

# **APPENDIX M**

## **WAVERLEY BOROUGH COUNCIL**

### **COMMUNITY OVERVIEW AND SCRUTINY COMMITTEE – 9 MARCH 2009** **EXECUTIVE – 31 MARCH 2009**

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#### **Title:**

**AUDIT COMMISSION – INSPECTION OF LANDLORD SERVICES –  
AUTUMN 2008**

**[Portfolio Holder: Councillor Richard Gates]  
[Wards Affected: All]**

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#### **Summary and purpose:**

This report, which was considered by the Community Overview and Scrutiny Committee at its meeting on 9 March 2009, provides a summary of the outcomes of the Audit Commission's recent inspection of some of housing's landlord services.

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#### **How this report relates to the Council's Corporate Priorities:**

This report relates to two of the Council's Corporate Priorities namely: **Improving Lives** – Improving the quality of life for all, particularly the more vulnerable within our society; and **Subsidised affordable housing** – Working for more affordable housing to be built and managing council housing well.

#### **Equality and Diversity Implications:**

The Audit Commission identified that the Council need to further develop Equality and Diversity practices and to understand the profile of its tenants and respond accordingly to their needs.

#### **Resource/Value for Money implications:**

The Audit Commission's recommendations do have resource implications. These were addressed as part of the Budget setting process for 2009/10.

#### **Legal Implications:**

There are no Legal implications arising directly from this report.

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#### **Background**

1. The Audit Commission carries out inspections of Council provided services throughout the country. There is a strict procedure within which they operate to carry out these inspections to ensure consistency. Briefly, this procedure is as follows:

- Initial meeting with Senior Officers.
  - Notification of service areas they will be inspecting.
  - Request for documents and written evidence from pro-forma lists to be delivered to the Audit Commission by a certain date.
  - Request for a self-assessment by the same date.
  - Request for any additional written documentation they consider necessary.
  - Consideration of progress against previous inspection recommendations.
  - Mystery shopping exercises.
  - Pre-inspection tour of the borough.
  - One week on-site inspection by three inspectors including a tenant inspector through estate and local office visits, interviews with staff, Councillors, tenant and contractor focus groups, attendance at any formal meetings and further written evidence provided.
  - Draft report provided for the authority to comment on.
  - Round table meeting to discuss final comments on their report.
  - Final response from authority.
  - Publication of report and authority's response (report embargoed until certain date) on Audit Commission's website and press release issued.
2. The Audit Commission inspectors conduct their investigation based on a series of published "Key Lines of Enquiry" (KLOEs) relating to individual service areas and cross cutting themes. As well as the service specific inspection, they assess whole Council and corporate issues. Once they have considered all the evidence, the authority's self-assessment and carried out the on-site mystery shopping and inspection work, they issue two types of judgement. The first is on how good is the service is using a star rating system from no stars to three stars, the second is on prospects for improvement making an assessment of poor, uncertain, promising or excellent prospects for improvement.

### **Waverley Borough Council's Experience**

3. In Waverley's case they decided to concentrate their inspection on the following service areas or KLOEs:
1. **Stock Investment and Asset Management** (all the services relating to Decent Homes, responsive repairs, cyclical and planned maintenance, servicing and voids)
  2. **Housing Income Management** (collection of rent arrears and service charges)
  3. **Tenancy and Estates Management** (upkeep of estates including grounds maintenance, anti-social behaviour, community work, tenant engagement)
  4. **Access, Customer Care and Complaints** (cross cutting)
  5. **Value for Money** (cross cutting)
  6. **Equality and Diversity** (cross cutting)
4. Although there is a separate KLOE on Resident Involvement, the Audit Commission informed the Council that it would not be inspecting the service in relation to it. However, it was made clear tenant involvement is expected to be at the heart of service delivery and decision making and therefore it would

form part of their analysis of the service areas above. The Council was also advised that they would not be inspecting Sheltered Housing but nevertheless during the week of the inspection, the sheltered housing service came under scrutiny in a financial context.

5. Waverley's preparation for the inspection process began as far back as the Autumn 2007 when a mock inspection was carried out. Learning from that experience, our preparation continued by working to implement their recommendations where we could within the time available. Staff, in the Housing Service and other departments, Councillors and tenants who would be involved in the process received briefings and training to make them as well prepared as possible for the week of the inspection. Arrangements for the pre-inspection tour of the borough and for the inspectors' week of inspection were made.
6. Waverley submitted all the documents and written evidence as requested together with a self-assessment carried out according to their guidelines on 15<sup>th</sup> August 2008. The Audit Commission carried out some mystery shopping of reception and other customer services during September and October. The inspectors arrived on site on the 13<sup>th</sup> October 2008. This week contained a full programme of interviews, visits and focus groups and we also had to meet their requests for additional information.
7. Having made their assessment by all the means explained earlier they issued their draft report in November. In accordance with the usual procedure, a number of the Audit Commission's assumptions and assertions were robustly challenged, particularly where there was factual inaccuracy and where it was considered that they unfairly represented our circumstances. This was followed up by a round-table meeting, during which councillors, officers and the chairman of the Tenants' Panel had a further opportunity to discuss the content of the draft report. The final report was sent to the Council on the 23<sup>rd</sup> December 2008, in order for the Council to issue its formal response. These documents were embargoed until the 15<sup>th</sup> January, when they were published.
8. The experience was both a challenge and an opportunity. It was challenging because a huge amount of additional work was involved over several months to deliver their requirements, whilst at the same time striving to maintain normal service delivery levels. A considerable amount of effort was made to fully demonstrate the positive aspects of the Council's Housing Landlord Service. Officers also needed to ensure the inspectors were fully apprised of the financial context within which the Housing Revenue Account is operating. It was an opportunity because the process encouraged all who are involved in service delivery to take a fresh look at what we do and how we do it. The process gave us some critical feedback about how well we are doing and where need to make improvements to provide the most efficient and effective services. It was also good to receive praise for areas where the service is working well.
9. During the inspection week and following the issue of the draft report we mounted robust challenges to some of their assumptions, assertions and

where there was factual inaccuracy. Whilst this did not lead to any changes in the overall scoring, the Audit Commission accepted many of the details of our responses, making changes in the body of the report in places, which in turn changed the overall tone of their report.

### **The Outcome**

10. A copy of the Audit Commission's report on the Housing Management Service can be found on the Audit Commission's website and on Waverley's own website.
11. The final judgement of the Audit Commission was that Waverley provided a "fair" service (one star) with uncertain prospects for improvement. The judgement should be seen in context. Audit Commission results for recent inspections of other local authorities are detailed in [Annexe 2](#).
12. A "Fair" service is a reasonably good service and indeed they picked out several aspects of the service, which they said were managed very well, for example, Voids, Gas Servicing and Rent Arrears Collection.
13. The "uncertain prospects" assessment was made because the Council had not completed all of the recommendations in the Inspection of the Repairs Service in 2003; performance indicators (whilst improving) did not have a steady upward trend over recent past years; and some performance management had yet to bed-in. The Achilles heel, however, was the Council's inability to meet the Decent Homes Standard (the reasons for which are largely outside our control) was one of the main reasons for their judgement of uncertain prospects for improvement. It is considered that not enough weight was given to the parlous state of the Housing Revenue Account.

### **What Happens Next?**

14. The Audit Commission issued 28 individual recommendations, which are detailed in [Annexe 1](#) to this report.
15. The Housing Service intends to implement these recommendations and they form the basis for the service delivery plan for the Landlord service for 2009/2010. There are, however, financial implications attached to this commitment and budget provision is being made within the Council's budget setting exercise for 2009/10.
16. It is unlikely that the Audit Commission will inspect Waverley's Landlord services again in the coming years however other service areas in the Council may well receive an inspection and one of their areas of assessment is always to look at any other inspections carried out in the authority to monitor progress against the outcomes. Their judgement on a future service inspection will be affected by their assessment of this progress. It is therefore important for the whole Council that we move forward and respond positively.

## **Conclusion**

17. The inspection process has been challenging but we can take many lessons from it and it has provided an external critical assessment of the Landlord service. It has shown where the Housing Service can improve services to deliver increased tenant satisfaction. It is considered that the Audit Commission gave insufficient regard to the HRA's financial situation.
18. Staff within the Housing Service are determined to show that they can achieve a "good" service with "promising" prospects for improvement into the future.

## **Community Overview and Scrutiny Committee**

19. The Community Overview and Scrutiny Committee received the officer report and recommendations of the Audit Commission. Members were advised that regular updates would be provided for the Committee to ensure implementation of the recommendations and to monitor progress. There would also be regular contact with the Audit Commission Relationship Manager assigned to Waverley to ensure the actions being taken were aligned with their recommendations.
20. The Community Overview and Scrutiny Committee agreed the officer recommendations as set out below and commended staff for their hard work prior and during the inspection.

## **Recommendation**

It is recommended that:

1. the content of this report and the Audit Commission's Inspection Report on Housing Management Landlord Services 2008 be received;
2. the recommendations set out by the Audit Commission be implemented; and
3. a progress report on the implementation of the Audit Commission's recommendations be presented to each meeting of the Community Overview and Scrutiny Committee and items drawn to the attention of the Executive where appropriate.

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## **Background Papers (SDCS)**

Audit Commission Inspection Report – Waverley's Housing Management Service  
January 2009

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**RECOMMENDATIONS OF THE AUDIT COMMISSION**

1. Strengthen the Focus on Customer Care by:

- 1.1 Developing and publishing a suite of measurable and challenging service standards in consultation with tenants
- 1.2 Developing new methods of involvement to engage a wider range of residents in the management of their homes and ensuring that resident involvement structures are representative of the population
- 1.3 Ensuring that complaints are systematically analysed to develop learning and that a compensation policy is introduced
- 1.4 Engaging tenants in mystery shopping exercises and quality checking of empty properties
- 1.5 Developing an approach to financial inclusion

To be implemented by October 2009

2. Strengthen the Focus on Equality and Diversity by:

- 2.1 Developing a greater understanding of the profile of tenants and using this understanding to shape service delivery
- 2.2 Completing equality impact assessments on key areas of policy and service delivery and developing robust actions plans to address any negative impact of policies and inform strategies on equality
- 2.3 Monitoring contractors compliance with their equality and diversity policies and codes of conduct

To be implemented by September 2009

3. Strengthen the Approach to Value for Money within the Housing Service by:

- 3.1 Developing a robust understanding of how costs compare with peers
- 3.2 Reviewing service contracts to ensure that they provide the optimum cost and quality
- 3.3 Introducing value for money targets as part of performance management arrangements
- 3.4 Ensuring stock investment decisions maximise the long term sustainability of the stock through preventative and cyclical maintenance programmes within available resources
- 3.5 Exploring opportunities for efficiencies through the use of supply chain and shared procurement
- 3.6 Introducing incentives for tenants to pay rent by the most cost efficient means
- 3.7 Separating service charges from rents and giving a clear breakdown of service charges on rent statements and rent increase letters
- 3.8 Investigating the availability of additional income to support stock investment such as through energy grants

To be implemented by March 2010

4. Improve Performance in Service Areas by:

- 4.1 Ensuring that repairs appointments are made at first point of contact
- 4.2 Ensuring that detailed information on asbestos is provided to tenants where it is known to be present
- 4.3 Ensuring that cleaning and grounds maintenance specifications meet the needs of individual estates and are robustly managed within the resources available
- 4.4 Reviewing the current tenancy agreement to ensure it meets the latest legislative requirements and considering the use of introductory tenancies
- 4.5 Developing a comprehensive action plan for achieving the Respect Standard
- 4.6 Clarifying the role of estate monitors in all aspects of the housing management service
- 4.7 Linking estate management budgets to the estate walkabout programme ensuring that tenants are fully involved in expenditure decisions
- 4.8 Reviewing the aids and adaptations policies and procedures to ensure that there is a clear priority criteria for critical cases and that any waiting times are minimised

To be implemented by July 2009

5. Strengthen Performance Management by:

- 5.1 Publishing up to date performance reports and targets on the website and in tenants newsletters
- 5.2 Ensuring that performance reports on aids and adaptations takes account of the whole process from initial request to completion
- 5.3 Implementing computer software which enables effective management of anti-social behaviour cases
- 5.4 Reviewing service action plans to ensure that tasks are measurable and that outcomes and cost implications of all tasks is fully explained and understood.

To be implemented by July 2009

## ANNEXE 2

In the past year (to January 2009) the following outcomes were achieved in other housing management inspections across the country. Ten Local Authorities had their Housing Management Landlord Services inspected:

Judgement One – How Good is the Service?	Judgement Two - What Are The Prospects for Improvement?	Scored by Number of Other Organisations
Poor	Uncertain	4
Fair	Promising	1
Fair	Uncertain	2
Fair	Excellent	1
Good	Promising	1
Good	Excellent	1

and 54 Housing Associations/ALMOs were inspected for these services:

Judgement One	Judgement Two	Scored by Number of Organisations
Poor	Uncertain	3
Poor	Promising	2
Fair	Poor	1
Fair	Uncertain	5
Fair	Promising	17
Fair	Excellent	2
Good	Uncertain	1
Good	Promising	14
Good/Excellent		4
Excellent/Excellent		5

These results show that Housing Associations and ALMOs generally score better than their local authority counterparts, which is probably due to their financial situation. Compared with other authorities the outcome for Waverley is moderately good considering the highest proportion of scores for others was in the Poor with Uncertain category and bearing in mind our worse than most financial circumstances. However, it is acknowledged that there are areas in which Waverley's Housing Service needs improvement.