ‘EIAs will be completed when there are any major changes to scheme based services or service charges’. The creation of the DST was a significant change to the way the service is delivered, however there is no evidence that an Equalities Impact Assessment (EIA) has been carried out.

The Regulator expects Providers to, “demonstrate how they respond to tenants’ needs in the way they provide services and communicate with tenants” and we are not clear how Mersey South can show it is meeting this requirement.

## 3.6 Matching service delivery with charges

One of our aims was to find out if Mersey South could be confident that all residents who pay service charges are getting the services they are paying for and conversely, if everyone who is getting a service, is paying for it. We were told of some anomalies with owner occupiers, for example in Runcorn, as result of transfer conditions and we are satisfied that those are understood by the Division and budgets are planned accordingly.

We do not have a clear answers to our questions with regard to tenants. Accurate charging depends on accurate information being passed from schemes to the finance team. We were told that audits are being carried out by the DST to confirm what services are being delivered and where, but we could not establish how far that process had got. Until the audits are complete (and checks have been made on their accuracy) it is possible that some tenants are paying for services they are not getting, either because contracts are not actually in place or because the contractor is not delivering according to the specification.

The Scrutiny Panel was impressed with what it learned about the work of the finance team on service charges. We were given clear and authoritative answers to our questions on service charge accounting and on the IT system (an Academy bolt-on) which has been piloted in Mersey South for use across the Group. We feel, however, that it would have been beneficial for us to have experienced a ‘live system’ as we requested.

## 3.7 Social value

We understand that Riverside is at a very early stage of considering social value when letting contracts. We welcome the fact that there has been some progress, for example we were told that there is an apprentice gardener in Halton, and we hope that in the future there will be further attention paid to getting the best balance between price and wider value. We consider that encouraging greater local involvement in service delivery is key to good practice in co-regulation

# Recommendations

1. Put in place a delivery plan for implementing the recommendations of the Service Review Project within Mersey South showing progress to date and setting targets for the tasks outstanding. This should include a clear plan for completing all elements of the GSM and GSO.
2. Have a rolling plan for the work of the Divisional Services Team. Set targets which go beyond the number of inspections completed and which measure systematically the quality of the service being delivered to residents and resident satisfaction. Regular, written reports should go to the management team and Divisional Board so they can assess the impact of the DST.
3. Introduce attendance registers for weekly and monthly contractors. Monitor them carefully and report to residents.
4. Put in place a robust programme for informing and involving tenants in the monitoring and evaluation of services, including on cost and quality. Provide regular performance information, including benchmarking of costs with peer landlord groups and reports on contractor performance.
5. Carry out an Equalities Impact Assessment on service charges. Include looking at people’s ability to pay in the context of welfare reform.
6. Review the way Communal Area Officer inspection reports are completed and the information used. Introduce a procedure for sharing the reports with the appropriate Neighbourhood Managers and residents.
7. Review how contractors are procured in Mersey South. Ensure residents are involved in setting specifications and selecting contractors and shift the focus towards achieving greater social value. This will require training and support for residents
8. Collect, analyse and use resident feedback more effectively to review the service and the performance of contractors. Develop survey methodology to broaden the response (e.g. by using social media in addition to postal surveys), encourage complaints, capture systematically informal complaints, queries and concerns, invite more immediate feedback, perhaps by text, social media or feedback cards (similar to those used by hotels).
9. Although informal meetings with contractors have their benefits a more structured approach with recorded minutes is needed for transparency.

# References

Riverside STAR Final Results. (2013).

Divisional Service Team Plan June2012-1013

Riverside Service Charge Policy Document (September 2012)

Guaranteed Standards Model

Guaranteed Standards Offer

Riverside Mersey South Annual Plan (2012-2013)

Report to Service Charge Review Project (2012)

Service Charge Policy

Service Charge Review Project Final Report, March 2011

Service Charge Quality (2013)

Service Charges Toolkit

Divisional Annual Plan (June 2012 – June 2013)

Contract Review Meeting with KGB minutes (July 2013)

Inspection Sheets (May – July 2012)

Riverside performance reports

The Regulatory Framework for Social Housing in England (April 2012)

Public Services (Social Value) Act 2012

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