

Waverley Scrutiny Group

Scrutiny Review of: The 2017 Recharge Policy and Process

Final Report February 2018

Introduction

1. This is the fourth scrutiny review carried out by the Waverley Scrutiny Group (WSG). The topic selected was the new Recharge Policy and Process in Waverley's general needs housing and work began in August 2017.
2. WSG highlighted recharges from their previous scrutiny report on Voids and both WSG and the Waverley Housing Service agreed this was an important area to be reported on. The Waverley Housing Service wished us to include in our report the new Recharge Policy and process; make recommendations on this and on delivering Value for Money (VfM) as The Council's 2016 – 2019 Corporate Plan had VfM as one of its four priorities.
3. The Waverley Housing Service was concerned about the lack of recouping costs and the lack of enforcement of the Tenancy Agreement.
4. The scrutiny review covered the new Recharge Policy and Process, how the policy was being implemented, providing VfM, reports produced and the IT systems supporting the delivery of the Recharge Policy and Process.
 - The scope of this report is to find: Is the recharge Policy and Process fit for purpose and fair to tenants and leaseholders?
 - How the Housing sections, Customer Services, Voids and Tenancy & Estates, are operating the new process.
 - What Systems are being used to monitor and regulate collection of recharges?
 - What communication there has been to contractors and tenants over the new recharge initiative?
 - How cost effective the new process will be and does it provide VfM.
 - What is being done to help tenants avoid a recharge claim?
 - Identify if any improvements can be made to the process (Recommendations)

Abbreviations

Waverley Scrutiny Group (WSG); Recharge Collection Officer (RCO); Value for Money (VfM); Schedule of Rates (SOR); Customer Services Team (CST); Tenancy & Estates (T & E); Rent account Manager (RAM).

Key findings

5. The Group used two methods to obtain information for this review. As a starting point we interviewed the then Rents Manager (Carl Lewis), who highlighted the need for a recharge policy within Housing. The interview gave the group a clear indication of who they should be talking to regarding implementation of the process, as to who is responsible for seeing, the policy and process is working and providing financial reports.
6. The main evidence collection method used was interviews with staff to gain a clear understanding of what happens in the field. This was supplemented by analysing recharge financial reports and the Recharge Policy (August 2017) and Process.
7. The Group used all the information gathered to form the basis of the recommendations.

Is the recharge Policy and Process fit for purpose and fair to tenants and leaseholders?

8. The Group had limited information available to them and relied on additional information requested from individual staff members along with statistical and financial information.
9. The Recharge Policy and Process document; August 2017, sets out the Councils expectations and tenants responsibilities. This document outlined the Councils Policy on recharging, but lacked substance and clarity on what is considered rechargeable works. The document did not consider or address areas of mental health and referred only to tenants suffering from a disability.
10. The document focussed on the recouping the financial cost of rechargeable work and was heavily reliant on correct identification and notification of a recharge being made either from a phone call to the Customer Services Team or the Tenancy & Estate Officers and Void Officer(s) reporting a recharge.
11. Tenants should be given a reasonable time to make good repairs. It is also not satisfactory to give verbal advice when visiting the property at an end of tenancy.
12. On a property being empty, work identified as a recharge would be invoiced, where possible, to the previous tenant. This did not allow for the previous tenant to put right any identified recharge work or to challenge the decision(s).

No timescale is given on when notification is sent to a previous tenant or when the invoice is to be sent.

13. We found no evidence to demonstrate that tenants/leaseholders were encouraged to consider home insurance to cover accidents in the home.
14. The Recharge Policy (August 2017) and Process document does not explain in detail how the cost is arrived at.
15. WSG were told that a 33% charge is added to the contractors cost for the work. An email explaining how the additional 33% charge was arrived at was provided to the group and quoted as follow: *“The job cost has the 36.44% contract price included as this is automatically applied in Orchard – this should not be added back to the job cost as we would then be making a profit as opposed to recouping losses. Overhead costs for central and local overheads are then added to this cost but we pay them in a lump sum split over 12 months – this equates to 33%. This 33% should be added to the job cost to give a true reflection of job costs. You will then add a subsequent 15% administration fee should you have to send chaser letters to your initial invoice.”*
16. The above explanation as to how the recharge was to be costed we found to be open to misinterpretation and over complicated, especially in the first paragraph. We believe the following explains how the final invoice total is arrived at:
17. An example of a recharge is the replacing of a WC seat:

The Schedule of Rates (SOR) provides the cost price, from this is deducted the contractors discount, giving an invoice cost to Waverley. For recharge purposes to this invoice cost is added the overhead cost; giving a final recharge invoice price.

WC seat SOR £32.16 minus the 36.44% equates to an invoice cost to Waverley of £20.44. Added to the £20.44 is the overhead of 33% giving a recharge invoice of £27.19 to the client.

A further 15% could be added to this for either a reminder invoice being sent or a repayment plan arranged giving a possible invoice total of £31.26. (Appendix 2. Pages 5 & 8.2).

WSG felt, to further add 15% where a payment plan was in place, was unfair and could put tenants/ leaseholders further into unnecessary debt.

WSG were also unsure if VAT should be included in the invoice.

18. Though stipulated within the Recharge Policy and Process *“the RCO has discretion for waiving any administration charges. These waived charges will be reported to the RAM on a monthly basis.”* WSG found no such reports were available making it impossible to see how the Process was being implemented where the tenant/ leaseholder had set up a repayment plan.
19. Cases for Exemption only referred to disability and did not mention if the tenant was a victim of racial and/or sexual harassment, domestic violence or anti-social behaviour; whether a tenant’s vulnerability is because of age, mental incapacity etc. (Appendix 2 3.2).
20. WSG found the Recharge Policy and Process document to be insubstantially, lacking in detail and came across as having little empathy with the tenant/leaseholder and not fair to tenants.
21. The Policy did not ensure accurate recording or give clear guidance on what are rechargeable works for both staff and tenants/leaseholders. The Recharge Policy and Process was heavily weighted on recouping the cost. It showed no balance in providing guidance to both staff and tenants on what is classed as a recharge; it did not mention of Out of Hours calls, Duty of Care and making the property safe. At no point did it state that charges must be fair and accurate and transparent.
22. WSG did note that the Recharge Policy and Process was to be reviewed in 2018.

How the Housing sections, Customer Services, Voids and Tenancy & Estates, are operating the new process

23. It became apparent there were a number of issues that were causing inefficiencies within the process and a lack of commitment within some Housing areas to the recharge process.
24. It was recognised that the Recharge Collection Officer (RCO) was placed in a difficult position over challenges to a recharge as other Housing managers were making decisions on i.e. should a recharge be waived; and the RCO perceived they had 5 managers not just their Rent Account Manager.(Tenancy & Estates, Customer Services, Housing Options, Housing Needs,). This is in contradiction to the Recharge Process and Policy 1.7, 3.6 and 8.4 (See Appendix 2, pgs. 2, 3 & 5).

- 25.** The Customer Services Team (CST) see this time as a period of change and a need to be refocused and admit ownership. The message on recharges needs to be right and consistent. The CST is aware, as part of the Councils Duty of Care, they have responsibility to make a fair assessment and explain to tenants why their work is rechargeable.
- 26.** We were told the CST provides “ball park” figures on the possible cost of a recharge when asked. This is being taken by the customer as final cost figure and when the invoice is received and found to be higher, is leading to complaints and the reduction or waiving of the invoice.
- 27.** We understand the reasons why a “ball park” figure is being given and as seen as good customer service, unfortunately it is leading to confusion, embarrassment and complaints.
- 28.** A possible solution to this is for the CST if giving a “ball park” figure, stipulate this is only a guide and the cost could be higher or lower once the repair has been carried out. The Waverley contractors are also giving a “quote” on a recharge leading to the same issue as above; where they should be reporting back to CST.
- 29.** From our interviews with staff it was mentioned that some of the Tenancy & Estate (T & E) officers were not following the procedures. The T & E section found the joint visit of a T & E officer and the RCO was not working well and did not think it was necessary. In consequence this part of the procedure was not being implemented but had not been communicated clearly to the RCO. The number of pre termination visits where recharges were required was not clear and with the IT issue, information was lacking. The End of Tenancy Process part 1a is ambiguous. (Appendix 2 pg. 7) It does not clearly state there will be a joint visit.
- 30.** 1b of the Recharge Process states *“Verbal advice will be given to the tenant during the visit, and a written confirmation will be sent by post clarifying work and approximate cost to give tenants the opportunity to undertake the work themselves”*. Here there is the possibility of confirmation letters not being sent and open to challenge by the tenant and it is not stated that photographic evidence is taken.

31. Both the Customer Service Team and the Void Inspector(s) are raising the orders for recharge works. It was explained to WSG there is no separate Cost code to identify the recharge works.

32. The method of raising a recharge order on Orchard was described to WSG as follows:

For Responsive Repairs an order is raised against a cost code 1104H2110GR to identify this as a recharge an event code is entered, 206, this identifying this order as a recharge.

For a Void work a “dummy” recharge order is raised and then follows the same principal as above but uses the Cost Code 1104H2111XX, and then the event code 206 is entered denoting this as a recharge order. The “dummy” order is changed to an invoice order once the work has been identified.

WSG found this to be unnecessarily cumbersome.

33. The cost code is made up of three separate parts. 1/ 1104 identifies this is General Fund, 2/H2110 and H2111 identifies this is the Housing budget and 3/ GR and XX, called the attribute code, identifies the type of work.

34. Having to carry out a number of changes to an order to identify this as a recharge is open to error and unnecessarily cumbersome.

35. As the Attribute code identifies the type of work to simply end the cost code with a different 2 alphabetical index would avoid having to add an event e.g. RC. We could see no reason why a “dummy” order is raised on rechargeable void work. We are aware that a “dummy” order is raised on void work on a Monday morning so the contractor can order materials.

36. The void check list has been altered to identify where there is rechargeable work; on return to the office the Void Officer(s) can immediately raise an order using the specific cost code for recharges. This would easily identify recharge works for the RCO by asking for a report with the specific recharge cost code and be more efficient and provide better VfM.

- 37.** The Voids Team were recording rechargeable work on their joint visit with the contractor, both on the Void check list and photographically. The Void Officer was raising the recharge order on Orchard. The RCO is informed by email there are rechargeable void works and an order has been raised. Due to IT issues, relating to method used for entering a recharge order (see above), this part of the process is not working. As a consequence no invoices have been raised against rechargeable Void works.
- 38.** From our interviews with officers we are aware some were not delegating to their coordinator team and attempting to do all the work themselves. This may be due to pressure of work. There is an opportunity here, with the recent restructure, to address how the teams work individually or together and to identify where possible failings are.

What Systems are being used to monitor and regulate collection of recharges?

- 39.** In our opinion the financial reports provided to the WSG are muddled and do not provide exact figures on invoicing at any stage. Cancelled jobs were still included in the reports; there was no totalling of the figures of all but one report. The information provided on the status of the job was confusing and related more to the status of the work with the contractor and not the status of the recharge invoice. There is no cancellation report, nor an up to date report on invoices and their status.
- 40.** To confirm the financial position of invoices out and invoices paid or part paid, the RCO has a spread sheet which they complete manually.
- 41.** The automated weekly completion report only provides two financial columns, one with the work cost and one with the 33% cost added. There is no column identifying the actual 33% cost, nor if a 15% surcharge had been added.
- 42.** It was recently identified that Void recharge report was incorrect, this due to erroneous data being uploaded into the report. This is an IT problem where any change to an order is being identified as a new order (see Table 1 below).

An extract from a report on Void recharges:

Order No.	Property Address	Job No.	Job description	Job status	Job total	Job total + 33%
11128	16 Home Park	478719	Recharge Amended	Ready to invoice	770.16	1024.31
11128 2 nd job	16 Home Park Close	478719	Recharge claimed value	Ready to invoice	256.72	341.44

11128 2 nd job	16 Home Park Close	478719	Recharge Entered	Ready to invoice	256.72	341.44
11128 2 nd job	16 Home park Close	478719	Recharge Issued	Ready to invoice	256.72	341.44
11128 2 nd job	16 Home Park Close	478719	Recharge Ordered	Ready to invoice	770.16	1024.31
11128 2 nd job	16 Home Park Close	478719	Recharge Practically complete	Ready to invoice	256.72	341.44
11128 2 nd job	16 Home Park Close	478719	Recharge ready to invoice	Ready to invoice	256.72	341.44
Total					2823.92	3755.82
Actual recharge figure					256.72	341.44

- 43.** From the figures above, it is clear that any reporting on recharge costs is misleading and erroneous. Of the 23 void properties identified as having a recharge order, 5 were found to have repeated recharge orders as in the table above. There is no clear description of what the recharge is for. The report also includes recharges that have been cancelled but still calculated within the figures, and no dates relevant to invoicing, payment plans and invoice paid.
- 44.** As a consequence the RCO is inputting all invoices manually and double checking every Void recharge, this is time consuming and not Value for Money (VfM).
- 45.** It has taken four/five months for this to be realised, partially due to lack of communication over the number of voids where a recharge is required, a lack of knowledge on how Orchard works and not defining, adequately, information required to produce a clear, verifiable report. We understand this is now being addressed.
- 46.** The Orchard report on Responsive Repairs, invoicing and receipts for recharging, lacked full explanation where the invoices were £0.00. On further analysis of the 132 recorded invoices, 37 were £0.00. There were no start dates for Direct Debits, monthly payments, weekly cash payments etc. This makes it difficult to monitor payments being received and when fully paid.
- 47.** Of the 95 invoices with a cost figure the total expected revenue is £7,155.97. Up to 28th January 2018, £1,531.03 had been collected.

48. In discussions with the Housing Orchard Systems Project Officer it was explained to produce invoices as carried out for Property Services contractors, a sub – account would be required. For this Orchard personnel need to set this up, but due to lack of availability of Orchard staff this had not been achieved.
49. On viewing the Void process, which is using Project 20, it was noted that there was no Recharge event included. This means that it is not possible to identify recharges through Project 20. This is an easy fix and would provide an additional element to confirm the number of recharges raised on Voids.
50. Other Housing invoices are raised through Agresso and recharge invoices need to be raised and paid through this system.
51. WSG would like to see some incentive to the customer to pay the full invoice amount within 7 days and set up a repayment plan within 14 days and removal of the 15% for setting up a repayment plan.
52. WSG were told there were no separate reports on complaints, cancelled or waived invoices.

What communication there has been to contractors and tenants over the new recharge initiative?

53. The main contractor was informed there was to be a Recharge Collection Officer, they were given no information on when this appointment was to be made or who the Officer was. The main contractor had undertaken changes to the void forms, following discussions with the Void team, to capture recharges during joint void inspections with the Void Officer. The Contractor was under the impression there would be a meeting between the new Recharge Collection Officer, Voids Officers, Tenancy & Estates and Customer Services unfortunately no such meeting was arranged or was to be arranged during our review.
54. The Council on initiating the new Recharge Policy and Procedure informed tenants through the newspapers, WBC web site and with a flier sent with rent statements. WSG were provided with an example of the card sent to tenants and to leaseholders where rechargeable works have been identified. The flier did not include a phone number only a web site address. Further communication will be in the Waverley Homes and People, but there was no policy to provide information on a regular basis.

How cost effective the new process will be and does it provide Value for Money

- 55.** As the new Recharge Policy and Process 2017 have been in place 5 months, it is difficult to ascertain how cost effective the new process will be. With the lack of verifiable data from the reports, manual inputting of data by the RCO, lack of commitment to the new process, in some areas, and the problems with IT, the process at present is not cost effective and is not providing Value for Money.
- 56.** The Group have been assured that issues relating to IT and the non-implementation of some of the processes will be and are being addressed. This is hoped to make the Recharge scheme more cost effective and start to provide Value for Money.

What is being done to help tenants avoid a recharge claim?

- 57.** The Council have recently initiated a Handy Hints Project this to be a training manual and be included in the Tenants pack. The Probation Service has been utilised to clear gardens, especially where the tenant is vulnerable. The Intervention Officers in conjunction with Guildford Health providing tenancy support; but this is subject to financial support from Surrey County Council. The T & E team are now responsible for downsizing to help tenants, especially the elderly, move to a property that they can manage.
- 58.** In view of the restructuring within Housing; WSG are concerned that the reduction in the number of Property Services Inspectors and Void Inspectors along with increased workloads, will affect the provision of help, the raising of recharges and in assisting tenants in avoiding recharges.

Conclusion

- 59.** WSG commend the Council on recognising the issue of recharging and establishing a dedicated post specifically for this. WSG found the information provided by the previous Rents Manager detailed and had provided the necessary information for the Council to support a dedicated post.
- 60.** We did find there were gaps in the proposals, and WSG felt that in establishing this post was rushed and not fully thought through. A trial period to iron out the issues, now being encountered, would have been beneficial.

- 61.** The Recharge Policy and Process document, lacked substance and useful information for both staff and tenants/leaseholders and needs to be reviewed and revised.
- 62.** The addition of 15% for setting up a payment plan is a further burden on tenants/leaseholders, who might be in financial difficulties.
- 63.** There was a lack of empathy for tenants/leaseholders especially the vulnerable.
- 64.** The raising of recharge orders was unnecessarily cumbersome and inefficient and could easily lead to error.
- 65.** The computer systems needed, to provide the detail for recharges for the RCO to perform their job efficiently, were not in place. The RCO is reliant upon information being accurate and detailed. It was difficult to ascertain, from the reports provided, the actual number of recharges there were and how much revenue had been engendered.
- 66.** The RCO had some knowledge of the Orchard IT system, but would benefit from additional support so they could have reports designed to provide clear, accurate and verifiable information.
- 67.** Commitment and communication between sections is poor this not helped by the various IT systems to record information.
- 68.** Reports on recharges both Responsive Repair and Void were muddled, inconsistent and could not be verified easily.
- 69.** There was no report on complaints, cancelled or waived invoices and no report on reasons for cancellation of invoice. Out of hours works were not mentioned in the Recharge Policy and Process.
- 70.** To date the Recharge Policy and Process is not providing VfM; we believe with the recommendations made in this report VfM can be achieved.
- 71.** The RCO is enthusiastic, dedicated and wants the process to work but is being frustrated by interference and noncompliance from other sections.

72. WSG fully support the RCO in their role.

73. The CST were working well and identifying where recharges were appropriate, but were causing confusion by giving “ball park” figures on the cost to tenants/leaseholders. The contractor's Void manager had taken on board the need for a recharge process and had adapted their work sheets to reflect this.

74. There was however a lack of communication with the contractor i.e. not being informed as to whom the RCO was or meeting them.

Waverley Scrutiny Group recommendations presented to officers

75. To review and revise the Recharge Policy and Process in line with our report identifying recommendations which we have raised in this report. Ensuring the RCO and reporting manager are solely responsible in making decisions regarding the Recharge process.

76. Any queries from a customer about a recharge invoice, is to be passed to the RCO or their manager and not to be answered by the person taking the call.

77. A separate recharge cost code is set up.

78. IT system for the Void recharges needs to be addressed as a matter of urgency. Including additional event(s) for Void recharges on Project 20 and for Orchard to set up a sub – account.

79. No “ball park” figures, estimates or quotations are to be given to customers over the cost of work to be recharged, should be made by the Customer Services Team or contractors. If a cost figure is provided it must be qualified by stipulating this figure could be higher or lower once the repair has been completed.

80. Clear instruction to be given, to any one responsible for identifying a recharge, on the process are required to ensure the RCO and/or their manager are fully aware of all recharge orders being raised. The Void Inspector/Coordinator should ensure that all recharge orders are raised correctly and passed to the RCO and/or the manager. With the Void Coordinator checking weekly that all recharges have been raised and passed to the RCO.

81. All Tenancy and Estates Officers are to fully comply with procedures for informing and inviting the RCO to pre termination visits. Officers should inform the RCO and Void Inspector if Recharges will be required, clearly stating what the Recharge is for.
82. IT system for raising invoices on Agresso needs to be addressed.
83. Reports to be re-examined and to provide detailed and verifiable information.
84. Reports required on complaints for waiving a charge and cancelled invoices.
85. Where a full payment plan is put in place within 14 days no 15% administration charge is added to the invoice.
86. For the Service Improvement Team and RCO to explore the capabilities of Orchard regarding Recharges. For greater customer service and efficient reporting. More advertising of the recharges i.e. Posters in all Senior Living units. In Council Offices and Communal centres. Continual articles in any WBC publications e.g. Waverley Homes and People and in Tenants newsletters. Phone numbers to be included along with web site addresses.
87. Greater encouragement for tenants to take up home insurance.
88. On pre-termination visits all work identified as being rechargeable to be either carried out by the tenant or WBC, should be recorded on site and signed by both tenant and WBC Officer and a copy left with the tenant.
89. Ensure recharging policy and process acknowledges, and includes, out of hours, duty of care and securing properties.

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