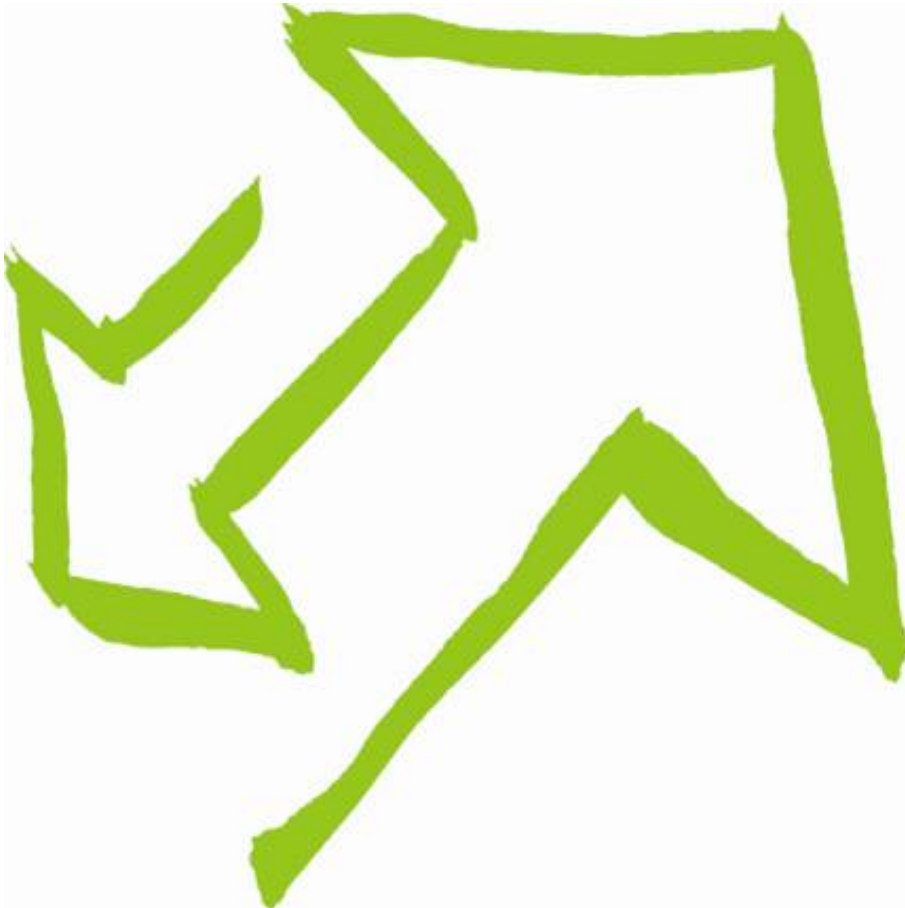


Housing Association Inspection

Island Homes Limited

November 2008



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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.

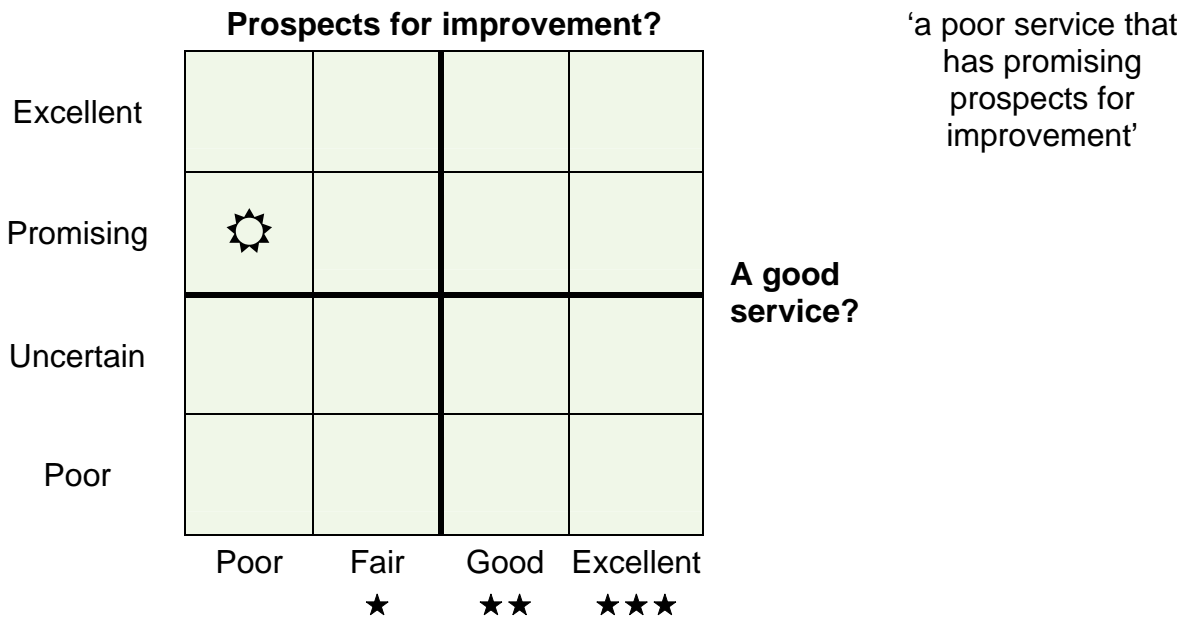
Summary

- 1 Island Homes is delivering a poor service but it has promising prospects for improvement. There have been a number of weaknesses in the services provided to residents since stock transfer from the London Borough of Tower Hamlets in 2005, but these are now beginning to be addressed.
- 2 Overall levels of resident satisfaction are low and the standards that residents can expect are not clearly set out or monitored, with the level of performance not clearly reported back to residents. Although there has been an overarching asset management strategy for One Housing Group since January 2008, there is not yet a clear and comprehensive strategic approach to asset management within Island Homes. Also there are weaknesses in stock condition data and in the prioritisation and speed of completion of repairs.
- 3 The time taken to re-let empty properties has been extremely high, and the management of empty properties has been poor, although this is now improving. Similarly, although the servicing of gas appliances has recently improved, there are a number of properties which have not been serviced and some where it is unclear when the last service was carried out.
- 4 Rent arrears and leaseholder service charge arrears are high and there is a weak focus on recovering former tenant arrears. This contributes to a generally poor focus on achieving value for money until recent months. There has also been slow progress in compiling a detailed profile of residents and agreeing a strategic approach to meeting their diverse needs.
- 5 However, the advent of a new group structure in 2007 (with the formation of the 'One Housing Group') led to the identification of these and other key weaknesses. Effective plans have been put in place to address the weaknesses and these plans have begun to be delivered. The poor approaches to performance monitoring and performance management that existed until recently are also being addressed. The capacity is in place to deliver the improvement plans, with support from elsewhere within the Group.

Scoring the service

- 6 We have assessed Island Homes Limited as providing a ‘poor’, no-star service that has promising 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

- 7 We found the service to be poor because it has a range of weaknesses including:
- service standards are not comprehensive and performance against them is not monitored;
 - overall levels of resident satisfaction are low;
 - the strategic approach to addressing diversity is still being developed;
 - Island Homes does not have a comprehensive asset management strategy and there are weaknesses in stock condition data;
 - the prioritisation and speed of completion of repairs is poor and appointments are not being made consistently;
 - void turnaround times are high;
 - although gas servicing performance has improved, there are a number of properties without current safety certificates;

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.

- rent arrears and leaseholder service charge arrears are high and there is a weak focus on recovering former tenant arrears;
- service charge bills for leaseholders have not been accurately calculated and have not complied with legal requirements; and
- there has been a lack of focus on achieving value for money until recently and the recent focus on value for money has yet to be embedded or deliver results in most areas.

8 However, there are some areas of strength. These include:

- the two local offices provide generally good physical access;
- there are generally effective arrangements for providing aids and adaptations to residents;
- the decent homes programme has included effective consultation with residents and is likely to meet the 2010 target;
- estates are generally well maintained and the caretaking and handyman services are valued by residents; and
- there is a generally effective approach to tackling anti-social behaviour.

9 The service has promising prospects for improvement because:

- a number of practical 'catch-up' improvements were delivered following transfer;
- the areas of weakness in services have been identified and robust improvement plans have been put in place to address them;
- the weaknesses in the monitoring and management of performance have been identified and are being addressed;
- there has been good progress against current improvement plans, which link well with broader Group plans;
- arrangements to deliver continuous improvement have been put in place and staff are now receiving clearer management and guidance; and
- Island Homes has the capacity to deliver improvement: the management and staff skills in place and capacity has been enhanced through Group expertise and resources, and external input where necessary.

10 However, there are a number of barriers to improvement. These include:

- there has been a mixed track record of delivering improvement since stock transfer in December 2005;
- a lack of performance management and monitoring have contributed to the organisation not always identifying poor performance until recently; and
- plans for a new resident involvement framework are at an early stage and the future arrangements for resident involvement in the Board are not yet clear.

Recommendations

- 11 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 costs¹ and indicate the priority we place on each recommendation and key dates for delivering these where this is 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. Associations forming part of a group structure should share the lessons and findings of the report across the wider group. The inspection team makes the following recommendations.

Recommendation

- R1** Island Homes should improve access to the service and customer focus by:
- ensuring that service standards are comprehensive, understood by customers and staff and are regularly monitored and reported upon;
 - ensuring that all information (including leaflets, website and recorded telephone messages) is periodically reviewed and updated;
 - regularly monitoring customer satisfaction with all aspects of the service and using this information to inform plans for improvement; and
 - ensuring that there is regular and effective consultation and communication with tenants and leaseholders.

The expected benefits of this recommendation are:

- the service delivers effective customer care and meets service standards;
- customers have access to comprehensive information; and
- improvement plans are shaped by customer feedback.

The implementation of this recommendation will have high impact with low costs. This should be implemented within four months of publication of this report.

¹ 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** Island Homes should improve its approach to meeting the diverse needs of its residents by:
- ensuring that a diversity strategy is in place and equality action plans to meet regulatory requirements;
 - taking steps to maximise the profiling data held about residents and using this to improve and target services;
 - ensuring that all staff and Board members are trained in diversity issues; and
 - ensuring that the take-up and outcomes of community services funded by Island Homes are monitored and evaluated.

The expected benefits of this recommendation are:

- services are tailored to meet the needs of all residents; and
- services and projects can be readily accessed by all members of the community.

The implementation of this recommendation will have high impact with low costs. This should be implemented within six months of publication of this report.

Recommendation

- R3** Island Homes should improve its approach to stock investment, repairs and gas servicing by:
- ensuring that the Group's asset management strategy comprehensively covers Island Homes' assets and has a robust action plan;
 - ensuring that stock condition data is robust and regularly updated;
 - ensuring that repairing priorities and timescales are clear and accurately monitored;
 - ensuring that repair calls are answered promptly and the appointment system is clearly promoted and consistently implemented;
 - ensuring that target timescales for repairs to void properties are clear and are monitored and reported; and
 - ensuring that all possible actions are taken to secure access to properties to service gas appliances.

The expected benefits of this recommendation are:

- a clear strategic approach to investment in properties, based on robust data;
- a customer-focused repairs service with clear timescales for completion and choice of appointment slots;
- void properties are repaired and ready to be re-let promptly; and
- there is maximum assurance of the safety of gas appliances.

Recommendations

The implementation of this recommendation will have high impact with low costs. This should be implemented within six months of publication of this report, with the exception of the final point (gas servicing) which should be implemented immediately.

Recommendation

R4 Improve the management of rent and service charge recovery by:

- ensuring that a rent recovery policy with procedures specifically applicable to Island Homes is in place and effectively implemented;
- ensuring that the use of IT systems to identify and analyse arrears is maximised;
- ensuring that all steps are taken to recover former tenant arrears at the earliest possible stage and that there is a clear write-off policy;
- ensuring that leaseholder service charge bills are based on actual costs and contain all statutorily required information;
- ensuring that the full range of recovery actions are implemented to recover leaseholder service charge arrears; and
- ensuring that there is clear information available for leaseholders about planned works.

The expected benefit of this recommendation is:

- an increase in the level of recovery of rents and service charges.

The implementation of this recommendation will have medium impact with low costs. This should be implemented within four months of the publication of this report.

Recommendation

R5 Improve the approach to achieving value for money by:

- ensuring that the costs and quality of all areas of service delivery are assessed and benchmarked against others;
- ensuring that responsive repairs are correctly prioritised;
- ensuring that any monies due from the London Borough of Tower Hamlets for aids and adaptation work and leasehold service charges are recovered; and
- ensuring that all service level agreements and 'traded services' are periodically reviewed to ensure they are delivering value for money.

The expected benefits of this recommendation are:

- improved awareness of the value for money being achieved; and
- maximisation of income due.

The implementation of this recommendation will have medium impact with low costs. This should be implemented within six months of publication of this report.

Recommendation

R6 Improve performance management and resident involvement by:

- ensuring that performance information (including that required by the Housing Corporation) is accurately compiled and is regularly reported to managers, Board and residents;
- ensuring that there are effective management and monitoring arrangements in place for community buildings and funded projects; and
- ensuring that an action plan for resident involvement with clear milestones for each of the key stages is developed and agreed with residents, including clarity over resident involvement in the Board.

The expected benefits of this recommendation are:

- clarity over the level of performance being achieved across service; and
- increased capacity through the involvement of and feedback from residents.

The implementation of this recommendation will have high impact with low costs. The first two points should be implemented within six months of publication of this report. The third point should be completed within 12 months of publication of this report.

12 We would like to thank the staff of Island Homes Limited who made us welcome and who met our requests efficiently and courteously.

Dates of inspection: 23 July and 28 July to 1 August 2008.

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Report

Context

The locality

- 13 Island Homes' housing stock is situated in the London Borough of Tower Hamlets in east London. The 2,072 homes are all located close to the Canary Wharf business and shopping district on the Isle of Dogs, a peninsular in a loop of the river Thames in London's Docklands.
- 14 Tower Hamlets is a densely populated area with an estimated population of 212,800 in 2006.¹ It is an area of marked contrasts, with Docklands regeneration sitting alongside acute poverty. Despite considerable economic growth in the area, the borough is ranked as the third most deprived of 354 local authorities in England.²
- 15 Tower Hamlets is one of the five London boroughs that will host the 2012 Olympic and Paralympic Games, which is expected to provide an opportunity for further development, investment and transformation of the borough and is already generating significant regeneration activity. Parts of the borough are also in the Thames Gateway regeneration zone.
- 16 Tower Hamlets has a very diverse community, with 58 per cent of residents from black and minority ethnic (BME) communities. The largest individual group is the Bangladeshi community (33 per cent).³ The area has a high percentage of younger people, with 52 per cent of the population under 30, the highest percentage in England.⁴

The Association

- 17 Island Homes has a stock of 2,072 homes (1,312 rented and 760 leasehold) on four estates⁵ within a small geographical area. The stock was transferred from the London Borough of Tower Hamlets in December 2005 following a ballot of tenants in April 2005 as part of the Council's 'Housing Choice' process. The newly formed Registered Social Landlord (RSL) was named Toynbee Island Homes. It had a resident-led Board and was initially a charitable subsidiary of Toynbee Housing Association.
- 18 In August 2007, Toynbee Island Homes (renamed at this time as Island Homes), Toynbee Housing Association and Community Housing Association formed a new group structure known as One Housing Group. The three associations became direct subsidiaries of the Group, which itself is an RSL. The three subsidiary RSLs provide local services and the Group delivers corporate and central services for these subsidiaries.

¹ Mid-2006 population estimates, ONS.

² Index of Multiple Deprivation 2007, CLG.

³ Census 2001.

⁴ Census 2001. The English average is 38 per cent.

⁵ Barkantine, Kingsbridge, St. John's and Samuda estates.

- 19 Island Homes has a Board which currently has eight members, although there were 15 Board members until April 2008 (for discussion of changes to the Board see 'How does the service manage performance', later in this report). The association had 55 full-time equivalent staff posts in August 2008.
- 20 Island Homes had a financial turnover of £6.6 million in 2007/08 and an operating deficit of £125,000, compared to the forecast of an £89,000 surplus. As at 31 March 2008, the association had reserves of £457,000 (compared to £404,000 in 2006/07).

The scope of the inspection

- 21 The inspection covered the Audit Commission's 'key lines of enquiry' for the following areas:
- access and customer care;
 - diversity;
 - stock investment;
 - housing income management;
 - tenancy and estate management (focusing on tackling anti-social behaviour);
 - value for money; and
 - prospects for improvement.

How good is the service?

What has the service aimed to achieve?

- 22 The 'promise' made to residents on transfer from the London Borough of Tower Hamlets in 2005, and repeated in the draft Island Homes Community Plan 2008-2009, is that the estates should be a place where:
- People choose to live, bring up their families and retire;
 - Everyone lives in a modern, affordable home; and
 - It is a safe, pleasant and welcoming environment.
-

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

Access and customer care

- 23 This is an area where weaknesses outweigh strengths. The two local offices provide generally good physical access and a range of information materials is available. However, service standards are not comprehensive and performance against them is not monitored: there are also weaknesses in telephone answering and call monitoring. Most residents do not have tenant or leaseholder handbooks and the information on the website is limited. Overall levels of resident satisfaction are low.

Physical and telephone access

- 24 Island Homes' stock is located within a small geographical area. Frontline services are delivered from two local offices (Millwall and Samuda), each serving two of the four estates. Opening hours have recently been extended to 9.00 am to 5.00 pm Monday to Friday¹; however, these are still traditional hours which do not necessarily meet the needs of residents, particularly those in full-time work - a review of opening hours in consultation with residents is planned.
- 25 The offices have recently been modernised and now offer generally satisfactory facilities for residents. The offices are accessible and compliant with the requirements of the Disability Discrimination Act 1995, with level or ramped access, and are clean, bright and tidy. Although small, the offices are adequate to meet the level of demand, with no more than two or three people waiting to be seen at any one time during our visits. Each office has two interview rooms, one open-plan and one with secure screens, offering sufficient privacy to residents. Some books and a game are available for young children. However, there are no toilet facilities for the public and the availability of toilets in the staff area is not advertised to the public, and there is no use of computer terminals to provide housing information.

¹ Until recently opening hours were 9.00 - 4.30 Monday to Friday, except for Wednesday afternoon when the offices were closed.

- 26 Signage at the two offices is satisfactory, but signage on the estates is poor - with many blocks still carrying London Borough of Tower Hamlets or 'Toynbee Island Homes' signage. A signage project is underway and new 'Island Homes' signs, designed for each of the four estates, are due to be in place in September 2008.
- 27 The quality of telephone access is mixed. Telephones are answered by staff in the two offices during opening hours, and an out-of-hours service for reporting repairs is provided by the London Borough of Tower Hamlets (repairs reporting is also discussed under 'Responsive repairs', later in this report). Staff have recently been given a target of four rings for answering calls but this has not been publicised to residents and the telephone technology does not enable Island Homes to monitor or report on the speed or quality of telephone answering. There are plans for a new telephone system and for a Customer Contact Centre to provide frontline telephone services for the whole of the One Housing Group. However, these plans have been delayed and this means that at present performance is not systematically monitored. The Contact Centre is now due to open in November 2008.
- 28 Mystery shopping calls made by the inspection team to the daytime services were generally answered promptly. However, mystery shopping calls to the out-of-hours numbers revealed a number of weaknesses. Calls made before and after the on-site period of the inspection to the daytime repairs number outside office hours were not answered or re-directed. Calls to the out-of-hours repairs number were answered after 65 and 75 seconds - which is poor performance. Also, calls made to the Millwall office outside office hours were not answered by a message or redirected¹.
- 29 Enquiries from residents are not always dealt with effectively. A number of residents that we spoke to said that communication with Island Homes was often poor. On a number of occasions staff were out and no-one was able to cover for them. If the resident left a message, staff would not always call them back. Leaseholders in particular said that very few staff could answer their queries and requests for information and that these requests were often ignored. Island Homes has recently provided training on leasehold issues (such as service charges) for all frontline staff in order to improve performance in this area.

Service standards

- 30 The approach to agreeing and publicising service standards has been weak, as has the monitoring and reporting of performance against those standards.
- 31 A set of general service standards is in place and is available through the website or in hard copy from the two offices. However, these standards are not comprehensive and contain few specific targets. For example, there is no target for how quickly people will be seen and the published telephone target is to 'answer the phone quickly'. This is despite recent internal guidance to staff to answer calls within four rings and a recent notice placed in reception saying that visitors will be seen within five minutes. This means that residents are not clear about the standard of service they should be receiving.

¹ These calls to the Millwall office were made shortly after the on-site period of the inspection, to check whether problems identified in pre-site mystery shopping calls had been resolved.

How good is the service?

- 32 A copy of the standards provided prior to the inspection contained out-of-date contact details and 'phone numbers. This has since been updated, but the out-of-date version is still on the website¹, along with the updated version.
- 33 The standards are not comprehensive and do not correlate with the more detailed standards for specific service areas. For example, they include a target to remove offensive graffiti within two working days, but do not include the more significant target of responding to complaints about serious anti-social behaviour or hate crimes within one day, and to other cases within five days. Similarly, the service standards include a target to acknowledge complaints within one working day, but this is not included in the complaints procedure itself.
- 34 Performance against the service standards is not yet systematically monitored or reported. The service standards leaflet says that performance will be published in regular newsletters - but only the speed of repairs has been reported to date.
- 35 The present standards were developed in consultation with residents at the time of the stock transfer in 2005 and Island Homes recognises that further consultation is needed. This is planned as part of a Group-wide review later in 2008. Island Homes has stated that a comprehensive reporting framework will be in place by April 2009.

Information

- 36 A range of leaflets and information is now available for residents from the reception areas. These cover the main service areas, such as: repairs; rents; complaints; anti-social behaviour; transfers; and gas servicing. However, this information is recent and is only available as stapled sheets of paper - not as designed and printed leaflets, which would help to improve its appearance.
- 37 There is some out of date information in the leaflets. For example, the rents and anti-social behaviour leaflets contains some outdated contact information.
- 38 The information leaflets are collated into a 'Residents Information' pack which is available from the receptionist. Useful information from other organisations is also available in reception, such as the Police, advice agencies and the Council.
- 39 Most residents do not yet have handbooks. An interim Tenants' Handbook has been produced pending the development of a Group-wide handbook later in 2008/09; no handbook was previously available. The interim handbook is given out to new tenants, but has not been sent to existing tenants. A Leaseholders' Handbook is in draft form but has yet to be sent out to leaseholders or placed on the website.
- 40 Since January 2008, Island Homes' residents have received an informative quarterly newsletter from One Housing Group, containing a mixture of local and Group-wide information, including articles about local community projects.
- 41 There has been no involvement of Island Homes' residents in producing the Tenants' Handbook, Leaseholders' Handbook or information leaflets, and limited involvement in the production of the residents' newsletter. This lack of involvement may mean that materials are not meetings residents' needs.

¹ The out-of-date version is still available as a 'download' in the 'service charter' area of the site.

- 42 The Island Homes pages of the One Housing Group website have some useful information for residents, but this could be more extensive and the pages are not easy to navigate. The site includes the residents' newsletters and information on repairs, anti-social behaviour, service standards and the complaints procedure. It also has two inter-active functions, enabling residents to pay their rent or report a repair online. However, the site does not contain dates or minutes of residents' or Board meetings; little information about estate services and community projects; and there is no information in the 'leaseholder' area of the site. More comprehensive content would provide a useful alternative source of information, particularly for residents who find it difficult to visit the offices.

Customer care, consultation and satisfaction

- 43 Island Homes does not yet have a robust strategy in place to deliver customer care. There is no customer care policy, although a draft Group-wide policy and toolkit are being prepared and will then go through a consultation process. The absence of a policy has meant that the approach to customer care and the standard of customer care provided have not been consistent.
- 44 It is positive that Island Homes has used a specialist external organisation to carry out periodic mystery shopping of frontline services over the past year; this is promoting improvement in access and customer care. The framework contains ten elements and operates across the Group. This has led, for example, to improvements in reception areas and in call handling.
- 45 However, overall satisfaction with landlord services is low. The 2008 STATUS¹ survey found that 56 per cent of residents were satisfied with services overall, which places it in the bottom 25 per cent of similar associations in 2006/07. Satisfaction in some more specific areas was also low, including satisfaction with repairs and maintenance (52 per cent) and satisfaction with participation opportunities (31 per cent). In terms of customer care the results were also generally poor, with 48 per cent of residents finding it easy to contact the association, 68 per cent saying that staff were helpful, 55 per cent saying that staff were able to help and 38 per cent being satisfied with the outcome of their contact with the association.
- 46 Island Homes has recently put measures in place which are designed to improve customer care and resident satisfaction by, for example, issuing guidance and targets for telephone answering (although these targets have not been publicised to residents) and by placing 'How to' information folders for staff on the intranet. The most recent mystery shopping exercises indicate that these have had a positive impact, but wider evidence will not be available until the next extensive residents' survey. A customer care training programme for all staff has commenced but is not yet complete.
- 47 Consultation with residents on the development of services has generally been weak. For a variety of reasons, the relationship between the four estate residents' organisations and the senior managers of One Housing Group and Island Homes have been strained, and this has not enabled constructive consultation to take place on service delivery issues.

¹ 'STATUS' is a standardised tenant satisfaction survey, approved by the Housing Corporation and CLG.

How good is the service?

- 48 There has, in particular, been limited involvement of leaseholders in developing services, again partly due to poor relationships between leasehold groups and Island Homes. There is no overall leaseholder forum and communication with leaseholders is limited.

Complaints

- 49 The handling and management of complaints has not been robust but has recently improved. An Island Homes' complaints policy and procedure are in place and a new Group-wide policy is undergoing consultation. A new complaints database has been set up and is working well. Staff have recently received training in handling complaints and most of the previous backlog of complaints has been cleared. Efforts are made to monitor satisfaction with the complaints process, although the response rate has been low.
- 50 Island Homes is now monitoring the time taken to respond to complaints, which was not the case until recently. The resolution of complaints is slow, with nine of the eleven complaints closed in the last quarter taking between one and three months to be dealt with, despite eight of these only reaching stage one of the complaints process¹ - which should generally be dealt with within ten working days. In the most recent month available (June 2008) 73 per cent of complaints were responded to within target timescales, which is reasonable but not strong performance.
- 51 The files we examined showed that, in the cases seen, the complaints had been handled fairly and appropriately. Island Homes has recently begun to monitor satisfaction with the complaints procedure. Early results show that 53 per cent (of 19 respondents) were satisfied with the action taken or proposed and 63 per cent were satisfied with the complaints process in general. Although these figures are well below Island Homes' targets, it is positive that the association has collected suggestions for improvements to the complaints procedure and plans to act upon these.
- 52 The complaints procedure is promoted in leaflets in reception, in the interim tenant handbook and on the website. Staff will help complainants to fill in forms if requested and recently a system for submitting complaints through the website has been introduced.
- 53 An internal audit of complaints is taking place to check that the policy, procedure and targets have been adhered to, but the results were not available at the time of this inspection.

¹ Island Homes complaints data 1 April 2008 to 30 June 2008.

Diversity

- 54 This is an area where weaknesses outweigh strengths. Overall, the strategic approach to addressing diversity is still being developed. A diversity strategy and equality action plans have not yet been produced. Island Homes holds limited data about the profile of its residents and staff, and the staff profile does not reflect the ethnicity of residents or the local community. There is also poor monitoring of how community resources are used. However, there is an effective response when dealing with cases of domestic violence and Island Homes supports a number of active community projects. There is also a generally comprehensive approach to the provision of translations and interpreters.
- 55 There is not an agreed diversity and equalities strategy in place. The One Housing Group Board approved a draft Group-wide equalities and diversity strategy in July 2008, but consultation on this with the Island Homes Board, staff and residents had yet to take place at the time of the inspection. Following consultation, the strategy will require final approval from the Group's Board; this is expected to be in November 2008. The lack of an agreed strategy means that the level of commitment and the approach taken to diversity issues are not being clearly promoted to residents and staff.
- 56 Disability and gender equality action plans have not yet been drafted, contrary to the Housing Corporation's regulatory requirement.¹ The Group has informed the Housing Corporation that it has not met this requirement and aims to have the plans in place and approved in November 2008. The absence of an agreed strategy and equality action plans means that the organisation's approach and commitment to diversity issues cannot yet be clearly and fully communicated to staff and residents.
- 57 The Group places equality and diversity requirements upon contractors as part of the tendering process, both through the tenderer's 'service delivery submission' and through a pre-qualification questionnaire. This helps to ensure that services delivered by contracted staff meet Island Homes' diversity requirements.
- 58 Island Homes does not have its own specific policies on the approach taken to domestic violence or racial harassment cases. There is evidence that cases, where they arise, are dealt with effectively by staff in line with the policies of the previous parent association (Toynbee Housing Association). However, there is a need for policies which reflect the specific circumstances of Island Homes' residents - including references to local partner organisations.
- 59 There is a victim-centred approach to reports of domestic violence. Island Homes is working effectively with a range of agencies such as Victim Support, the London Borough of Tower Hamlets domestic violence team, Women's Aid and the Police. There are posters advertising advice and support services in reception areas and in literature for residents. There is a third party reporting system for those who do not want to contact the Police directly. The response in the one current case has been appropriate, with action taken against the perpetrator and additional security measures offered. This approach is providing an effective service to those facing violence or threats of violence.

¹ Housing Corporation Circular 10/07 (published in November 2007) required associations to develop disability equality plans by December 2007 and gender equality plans by April 2008.

How good is the service?

- 60 Island Homes does not hold comprehensive information on the profile of its residents. There has been a lack of resident profiling and a profiling form has only recently been introduced. The association is now beginning to collect data on new residents, but at present it holds comprehensive data on only a small proportion of residents. This means that it is unable to effectively target services or monitor the use of services by different groups.
- 61 Similarly, Island Homes does not hold comprehensive information on the diversity of its staff. Of the 66 staff employed in July 2008, the ethnicity of 50 per cent is not recorded and there is no data in the employee statistics on disability or age.¹ Gender statistics are recorded and show that 65 per cent of staff are male and 23 per cent female - reflecting the high percentage of male staff in caretaking and estate services posts.
- 62 The staff data on ethnicity, although limited, confirms that the Bangladeshi community, which is the largest non-white British group among residents and the local population, is significantly under-represented among staff. Island Homes has stated that it plans to complete information on the diversity of its staff by the end of 2008 and aims to increase the proportion of Bangladeshi staff - although this is not specifically mentioned in the 2008/09 Human Resources Strategy.
- 63 It is positive that there is a flagging system on the housing management IT system which enables staff to identify vulnerable residents or those with special needs. For example, this is used to upgrade the priority of repairs for elderly and vulnerable tenants. However, the limited profiling data currently available limits the effectiveness of this approach.
- 64 There is a generally satisfactory approach to providing interpreters and translations, when required. Documents can be requested in alternative formats and languages and staff have easy access to an interpreting service. Interpretation is also provided by staff - who speak the main community languages - if they are available, or by appointment. However, there are currently no Bengali speaking staff at the Samuda office which means that residents receive less effective access to interpretation than those on the estates served by the Millwall office.
- 65 Our reality checks found that the advertised numbers for the translation service on the Island Homes website were incorrect. These were changed following our feedback, although the revised numbers are for the main housing offices.
- 66 Island Homes funds, supports and promotes a number of effective community projects in the area, many of which are run from eight community buildings owned by the association and managed by residents. Although there are a number of positive outcomes from these community projects (for which Island Homes has a budget of £100,000 a year), there has not been proper scrutiny of how the money is used and who benefits. The community buildings are used by many community groups. However, Island Homes has no information on the profile of the groups or individuals using these facilities and cannot therefore ensure that they are delivering the maximum benefit to all residents and communities. Monitoring data will be required as part of this year's bidding process.

¹ Employee Statistics as at 18 July 2008, contained in Island Homes Human Resources Strategy 2008-09.

- 67** There is a positive working relationship between Island Homes and the Bengali Welfare Organisation (BWO) with effective liaison via a Tenant Liaison Officer. The BWO is offering a range of effective services to residents, such as education, a youth group and a women's group. It is also working to include the wider community in its activities.
- 68** There has been a mixed approach to equality and diversity training for staff. In 2007, 43 per cent of staff received equality and diversity training - including most caretakers and estate services staff, but few housing officers and no management and support staff. A compulsory Group-wide programme of diversity training for all staff is planned in 2008/09 but has yet to start as operational training has taken priority. Diversity training will also be provided to Board members but this has yet to be arranged.
- 69** Levels of resident satisfaction broken down by factors such as age, gender and ethnicity are not known. The 2008 STATUS survey was the first carried out by Island Homes and a full analysis was not available at the time of the inspection. Data was submitted in the Regulatory and Statistical Returns made to the Housing Corporation in 2007 and 2008 showing that 82 per cent of BME tenants were satisfied with the overall service. However, the association accepts that this data is incorrect and the figure in fact comes from a survey of satisfaction with decent homes work and does not relate to BME tenants.

Stock investment and asset management

Capital improvement, planned and cyclical maintenance, major repair works

- 70** This is an area where weaknesses outweigh strengths. The Group's asset management strategy is not comprehensive and there are weaknesses in stock condition data. Investment in the stock has not matched the Business Plan targets. The decent homes programme has included effective consultation with residents and is likely to meet the 2010 target - but a number of defects are occurring that have reduced resident satisfaction. Asbestos in Island Homes properties is now being effectively managed.
- 71** Although there is a major works plan for completing decent homes works there is not a comprehensive asset management strategy or long term financial projections for maintenance programmes. The Group's asset management strategy does not comprehensively cover Island Homes' assets and does not contain an action plan. The absence of a comprehensive strategy is potentially a barrier to making clear decisions on stock retention and re-development.

How good is the service?

- 72** Stock condition information is poorly managed. The information is based on a survey carried out prior to transfer and is on a stand-alone system held by consultants. The major works programme was based on property surveys carried out by external consultants prior to works starting, but stock information has not been fully updated to include this. There are no linkages to update the data to record, for example, boiler renewals or void refurbishments. Also, the data does not enable Island Homes to generate accurate figures for the energy efficiency of its properties (SAP¹ ratings) and these figures have to be estimated. The data does not take account of Housing Health and Safety Rating System (HHSRS) criteria (it is planned to enter HHSRS data when decent homes defects inspections are carried out). To address these weaknesses, the One Housing Group is planning to transfer the data to its own database to enable a comprehensive asset management strategy to be developed.
- 73** The capital works programme for Island Homes was established at the time of transfer from the London Borough of Tower Hamlets. The total value of the programme is £42 million, with £33 million committed over a five-year period from the 2005 transfer and the balance of £9 million spent over 20 years. The programme is financed by a bank loan and a detailed business plan is in place and used to monitor the programme.
- 74** The programme aimed to achieve a decent homes 'plus' standard by 2010. This standard was agreed with residents prior to transfer and includes improvements to homes and environmental improvements to estates. Progress is being made in meeting the overall decent homes target but not the target in Island Homes' business plan. A total of £17.3 million was spent by 31 March 2008 compared with the business plan forecast of £24.1 million due to delays in work programmes, although spending did accelerate in 2007/08.²
- 75** There has been a generally effective approach to delivering the internal decent homes works (mainly kitchens, bathrooms and central heating systems). Contracts for the internal works were awarded to two contractors following a competitive tender. These works are now almost completed, with 1,264 homes upgraded to achieve the decent homes standard and 912 new kitchens and 875 new bathrooms installed. A pilot scheme of 80 units helped to iron out problems before the full £15.5 million internal works programme began in November 2006. Tender contracts for the external and environmental works are being prepared and are due to be in place later in 2008/09.
- 76** There was effective consultation with tenants before decent homes work began. Tenants were given advance notice of works and offered a reasonable choice of products and finishes; this consultation included the use of a show house. Tenants were also visited individually and there were a number of public meetings. Tenant and leaseholder representatives sat on tender assessment panels for all decent homes contracts and attended progress monitoring meetings at which staff, residents and contractors discussed problems and improvements to the programme.

¹ Standard Assessment Procedure (SAP) ratings measure the energy efficiency of buildings.

² Revised capital investment figures provided by One Housing Group finance staff on 4 August 2008.

- 77** An independent audit of Island Homes' decent homes works carried out in October 2007 found that the work was being 'delivered in accordance with the promises made in the organisation's formal proposals to residents at the time of... stock transfer'.¹ The report did however make a number of recommendations for improving financial and management controls, which were accepted by the Group.
- 78** There is a mixed picture of the quality of the decent homes work carried out to date. Surveys carried out by contractors on completion of decent homes work showed 86 per cent satisfaction; however, One Housing Group was not convinced of the reliability of this information and commissioned an external consultant to carry out a ten per cent validation exercise in June and July 2008. This showed that around 75 per cent of residents were either satisfied or very satisfied with the works, which is not a high figure for decent homes improvement works when compared to other inspected organisations.
- 79** There have been a number of recurring complaints about the works, including the inaccessibility of stopcocks and waste pipes; mixer taps not working correctly; and defective vinyl flooring. These problem areas were confirmed by residents that we met on estate visits and those that attended focus groups.
- 80** In response to these complaints, Island Homes states that vinyl floors were satisfactory at handover, but accepts that problems have emerged in use and defective flooring will need to be replaced. It also accepts that some stopcocks will need to be relocated. These issues suggest some weaknesses in the planning and management of works.
- 81** There are now appropriate arrangements in place for the management of asbestos. Island Homes has an interim asbestos management plan and an up-to-date asbestos register for communal areas. Data is now added to the One Housing Group database, with an alert system for staff to advise contractors of the presence of asbestos. Detailed information about the presence of asbestos was supplied by the Council at transfer and further surveys have been carried out during the regeneration works. Most asbestos has been removed or encapsulated in homes where regeneration works have been completed. Contractors and staff are made aware of asbestos before works begin and advised of procedures to be followed. A leaflet is given to new tenants with information about the likelihood of asbestos being found in their homes and how to deal with it.
- 82** Effective arrangements are in place for the maintenance of lifts, door-entry systems and boilers. Cyclical painting programmes will follow on from the external decent homes works. There are appropriate programmes for the testing of electrical equipment and testing of communal water installations. Electrical tests have been carried out in all homes where decent homes work has taken place.

¹ 'Review of the decent homes standards works', January 2008.

How good is the service?

Responsive repairs

- 83 This is an area where weaknesses outweigh strengths. The prioritisation and speed of completion of repairs is poor and resident satisfaction is mixed. Call answering is not monitored and appointments are not being made consistently. However, there is a range of ways to report repairs and compensation is paid for missed appointments. The handyman service is valued and is generally effective and there have been improvements in repairs completed right first time.
- 84 Minor repairs are generally carried out by three internally employed 'handymen' and other repairs by a single external contractor. The handymen are multi-skilled and carry out around 60 per cent of repairs, along with daily bulk rubbish collections across the four estates. The external contractor carries out around 40 per cent of repairs under a contract that was competitively tendered by the Council six years ago. Re-tendering of this contract is underway, with new contracts due to be in place from April 2009.
- 85 The association's own self-assessment of the responsive repairs service, made in May 2008¹, describes it as one which:
- '...lacks a performance management culture... There is a lack of clear performance targets and measurement. Anecdotal comments from residents are that this service is valued, but this may be as much for having a presence on the estate as for the quality and responsiveness of the service.'**
- 86 Our inspection confirmed that this is a service that has suffered from poor performance monitoring and management, although systems are now being put in place and this has led to some recent improvement.
- 87 There are a range of ways for residents to report repairs. Residents can use a daytime freephone telephone number from 8.00am to 5.00pm (although these hours are incorrectly given as 9.00am to 5.00pm in the repairs leaflet), or report repairs in person, or in writing or via the website. A freephone out-of-hours emergency service is provided from 5.00pm to 8.00am and at weekends and bank holidays by the London Borough of Tower Hamlets.
- 88 Repair calls are not effectively monitored. Until recently, any member of staff in either office might answer a call and this led to inconsistent call answering and diagnosis of repairs. Specific staff in the Millwall office have now been trained to answer all calls and have been issued with guides to help diagnose repairs, which has improved the service. However, there are a lack of published targets and performance data on how quickly calls are answered due to the inadequacy of the telephone technology (see 'Access and customer care', above). A Group-wide customer contact centre is planned to address these weaknesses.

¹ Island Homes Housing Association Ltd., self assessment for Audit Commission inspection, (dated 28 July 2008, but received on 30 May).

- 89** Response times for answering repair calls are mixed. Mystery shopping calls to the daytime repairs number were generally answered promptly, although after 20 rings in one case. However, mystery shopping calls to the out-of-hours emergency service were answered after 65 and 75 seconds - which is poor performance. Tenants that we met during the inspection also reported difficulties in getting through to the out-of-hours service. The out-of-hours contract with the Council has yet to be reviewed although there are plans to do so. Also, calls made out of hours to other Island Homes' numbers were not always redirected to the emergency service via a message (see 'Access and customer care', above).
- 90** The prioritisation of repairs is confusing and inconsistent. The most recent repairs leaflet for tenants (July 2008) lists repairs under four priorities.
- Emergency: attend within one hour and complete within 24 hours.
 - Urgent: attend within two working days and complete within three working days.
 - Priority: attend within five working days and complete within seven working days.
 - Routine: attend within ten working days and complete within 20 working days.
- 91** However, repairs performance is only reported against three categories - emergency, urgent and routine, and the completion targets for these differ from those above (seven days for urgent, 28 days for routine).¹ Elsewhere, the completion target for routine repairs is shown as 20 calendar days.² This creates confusion for staff and residents about the level of service that should be provided.
- 92** A very high proportion of repairs are carried out as emergencies (32 per cent) or urgent (52 per cent), which indicates that repair priorities have not been correctly applied and is an inefficient way of managing repairs (see 'Is the service delivering value for money?' below).
- 93** The appointments system is not being implemented consistently. Island Homes recently introduced an appointments system with morning and afternoon appointment slots with tenants able to request first and last appointments of the day or appointments to avoid school runs. In practice, we found that not all tenants are being offered these choices; practice also varies depending on whether it is a contractor or handyman carrying out the repair. Island Homes accepts that there are teething problems with the new system and plans to correct these.
- 94** Performance for making and keeping appointments has been reported at 91.4 per cent for 2007/08 - however the association has accepted that this data is not reliable. An external validation of 2007/08 performance reporting systems, carried out in March 2008, found that: 'There are no systems in place which can monitor the performance of contractors against these appointments. It is not possible to determine if appointments have been kept.' Steps are being taken to ensure that 2008/09 data is reliable and a further audit is planned to test reporting systems.

¹ Island Homes Key Performance Indicator report to end of June 2008.

² Regulatory Statistical return to Housing Corporation, 31 March 2007.

How good is the service?

- 95 It is positive that Island Homes has a compensation scheme which offers £20 for missed appointments (if reported within 48 hours) but this is not well advertised. Compensation of £2,120 was paid out in 2007/08, equivalent to 106 missed appointments.
- 96 The speed at which repairs are completed is poor, although this again is an area where, until recently, data collection has been unreliable. The most recent Island Homes performance indicator report provided during the inspection states that 'data quality remains poor in this area as repairs have not always been entered on the system correctly. There are deficiencies relating to job categorisation and reporting and completion dates and times'. A lack of recording largely explains why the number of repairs reported appears to have risen dramatically in each of the first three months of 2008/09. For example, 535 routine jobs were reported in the first quarter of 2008/09, compared to 430 for the whole of the previous year.
- 97 Performance indicators for 2007/08 show that 77 per cent of emergency repairs, 75 per cent of urgent repairs and 87 per cent of routine repairs were completed on time, all of which are below the national averages for 2006/07 (the latest year available). The performance on routine repairs for 2007/08 would have been in the bottom 25 per cent of associations nationally for 2006/07. Performance in the first three months of 2008/09 improved to 83.7 per cent of emergency repairs, 84.3 per cent of urgent repairs and 92.5 per cent of routine repairs completed on time however these figures are still below the national mean for housing associations in 2006/07 (see Appendix 1).
- 98 There has been limited focus on the performance of repairs completed right first time until recently. There was no monitoring of this in 2007/08. Performance has been monitored since April 2008 and statistics show that it has risen from 72 per cent in April to over 80 per cent in June. An 'aftercare service' has been introduced to follow up resident dissatisfaction and this is helping to improve performance in this area.
- 99 There is mixed evidence of resident satisfaction with the repairs service. Surveys in 2007/08 (through leaflets and 'phone calls, with a ten per cent return) found that tenant satisfaction with the quality and outcome of repairs was high - with 96 per cent of respondents satisfied. However, the independent 2008 STATUS Survey found lower satisfaction; with only 52 per cent of residents satisfied with the way repairs and maintenance were delivered, 73 satisfied with how their last repair was completed and 77 per cent satisfied with the quality of repairs. Tenant satisfaction with the out-of-hours emergency repairs service was also poor, at 56 per cent.
- 100 The anecdotal view from many residents is that they are receiving a reasonable service. The handyman service is particularly valued by residents as the three employees are known to them and provide a responsive service. However, this service is not always effectively managed - with the handymen often being taken away from jobs to carry out other activities.

101 Our telephone survey of tenants who have had recent repairs received a mixed response. Generally, respondents said that calls to the repair line are answered promptly and politely and that job orders are raised and faxed to the relevant contractors immediately. However, a number of residents were not given an appointment and were not sure when the repair would be carried out. Several respondents said repairs were not finished at the first call and this caused frustration. The association's new 'aftercare' service is looking to address these issues.

Void repairs

- 102** This is an area where weaknesses outweigh strengths. Void turnaround times are high and repair targets are unclear. There has been poor record keeping and little satisfaction monitoring. However, new procedures and a lettable standard have recently been put in place and the standard of new lettings is generally good.
- 103** There has been a poor overall approach to the management of empty properties and an inconsistent approach to void repairs, although steps to improve performance in these areas have been taken in recent months, including the introduction of a detailed lettable standard and the adoption of interim void procedures and targets, based on those of One Housing Group.
- 104** Until recently details of void properties were not held on a single list, leading to uncertainty over the exact number of properties empty at any one time. Voids are now held on a single list and improved procedures have been introduced to ensure that the IT system contains reliable data on void properties.
- 105** From 2006 until March 2008 all properties becoming void and requiring decent homes work were handed to the major repairs department for this work to be carried out. Poor management of this process meant that properties were either not handed back to the lettings service when work was complete, or were overlooked by the lettings service, with the result that properties were held vacant for a very long time.
- 106** This issue was identified by staff from elsewhere in the Group in March 2008 and all outstanding voids were audited in April 2008. Voids are now tracked electronically and systems have been introduced to assign responsibility for the property at each stage.
- 107** Record-keeping was poor prior to April 2008, with the result that Island Homes is unable to report on the last year's relet times excluding major works, or on void repair turnaround times. However, an analysis by Island Homes of all lettings made in 2007/08 and in the first four months of 2008/09 (to 31 July 2008) gives an average void turnaround time, including major works, of 285 days in 2007/08 and 260 days in 2008/09 to date. Even if decent homes work was carried out in all of these cases (which was not the case) this would be poor performance.
- 108** If only properties that became void from March 2008 onwards are included in the calculation (the point at which the Group became aware of the problem) and major works voids are excluded, the average turnaround time is 60 days (compared to a target of 28 days), which Island Homes acknowledges is still unacceptably high. This is in part a consequence of the volume of long-term voids which were relet in March.

How good is the service?

- 109** Although new procedures have been introduced, there is a lack of clarity over target timescales for void properties. The policy provided gives maximum targets of 15 days for minor repairs and 12 weeks for major works. However, staff are working to enhanced targets of ten days for repair work up to £2,500 and 20 days for over £2,500.
- 110** The overall standard of new lettings is generally good. A detailed and appropriate lettable standard is in place which was agreed with tenants prior to transfer; however it is a weakness that this is only given to tenants when they sign-up for the property, not at all viewings. Our visits to three ready-to-let properties found a good level of performance, with two fully meeting the lettable standard and with high quality finishes. The third home was to be let, with the agreement of the tenant, with new kitchen works outstanding and the offer of a £200 decorations allowance. However, there were some weaknesses reported by other new tenants, including broken tiles and dirty windows.
- 111** It is positive that all viewings are accompanied and all new tenants receive comprehensive sign-up packs. However, no 'Welcome pack' of basic supplies (such as cleaning materials and light bulbs) is provided. There is an appropriate decorations policy with 50 per cent of the cost generally paid to the tenant in advance and six months given to complete decorations.
- 112** There is a lack of tenant satisfaction monitoring in this area. The satisfaction of new tenants with the letting service and property standards is not tested. Although new tenants receive a settling-in visit after six weeks they are not systematically surveyed. There are plans to introduce a 'new home survey' as part of the six-week visit to address this.

Gas servicing

- 113** This is an area where weaknesses outweigh strengths. Although performance has improved, there are a number of properties without current safety certificates and in some of these cases the last date of inspection is not known. Robust access procedures have recently been introduced and resident satisfaction is high. Nevertheless, quality assurance procedures need to be strengthened.
- 114** Performance on gas servicing has improved from 94.1 per cent of properties with a current gas safety certificate at 30 June 2008 to 97.7 per cent at 11 August 2008. However, recording and monitoring of the gas servicing contract has not been robust until recently. A more efficient monitoring system was introduced from April 2008, at which point 27 homes were without a current safety certificate. This was reduced to 23 properties by 11 August, with 12 of these less than six months overdue. However, three properties were between six and nine months overdue and, more worryingly, for the remaining eight properties there is no reliable information to show when they last received a safety certificate. This is potentially putting residents at risk.
- 115** Island Homes states that it is treating the eight properties for which it has no reliable information as 'priorities'. Of the 23 properties overdue, legal sanctions are being pursued or about to be pursued against ten tenants where access has not been obtained.

- 116** Robust and timely procedures for gaining access to properties were recently introduced. The procedures are those used by other members of the One Housing Group and include a range of methods such as the use of evening and weekend appointments, a ten-month servicing cycle, warning flags on the IT system, advertisements in newsletters and handbooks and seeking legal sanctions to gain entry. Staff assess the vulnerability of tenants before action is taken. Since the new procedures were introduced in April 2008 access to 16 homes has been obtained where legal action has been threatened.
- 117** A postal satisfaction survey was introduced in April 2008 and this has found 90 per cent satisfaction from those receiving gas servicing.
- 118** Island Homes is not carrying out an appropriate level of quality assurance checks for gas servicing. At present, no independent checks are made other than those carried out by the contractor's regulatory body. A technical check of safety certificates has been carried out which found some irregularities that have since been resolved. A system of quality control checking by an independent consultant is about to be introduced. Lack of independent quality assurance means the Association is unable to be sure that works carried out meet satisfactory standards and servicing is safe for tenants.

Aids and adaptations

- 119** This is an area where strengths outweigh weaknesses. There are effective arrangements for providing aids and adaptations to residents. Assessments and works are carried out promptly and there has been a proactive approach to identifying needs as part of the decent homes programme. There is good partnership working and satisfaction levels are high. However, there are no published service standards and there has been limited promotion of the services available. There has also been some weak budget management in this area.
- 120** There are generally effective arrangements and procedures in place for delivering aids and adaptations. Cases are assessed promptly and prioritised taking account of the severity of need and the date of assessment. Works are now completed speedily - within three to four weeks in most instances.
- 121** It is positive that an assessment of residents' needs for aids and adaptations has been made as part of the decent homes internal works programme, even where residents had not previously made applications for these. Resident liaison officers visit tenants in advance of the works programmes and establish possible needs. The resident is then assessed by an occupational therapist from the Council and works are carried out by the contractor alongside the decent homes work. Under this scheme, 35 level access showers have been installed to date with another 20 due by December 2008, a number of stair lifts are also being installed.
- 122** Minor aids and adaptations are also fitted as required, with works below £1,000 funded from the repairs service budget. This enables the designated funding for aids and adaptations to go further.

How good is the service?

- 123** Island Homes' staff report good partnership arrangements with the London Borough of Tower Hamlets over the use of Disabled Facilities Grants and liaison with occupational therapists, who have an excellent record of completing assessments.
- 124** There is an effective system for monitoring the aids and adaptation programme. It is monitored by an in-house project manager using an IT database which records the application, assessment date, works commencement and completion dates. There is at present no historic waiting list for residents requiring aids and adaptations.
- 125** A satisfaction survey was sent to the 35 residents recently receiving level access showers. A third of these residents responded and satisfaction levels were high, ranging from 83 per cent up to 100 per cent across a range of questions. All respondents were very satisfied with the completed works. There is, however, scope for more systematic monitoring of satisfaction for all areas of aids and adaptation work.
- 126** There are however some areas of weakness. The aids and adaptations policy is still in draft form and there are no measurable service standards for the service, although each applicant is advised of the timescales for assessing and carrying out their works.
- 127** Also, residents assessed for aids and adaptations at the early stage of the decent homes work had to wait longer than the statutory target of six months for work to be carried out.
- 128** The aids and adaptations service is not fully advertised to tenants. The service has been promoted in newsletters and in the interim tenants' handbook (although only new tenants receive this). However, there are no specific leaflets about the service or information on the website. Lack of promotion may be denying access for some residents who could benefit from the aids and adaptations service.
- 129** There has been a lack of control over capital expenditure on aids and adaptations and the One Housing Group is now reconciling the invoicing of commissioned work. Funding due from the local authority has not yet been recovered or invoiced (see 'Is the service delivering value for money?' below).
- 130** Surveys carried out by consultants are capturing details of all existing aids and adaptations within properties so that they can be recycled or, if advertised under the choice-based lettings scheme, enable priority to be given to applicants in need. However, to date the association is not aware of any recycling of aids or adaptations.

Housing income management

- 131** This is an area of weakness. Rent arrears and leaseholder service charge arrears are high and there is a weak focus on recovering former tenant arrears. Service charge bills have not been accurately calculated and have not complied with legal requirements, although this is now being addressed. There is a lack of customer satisfaction monitoring in this area and there is poor communication with and information for leaseholders. However, more robust rent and service charge recovery procedures have recently been introduced.

Rent accounting and collection

- 132** Island Homes' rent increases are in line with the association's stock transfer offer and with Government rent restructuring guidelines - and are on course to meet Government target rents by 2012.
- 133** There are satisfactory procedures for setting up rent accounts and issuing statements. Staff ensure that Housing Benefit is applied for at sign-up, and sign-up packs include information on paying the rent and advice services. Rent statements are issued quarterly (but can be requested at other times) and are clearly set out. Tenants' service charges are itemised in annual rent increase letters, and the total service charge is shown on quarterly rent statements.
- 134** At sign-up, and at other appropriate opportunities, details of specialist welfare advice and debt counselling services are provided. There are specialist advice services in the area and a support service for vulnerable residents.
- 135** There are a reasonable range of rent payment options available to tenants. However, payments cannot be made by direct debit although it is planned to introduce this option for all One Housing Group tenants in 2009.
- 136** There is a close working relationship between Island Homes and the London Borough of Tower Hamlets Housing Benefit service. Island Homes' staff attend meetings of the Council's 'Financial Inclusion Group' which looks at benefit issues. The Council recently introduced automated BACS¹ payments of Housing Benefit to Island Homes. This has significantly improved the speed of payments, which were previously made by posted cheques.

Current and former tenant arrears recovery

- 137** Rent recovery within Island Homes was identified as an area with 'significant weaknesses'² by One Housing Group in early 2008. Performance of the rent recovery service had been hindered by poor procedures, management and training. As a result, income management is now a centrally held responsibility of the Group's income manager and a Group specialist income officer has recently been based at Island Homes to support the two rent income officers who are based in each of the local offices.
- 138** There is no rent recovery policy with procedures specifically applicable to Island Homes. The policy of Toynbee Housing Association (the former parent association) is followed, which includes an appropriate escalation procedure, including letters, visits, service of possession notices etc. However, this policy provides for the use of grounds for possession which are not available to Island Homes, as they are not allowed for in the stock transfer proposals and tenancy agreement.³ Island Homes' officers are fully aware that these grounds cannot be used and have not done so, but the policy should be clear on this matter. A Group-wide policy is planned that will recognise local variations as part of the One Housing Group policy harmonisation project (see 'How does the service manage performance', later in this report).

¹ Bankers' Automated Clearing Services.

² Island Homes self assessment for Audit Commission inspection.

³ Grounds 8 (mandatory possession if an assured tenant is in eight weeks' rent arrears) and Ground 11 (discretion to grant possession where the tenant has persistently delayed paying rent).

How good is the service?

- 139** Performance on rent recovery is poor. At the end of 2007/08 current tenant arrears stood at 8.52 per cent, which was bottom quartile performance nationally in 2006/07 (the last year for which comparative figures are available). Income collection in 2007/08 was 94.64 per cent; well below the national average for 2006/07.¹ These levels of arrears were largely due to a failure to intervene sufficiently early and a failure to implement all of the steps set out in the recovery policy at appropriate stages. The association states that early intervention was not practised partly due to a lack of experience among recovery officers and a lack of support for them. This is now being addressed.
- 140** Rent recovery staff are now taking more effective action at an earlier stage and are receiving more effective support and guidance from managers. There is evidence that the income management policy and procedures are now being implemented and this should lead to a reduction in arrears in 2008/09. The procedure requires initial action when the rent is two weeks in arrears, with an escalation of actions if the arrears remain. The visits to new tenants after six weeks are also used to address any rent payment problems that may have arisen.
- 141** The IT system suggests actions at different stages of the arrears control process and officers have the option to accept, override or defer these actions. The IT system is not, however, being used to its full potential in this area and staff have not been trained to use the full range of functions. For example, the system is not being used to set up subsidiary accounts (such as car parking or garage rental) or to produce figures for arrears that are not due to non-payment of Housing Benefit (work is planned with the Council to address this). This is limiting the effectiveness of work to identify and reduce arrears.
- 142** Not all methods of arrears recovery are being pursued. The provision for 'third party deductions' via the Department of Work and Pensions is not being fully utilised. There are plans to apply for these deductions where tenants are on state benefits and have over eight weeks' arrears.
- 143** There is no use of rent payment incentive or sanction schemes or rent free weeks, and the possible benefits of these has not been assessed. The Group plans to carry out such an assessment later in 2008/09.
- 144** There is currently a lack of focus on recovering former tenant arrears (FTA). The designated officer dealing with this has left and the income recovery officers will now be responsible for recovering FTA on their patches - but this had not been made clear to them at the time of the inspection. Also, the FTA recovery procedures are limited. For example, there is no use of specialist software for tracing former tenants.
- 145** Former tenant arrears were reported as £117,968 or 2.02 per cent of the rent roll at the end of 2007/08, and £85,356 at the end of July 2008. These figures exclude write-offs of £55,770 in 2007/08 and £46,132 in 2008/09 to date.

¹ Quartile figures for rent collected are not available as this performance indicator was discontinued in 2006/07.

Leaseholder service charges

- 146** Island Homes has a significant number of leaseholders - 760 at July 2008. Leasehold properties comprise 37 per cent of the stock and this is increasing through right to buy sales, of which there were 12 in 2007/08.¹
- 147** It is positive that leaseholders receive quarterly service charge statements and can request them at other times if they wish. A full range of payment options is available, including standing orders, direct debit and payment by 12 monthly instalments.
- 148** There has been poor management of annual service charges to leaseholders. Earlier in 2008, staff from the new parent organisation (One Housing Group) found a series of weaknesses in this area, including a lack of understanding of standard service charge processes. Work has been taking place in recent months to address this, but outstanding arrears are high due to past shortcomings.
- 149** Estimated service charge costs are sent out annually, but the 'actual' service charges sent out the following year have been based solely on a percentage uplift to the Council's pre-transfer charges, rather than based on a calculation of actual expenditure. Also, the estimated service charges for 2008/09 included inappropriate architects' fees and will have to be re-issued to leaseholders later in 2008. Actual accounts for 2007/08 are now being properly calculated but had yet to be sent out at the time of this inspection.
- 150** The failure to correctly calculate service charges in earlier years is likely to mean that either leaseholders have been overcharged, or that they have been under-charged, in which case the charges will no longer be recoverable. It is unclear what Island Homes plans to do to address this situation; it has stated that it will 'assess the feasibility' of recalculating previous years figures, if the information is still available.
- 151** Service charge demands have not complied with the legal requirements for the information provided, such as the need to include the landlord's address and a statement of rights. This has now been recognised and the re-issued estimates for 2008/09 (and the actual charges for 2007/08 that are about to be issued) will include this information.
- 152** Arrears of annual leaseholder service charges are high, standing at 45.6 per cent at the end of March 2008, which equates to around £289,000, although income collection for 2007/08 was strong at 101.5 per cent. The poor performance in the past was partly due to the lack of a specialist service charge arrears officer until February 2007, despite rising arrears.
- 153** A further reason for the level of arrears is that, following the stock transfer in December 2005, some leaseholders continued to pay the London Borough of Tower Hamlets, and this money (thought to be around £40,000) has not yet been recovered from the Council, although work is underway to address this.

¹ Under the terms of the transfer agreement, Island Homes is able to keep all income from right to buy sales during the first five years after transfer (i.e. until December 2010).

How good is the service?

- 154** Island Homes has not been taking cases to the Leasehold Valuation Tribunal to attempt to recover service charge arrears. This is largely due to the association's inability to produce reliable arrears calculations for the Tribunal, in the light of the uncertainty over payments that leaseholders may have made to the Council and the uncertainty over the actual cost of services provided. This means that there has been an ineffective approach to the collection and enforcement of service charge payments.
- 155** Action is being taken to address the above weaknesses. A leasehold specialist from the Group is working with Island Homes staff to implement new Group-wide procedures and there has been leasehold training and guidance for Island Homes staff. The new procedure gives sign-off control to the Group Leasehold Manager. Arrears collection will now be reviewed, including the range of recovery actions used.
- 156** Communication with leaseholders in general, and on service charge issues in particular, has been poor and has been hindered by the lack of any specific leaseholder satisfaction surveys and the lack of an overall leaseholder forum. There are two local leaseholder groups, but one has little regular contact with Island Homes. Leaseholders told us that very few staff could answer their queries and that requests for information about service charges were often ignored. Also, there is no specific customer satisfaction monitoring of the rents or leasehold services.
- 157** There is also a lack of information materials for leaseholders, although a leaseholders' handbook will soon be distributed and a money advice leaflet for leaseholders is being produced. It is however positive that Island Homes funds a local independent advice centre which is able to provide information on leasehold and money advice issues.

Major works charges

- 158** There have been no major works charges to leaseholders since transfer in 2005 as no major external works have taken place. Leaseholders were not offered the option of paying for new kitchens or bathrooms at the time of the programme of improvements for tenants, although in one case a leaseholder enquired about this and was put in touch with the contractor.
- 159** The external major works programme is now in its consultative period and around 500 'Section 20' consultation packs have been sent to leaseholders. The consultation packs have been checked by a specialist manager and the sample consultation pack seen appears comprehensive.
- 160** However, some information sent to leaseholders about forthcoming major works is unclear. One example seen covers work which does not correlate with the budgeted works programme for that block. The plans for these works have yet to be finalised, but this is not made clear in the leaflet sent to residents.

161 The consultation pack contains a comprehensive guide to payment options. This guide explains that, although major works invoices are due to be paid within 30 days, to 'ease hardship' Island Homes will, in certain circumstances, allow interest-free payments over 12 or 24 months. The guide also outlines the help that might be available through the benefits system; from mortgage lenders; from the local 'Houseproud' scheme; and through other schemes. The guide also sets out the circumstances in which a £10,000 cap on major works charges may apply (which include being the original purchaser and in receipt of state benefits or in financial hardship).

Tenancy and estate management (focusing on tackling anti-social behaviour)

162 This is an area where strengths outweigh weaknesses. Estates are generally well maintained and the caretaking service is valued by residents. There is an effective approach to tackling anti-social behaviour with cases generally being dealt with promptly. Island Homes also use a full range of enforcement options and provide mediation and diversionary activities. However, some residents have had difficulties in using the anti-social behaviour hotline and there has been limited use of satisfaction monitoring.

163 The agreed scope of the inspection was a focus on how Island Homes tackles anti-social behaviour. However, an overview of other tenancy and estate management issues found a number of positives, including:

- the estates are generally clean and well maintained, including communal areas and grounds;
- there are effective caretaking, concierge and 'handyman' services, and the responsiveness of these staff is valued by residents;
- there are monthly estate inspections. The monitoring of progress and outcomes from these has recently begun;
- there are appropriate sign-up arrangements for new tenants, including a welcome pack and the interim tenant handbook. Settling-in visits are made after six weeks; and
- a decoration allowance scheme is in place. The allowance is paid in cash with 50 per cent paid initially and the balance on completion of the works. There are special arrangements for cases of extreme hardship.

164 However, there are also some areas for improvement in tenancy and estate management.

- Although grounds are generally well maintained, there are a number of reports from residents of poor quality pruning of trees and bushes.
- There is a lack of external window cleaning for blocks where residents are unable to access the outside of their windows.
- Some residents visited had poor experiences of obtaining decoration allowances, with a lack of clear information about how the scheme works and difficulty in getting responses to enquiries.

How good is the service?

Dealing with anti-social behaviour

- 165** There are generally effective arrangements for reporting anti-social behaviour, domestic violence and hate crimes, and supporting victims. Reports can be made by e-mail, in person or by telephone during office hours and, in partnership with the local authority, there is a 24-hour hotline which will pass serious cases to the Police community safety team for immediate response. Support for victims is arranged through referrals to Victim Support and the London Borough of Tower Hamlets' domestic violence team or tenancy support team.
- 166** Effective partnership working has contributed to a number of successes in addressing and reducing anti-social behaviour. Island Homes has service level agreement with the Council for the provision of a 24-hour hotline. There is also a service level agreement with the Council's environmental service team to use their dog warden service and CCTV surveillance service.
- 167** Island Homes works closely and effectively with the Police through the Crime and Disorder Reduction Partnership, the Cleaner Safer Greener Tasking Committee and the local Safer Neighbourhood Teams. The association has also signed up to an information sharing protocol, through which it shares information with the Council and the Police. There is also effective partnership working through Island Homes' membership of the 'Pan-London anti-social behaviour forum' and 'Tower Hamlets RSL anti-social behaviour forum'.
- 168** Concierge services are effective in preventing and deterring anti-social behaviour in and around blocks of flats. Similarly, the caretaking service plays an effective role in deterring and reporting anti-social behaviour.
- 169** There is a pro-active approach to tackling anti-social behaviour which includes preventative and diversionary activity and use of a range of responses. Island Homes has signed up to the Government's 'Respect' standard for housing management and makes use of appropriate enforcement actions when necessary, including acceptable behaviour contracts; anti-social behaviour orders (with one obtained in the past year); injunctions (with one obtained in a domestic violence case in the last year) and notices seeking possession. Residents can also be referred to a free mediation service provided by the Council under a service level agreement; four cases were referred in the first seven months of 2008, although outcomes are not reported back to Island Homes. Starter tenancies are used for all new tenancies, and tenancy agreements include a clause to counter anti-social behaviour and harassment.
- 170** Anti-social behaviour cases are logged on a database and managed in line with an 'interim' procedure. There are targets for dealing with reports of anti-social behaviour and these are generally being met - however the key targets within the anti-social behaviour procedure (responding within one day to serious cases and five days to others) are not included in the overall Island Homes service standards leaflet.
- 171** An inspection of case files provided evidence of cases being well managed and response times being met. The files were well maintained and action plans were in place for all cases seen, with details of actions taken recorded. Cases were only closed after consultation with victims. From the nine files seen, interviews with victims were carried out within the targets of 24 hours for severe cases and five days for other cases.

- 172** Although the approach to tackling anti-social behaviour is generally positive and effective, there are a number of areas for improvement. These include:
- anti-social behaviour procedures are still 'interim' procedures, pending Group harmonisation of policies;
 - there is a lack of monitoring of resident satisfaction with the anti-social behaviour service. Monitoring did not take place until May 2008 and no responses have yet been received. This has not enabled the service to improve its performance in the light of feedback; and
 - the IT package is not designed specifically for recording and monitoring crime and anti-social behaviour and has limited reporting facilities, which makes the analysis of trends and hot-spots difficult. Island Homes is aware of this and there are plans to procure a specialist system.
- 173** Our telephone survey of anti-social behaviour complainants presented a mixed picture. Although some complainants were happy with how their case was handled, others complained of the anti-social behaviour 'phone number being out of date on some publications; frustration at the length of time it took to resolve their problem; and sometimes a lack of communication and follow up from the anti-social behaviour team. Some residents in focus groups said that the anti-social behaviour hotline gave a poor service, with calls not always acted upon by the Council or notified to Island Homes' staff. In response to this feedback, Island Homes has stated that the One Housing Group plans to pilot an out-of-hours anti-social behaviour hotline operated by a specialist organisation.
- 174** Island Homes provides or facilitates a range of community development activities to engage young people. These include services provided by the Docklands Outreach project under a service level agreement. The project works with young people to prevent anti-social behaviour on Island Homes' estates and in the wider community. Activities include a film project, cricket training, boxing classes and football tournaments between local young people and the Police. The project also provides advocacy services on behalf of young people and provides advice on issues such as health and sexual health. This is proving effective in engaging young people and reducing anti-social behaviour in the area.
- 175** Other community activities supported by One Housing Group or Island Homes include a sports leadership course, football coaching and a summer activities programme run by a local school and youth services.
- 176** Outcomes from measures to prevent anti-social behaviour have been promoted through the Island Homes annual residents' report. Island Homes has also promoted a 'Good Neighbour' award scheme through a newsletter and is currently seeking nominations for a number of categories, including 'outstanding Young Person' for under 18-year-olds who have made particularly significant contributions to their local area. An award ceremony is due to take place later in 2008.

How good is the service?

Is the service delivering value for money?

- 177** This is an area of weakness. It is acknowledged that there has been a lack of focus on achieving value for money until recent months, and the recent focus has yet to be embedded or deliver results in most areas. There is not a comprehensive asset management plan and there is limited benchmarking of costs and quality for the various services. Rent loss through voids is high, as are rent and service charge arrears. However, membership of the Group is beginning to deliver savings through economies of scale and increased efficiency.
- 178** Island Homes acknowledges that ensuring that it provides value for money has not been a priority area for the organisation: 'monitoring, benchmarking, budget control and procurement are all identified as systemic weaknesses in the governance and management structures up until April 2008'.¹ From April 2008 until the time of this inspection (July 2008) a number of mechanisms have been put in place to monitor and report performance (see 'How does the service manage performance', below) which will help the organisation to assess the value for money it is achieving, but this work is at an early stage.
- 179** Work that has begun to manage and assess value for money includes the development of a set of key performance indicators which are now being monitored and reported to managers, and will be reported to future board meetings. Also, an external assessor, used elsewhere in the Group, is measuring service quality across ten areas of Island Homes' activities (see also 'Access and customer care', above). This auditor also measures performance for 57 other RSLs and so is able to assess comparative performance.
- 180** There have been some economies of scale through the formation of the One Housing Group, with further economies planned. For example, there has been some rationalisation of offices which have delivered savings – with further co-location of services planned.
- 181** There are also other positive examples of value for money being achieved or improved. For example:
- the direct employment of two horticultural officers has improved the value for money of grounds maintenance;
 - the average cost of a repair was £92 in 2007/08 (excluding repairs over £500) and the average annual cost of repairs per property was £284, which is low compared to similar RSLs (however, satisfaction with repairs is mixed: see 'Responsive repairs' above); and
 - modern procurement methods have been used for the decent homes work, using open book partnering contracts. The contracts involved residents in tender assessments and used key performance indicators to monitor performance and progress. The initial contracts were completed on budget and largely on time.

¹ Island Homes' self assessment for Audit Commission inspection, May 2008.

- 182** However, in general, the approach to achieving value for money has been poor. The lack of a comprehensive asset management plan does not ensure that the best use of assets is being achieved (see 'Stock investment and asset management', above). A 'Property services and asset management procurement strategy review' commenced in February 2008, with a view to unifying arrangements across the Group to maximise value for money and economies of scale.
- 183** There has been a lack of benchmarking and assessment of the value for money of services such as: responsive repairs; grounds maintenance; cleaning; the handyman service; caretaking; service charge administration; and the anti-social behaviour service. The Group has stated that work to examine the value for money of these areas is planned.
- 184** The prioritisation of repairs is inefficient. Emergency and urgent repairs made up 85 per cent of responsive repairs in 2007/08 and 66 per cent in the first three months of 2008/09. This is against a typical service where it would be expected that no more than 30 per cent of repairs would be emergency and urgent. The high number of emergency and urgent repairs means operatives are not able to effectively prioritise their work.
- 185** The financial management of the aids and adaptations service has been weak. There is an agreement with the London Borough of Tower Hamlets to carry out these works partly using Disabled Facilities Grant, but to date no works have been invoiced to the Council and negotiations on the amount of grant are still to be resolved.
- 186** Other barriers to achieving value for money include:
- high rent loss through high re-let times (see 'Void repairs', earlier in this report);
 - a high ratio of staff per unit of accommodation;
 - high levels of rent and service charge arrears;
 - no policy to recharge tenants who cause disrepair (although it is thought that some recharges have been made - but details were unavailable);
 - a lack of procurement innovation in stock improvement work. For example, there is no involvement in supply chain procurement clubs and new kitchens and bathrooms were not bulk purchased; and
 - responsive repairs are priced using a traditional schedule of rates, which has not recently been reviewed to ensure it maximises value for money.
- 187** When the stock transferred in December 2005, eight 'council traded services' agreements were in place. It is positive that some of these have since been reviewed to assess their value for money, and in some cases alternative arrangements have been put in place. However, three of these services have yet to be reviewed¹ and one review is not yet complete.² This means that Island Homes cannot yet be sure that it is maximising value for money in these areas.

¹ The out-of-hours emergency repairs service; drain jetting; and payroll.

² Legal services.

How good is the service?

188 Residents have not been involved in monitoring service quality and efficiency, although there are plans to do so through the implementation of a Resident Involvement Framework. The proposals for the framework include regional consumer panels which would review the same performance data as that monitored by the Board.

What are the prospects for improvement to the service?

What is the service track record in delivering improvement?

- 189** This is an area where there weaknesses outweigh strengths. There has been a mixed track record of delivering improvement since stock transfer in December 2005. A number of practical improvements were delivered following transfer. However a lack of performance management and monitoring have contributed to the organisation not implementing changes that offer residents a satisfactory standard of services, as outlined earlier in this report. The track record of performance indicators is mixed. In early 2008, work took place to identify the main areas of weakness and to put appropriate systems in place to monitor and improve services, resulting in a stronger track record of improvement in the three months prior to this inspection.
- 190** The track record since stock transfer in December 2005 can be seen as three broad phases; an initial programme of immediate improvements was followed by a period of slower progress, this was followed by the recent period of activity to address weaknesses.
- 191** Following transfer, an 18-month improvement programme was followed based on the key priorities for the Board and management team. This delivered some early practical improvements. For example, improvements were made in cleaning services and communal repairs and a more effective grounds maintenance service was established. Also, a specialist officer was employed to improve the response to anti-social behaviour. A summary of the plan and delivery against it is set out in the table below.

Table 1 Island Homes initial 18-month improvement plan

Post-transfer priorities (December 2005)	Progress to August 2007
Carry out a 100-day programme of urgent catch-up repairs.	100-days extended to five months. Most tasks completed by June 2006.
Increase access to staff at local offices.	Minor improvements to office opening hours and new telephone system installed.
Consult on and start decent homes internal works programmes.	Consultation with residents led to choice of two different kitchen ranges. Pilot programme began in August 2007.
Improve the caretaking, grounds maintenance and concierge services.	Caretaking services re-equipped and staff trained on health and safety issues. In-house grounds maintenance service set up to replace inefficient contracts.
Carry out a staff satisfaction survey after six months.	Staff survey by an independent consultant in 2006 with a generally positive outcome.
Training for Board members in Board responsibilities.	Training conducted by Island Homes legal team.

What are the prospects for improvement to the service?

- 192** Although these initial targets were generally delivered, the standard of service delivery in a number of areas was still weak at the time the One Housing Group was formed in August 2007, with Island Homes becoming one of three RSLs within the Group. Also, it became clear that poor recording and monitoring meant that there was not reliable information about performance in some areas, such as the speed of responsive repairs and void turnaround times (both are discussed earlier in this report).
- 193** An 'improvement project plan' for Island Homes was drawn up in January 2008 and progress against this plan was generally on target at July 2008 (see also 'How well does the service manage improvement', below). There has been significant progress in implementing new systems and procedures and improving service delivery over recent months, in particular from April to July 2008. For example:
- improvement in reception areas, opening hours and information materials;
 - the use of external mystery shopping which has confirmed improvements in customer care;
 - improved arrangements for repairs reporting and the partial introduction of a repairs appointments system (see 'Responsive repairs', above);
 - new arrangements for managing void properties, leading to a reduction in turnaround times; and
 - the implementation of valid performance reporting arrangements in areas such as repairs and void turnaround.
- 194** Also, the decent homes programme has continued to be delivered over the past year, largely to timescale and within budget.
- 195** However, there have been delays in the timescales for delivering some planned improvements. For example, the setting up of a Customer Contact Centre to improve access to frontline services across the Group, including repairs reporting (delayed from July 2008 to February 2009); the integration of finance systems across the Group (delayed from January 2008 to September 2008); and the enhancement of the IT system.
- 196** There is limited evidence of improvement in value for money over the past three years, as outlined earlier in this report (see 'Is the service delivering value for money?'). Monitoring, benchmarking, budget control and procurement were all identified as systemic weaknesses in the governance and management structures up until April 2008. Improvement plans have begun to address this since April 2008.
- 197** The direction of travel of key performance indicators since transfer is difficult to assess, as until recently performance information has not been reliable. Following the formation of the Group in August 2007 an examination of the effectiveness of all Island Homes systems and processes began. The Group's Service Improvement Team found the availability of performance information to be particularly weak, with failures across the whole of Island Homes data gathering and in the production of key performance indicators.

What are the prospects for improvement to the service?

- 198** In response to these findings, in February 2008 the Group commissioned specialist external validation of Island Homes' performance reporting systems. This work took place in March 2008 and reported in April 2008. The exercise looked at how data for eight key performance indicators required by the Housing Corporation was collected¹, and found all to have a high level of non-compliance with the Corporation's requirements. Work has since taken place to ensure that data collection is compliant with requirements and a further external validation exercise is planned.
- 199** From the performance information that is available (see Appendix 1) there is no clear track record of improvement between 2006/07 and 2007/08 (the only full years since the formation of Island Homes). There was an improvement in the number of decent homes and in the completion of routine repairs (although repairs data is acknowledged to be unreliable for these periods) but a deterioration in performance for the level of vacant dwellings, rent collection and rent arrears. In other areas, such as resident satisfaction, only one year's data is available.
- 200** However, it is positive that the most recent performance information, for the first quarter of 2008/09, which, although unaudited, should now be based on more reliable data, shows improvement in the speed of repairs and rent collection, although the level of current tenant arrears has risen:

Table 2 Recent performance for repairs and rent collection

Performance indicator	2007/08	1st quarter (April - June) 2008/09
Emergency repairs on time	77.4%	83.7%
Urgent repairs on time	75.0%	84.3%
Routine repairs on time	87.0%	92.5%
Rent collected	94.6%	95.6%
Current tenant rent arrears	8.5%	8.8%

Source: figures supplied by Island Homes 25 July 2008.

- 201** The 2008 STATUS survey shows poor levels of overall resident satisfaction (56 per cent), satisfaction with repairs and maintenance (52 per cent) and satisfaction with participation opportunities (31 per cent). Island Homes expects these figures to improve as the Service Improvement Plan takes effect and with the introduction of a Customer Contact Centre.

¹ The performance indicators assessed were eight of those required for the Housing Corporation's Regulatory and Statistical Return and Continuous Recording (CORE) returns. The eight indicators concerned vacant dwellings and lettings; stock condition; and repairs performance.

What are the prospects for improvement to the service?

202 There has been generally good progress against the pre-transfer proposals, in particular progress against the decent homes targets. However, the proposals are not currently being met in two areas.

- Formal liaison meetings with the London Borough of Tower Hamlets, which should have taken place six-monthly, have been infrequent, with only two meetings in the first two and a half years and these were not minuted.
- The proposal to have a resident-led Board is not currently being met, following the removal of the Island Homes Board in April 2008 by the Group's Board and the appointment of an interim Board (see 'How does the organisation manage performance?' below). Island Homes has stated that 'current arrangements are interim and were vital to address governance and legal failures which were overriding. New arrangements when formulated will be subject to consultation.'¹

How well does the service manage performance?

203 This is an area where strengths outweigh weaknesses. Although there have been weaknesses in the monitoring and management of performance, these have been identified and are being addressed. The improvement plans produced are robust and are delivering results - and are linked to wider group harmonisation plans. Arrangements to deliver continuous improvement have been put in place and staff are now receiving clearer management and guidance. However, plans for a new resident involvement framework are at an early stage and the future arrangements for resident involvement in the Board are not yet clear. Also, there are not effective performance management arrangements in place for the community buildings.

Improvement planning

204 The context for how well Island Homes manages performance is that, following the formation of the One Housing Group in August 2007², the Group investigated the effectiveness of all Island Homes systems and processes and concluded that there were significant weaknesses in services, management and performance information. It then set up an 'Improvement Project Plan', supported by the Group's Service Improvement Team, to address these weaknesses.

205 It is positive that the Group commissioned specialist external assessments of performance reporting, service delivery and governance in 2007 and early 2008. These assessments confirmed the Group's concerns and fed into the development of the Improvement Project Plan, which sought to deliver urgent improvements to services and processes.

¹ Island Homes' response to Audit Commission final on-site feedback, received 4 August 2008.

² In August 2007 Community Housing Association, Island Homes and Toynbee Housing Association (Island Homes' former parent RSL) formed a new group structure known as One Housing Group.

What are the prospects for improvement to the service?

- 206** The Improvement Project Plan is a SMART¹ document that addresses the key areas of weakness. A project team was put together in April 2008 to lead on the 13 areas for improvement within the overall project (such as: leasehold management; estate management; and frontline customer services). The project lead officers are either specialists from within the Group or external consultants; many of these were interviewed during this inspection and exhibited a high level of capability and an ability to drive improvement.
- 207** The improvement project has been well managed. The project director (who is now also the interim Managing Director of Island Homes) meets the project leaders fortnightly to discuss progress. The project monitoring spreadsheet is updated fortnightly. By July 2008, around 95 per cent of the improvements due to be delivered had been completed. Examples of these are:
- rent recovery staff trained in arrears management and using the IT system to full potential;
 - leasehold policy and procedures developed and implemented;
 - new lettings pack developed and issued to new tenants; and
 - systems to monitor progress of all void properties developed and implemented.
- 208** Progress against the improvement project plan is reported fortnightly to the Executive Management Team and to each meeting of the Island Homes and One Housing Group Boards. The interim Managing Director of Island Homes also has monthly meetings with the Chair of the Island Homes Board.
- 209** The Island Homes improvement project plan links to the One Housing Group's integration plan and the Group's policy harmonisation plan, both of which have been in place since the formation of the Group in August 2007. The vision of the Group, and the purpose of the integration and policy harmonisation plans, is to have common standards and procedures across the three subsidiary RSLs (unless there is a good reason for a 'local' exception) in order to deliver consistent services to a high standard while achieving economies of scale. Future Group plans include cross-Group procurement of maintenance contracts and a cross-Group Customer Contact Centre.
- 210** The improvement project plan initially ran up to the time of this inspection - July 2008. Further improvements are being taken forward in an Island Homes Service Improvement Plan (the draft of which has been seen and appears SMART) and the Group's integration plan. Island Homes also intends to feed recommendations from this inspection into these plans.
- 211** It is positive that the current improvement plans were informed by staff, resident and stakeholder focus groups held in April 2008. Discussion groups involving 37 staff, 22 residents and six partner organisations focused on seven areas of service delivery.² Feedback from these groups was largely negative and confirmed the areas of weakness that needed to be addressed in the improvement plans.
- 212** It is also positive that staff have been involved in mapping processes for their service areas and developing improved procedures.

¹ Specific, measurable, achievable, realistic and time-bound.

² The seven areas covered were: access to the service; repairs and maintenance; estate services; equality and diversity; income management; anti social behaviour; and value for money.

What are the prospects for improvement to the service?

- 213** Future plans include further actions to address the weaknesses identified, these include the development of a Customer Contact Centre – now expected to launch in February 2009. This will be a Group-wide service primarily covering repairs, income management and allocations and will be located in new offices elsewhere in Tower Hamlets.
- 214** Plans also involve the development of a new 'Resident Involvement Framework', although the proposals for this are still being developed and consultation on the framework received a low response from residents. A second stage of consultation is planned later in 2008.
- 215** Examples of other initiatives planned to address weaknesses include:
- completion of customer care training for staff;
 - consultation with residents on the introduction of more challenging and measurable service standards;
 - collecting resident profiling information for all households;
 - improvements to telephone systems (in addition to the Customer Contact Centre) to enable the monitoring and reporting of performance against standards;
 - the addition of a package to the IT system for managing responsive repairs - to enable electronic management and monitoring of repairs, including orders and appointments; and
 - re-tendering of maintenance contracts for responsive repairs, void repairs, cyclical redecoration, gas servicing and boiler replacement.
- 216** The plans in place include an assessment of the value for money of different service areas. Value for money should also be enhanced by the planned procurement of maintenance services, including responsive repairs, on a Group-wide basis from April 2009, with estimated Group-wide savings of £440,000.
- 217** Arrangements are in place to support continuous improvement. A Group-wide Service Improvement Team is now monitoring and supporting the delivery of service improvements within Island Homes. Also, a 'Service Improvement Framework' which has been used successfully elsewhere in the Group is being rolled out to Island Homes. The aim of this framework is to develop a culture among all staff of looking to improve services to residents. The framework includes management tools such as a 'Do one thing better' programme (being piloted with Island Homes' caretakers), brainstorming sessions and SWOT¹ analyses. Over 60 Island Homes staff attended a presentation about the framework in April 2008. Specific outputs from the framework - such as streamlined repair reporting processes - are expected later in 2008.
- 218** It is a weakness that there has been no resident involvement in the Service Improvement Framework, although residents will be consulted on proposals that come out of it.

¹ Strengths, weaknesses, opportunities and threats.

What are the prospects for improvement to the service?

219 The One Housing Group has appropriate arrangements for mapping risks and carrying out internal audits of areas of concern, which are applied to all three RSLs within the Group. There is also an appropriate Group-wide policy for 'Raising concerns at work' (whistle-blowing).

Performance monitoring and performance management

220 The production of reliable performance information is acknowledged to have been weak until recently, as discussed elsewhere in this report (see in particular, 'What is the service track record in delivering improvement?'). Steps have been taken in recent months to ensure that performance in most areas of service delivery is reliably monitored and reported, although there are some areas (such as telephone answering) where this is not yet possible and other areas where performance indicators are still being agreed (such as leasehold management and right to buy).

221 A number of databases and spreadsheets have been set up in recent months to enable performance to be monitored and reported more systematically. Informative performance reports are now made monthly to all management team and Board meetings.

222 It is positive that an external organisation has been used since September 2007 to assess customer care through mystery shopping exercises. This organisation also assesses other RSLs, including those in the One Housing Group, which allows benchmarking to take place. The results have led to targets for improvement being set; Group service improvement staff then help Island Homes staff to achieve these targets.

223 In 2007 the Group introduced more robust financial management systems to Island Homes. For example, monthly management accounts (instead of quarterly); monthly budget forecasting; and detailed commentaries to accompany variance reports. Also, decent homes expenditure is discussed and monitored monthly. However, there has been poor financial management and monitoring in some areas, such as leasehold service charges and right to buy, although these are now being addressed. A common housing finance system across the Group from September 2008 will further strengthen financial reporting arrangements.

224 There are not effective management arrangements for the community buildings. Island Homes owns eight community buildings but there are no effective management arrangements with the community groups that manage the buildings and run projects from them. No written agreements can be found and the groups do not provide Island Homes with accounts, despite charges being made to the public for some activities. Although projects may be offering valued services to the public, there is no clear accountability or quality assurance. There are plans for a review of the management arrangements for these buildings.

225 The performance management of staff was also weak until recently, with no formal appraisal or structured supervision of staff, and training needs left to individuals to identify and request. A staff appraisal system linked to a training needs analysis was recently introduced and was due to be completed by the end of August 2008, with the bulk of appraisals being completed in the last two weeks of August. Copies of two early appraisals were inspected and found to be comprehensive.

What are the prospects for improvement to the service?

- 226** Monthly supervision sessions and an upward appraisal system are also being introduced. Training needs will be fed into learning and development plans for individual staff, which are now being put in place for the first time. Training packages are being put together to meet these needs.
- 227** The new appraisal and training systems form part of a comprehensive, but very recent, Human Resources Strategy.¹ This strategy also includes an action plan which addresses, for example, empowering leadership, supporting change and recruitment and retention.
- 228** Regular staff meetings have recently been introduced, and it is positive that caretaking staff are now included in staff meetings and communications, which was not always the case in the past. A staff survey is about to take place (the first since 2006), a staff newsletter is planned and a Group-wide staff suggestion scheme is about to be launched. These initiatives will help to ensure that staff are kept well informed and that the views of staff inform plans for service improvement.

Leadership

- 229** In terms of leadership of the organisation, Island Homes has been through a turbulent period of change during the first six months of 2008. The Board of Island Homes was removed by the One Housing Group Board in April 2008 and replaced by an 'interim' Board. The reason given by One Housing Group for this course of action was: 'Due to persistent serious failures in their duties to properly govern the Association'.² There was also a change of Managing Director of Island Homes in June 2008 and a number of other management changes have taken place.
- 230** These changes, particularly those concerning the Board, have been matters of interest and sometimes concern to residents and staff. In particular, the pre-transfer proposal, on which tenants voted, included a resident-led Board - and this is not currently being met. The pre-transfer proposal to tenants included a commitment that the Board would include eight residents among its 15 members.³ The current interim Board has eight members (five of whom were on the previous Board), two of whom are residents.
- 231** The view of One Housing Group is that it was obliged to remove the previous Board to fulfil its own obligations to ensure proper governance, and that the present arrangements are 'interim'. A number of residents have expressed their opposition to these changes; although others have supported the changes.
- 232** Residents have been informed of the interim governance arrangements. However, residents that we spoke to are unclear about the future plans for leadership of the organisation and how residents will be involved in this.

¹ Island Homes Human Resources Strategy 2008-09, produced July 2008.

² Letter to residents of Island Homes from Mick Sweeney, Chief executive of One Housing Group, 22 April 2008.

³ 'Housing Choice: Proposal to Tenants; Formal Consultation on the proposed regeneration and transfer of Barkantine, Kingsbridge, St. John's and Samuda Estates Isle of Dogs to Toynbee Island Homes'. London Borough of Tower Hamlets 2005 (in particular sections 1, 5 and 6).

What are the prospects for improvement to the service?

- 233** The governance and regulation of RSLs are largely matters for the Housing Corporation¹ and therefore outside the scope of this inspection. However, the effectiveness of the leadership of the organisation is within the scope of this inspection,² including the quality of leadership delivered by senior managers and Board members.
- 234** The new Board of Island Homes had been in place for less than two months and had met once at the time of this inspection. However, from the limited evidence available, the Board members seen (including the Chair) demonstrated a clear understanding of their role and responsibilities and the need to monitor and improve the level of performance within the organisation. Six of the eight Board members, including the Chair, were seen in some capacity during the inspection, and five were formally interviewed. All those interviewed displayed strong capabilities. The June 2008 Board meeting included an appropriate focus on the decent homes programme and the development of performance indicators, among other issues.
- 235** The quality of leadership shown by the interim Managing Director and management team was welcomed by the vast majority of frontline staff spoken to during the inspection and staff were positive about recent improvements in communication from senior managers.
- 236** Managers have a good level of awareness of the organisation's weaknesses and show a commitment to address them. There has been recent work to improve the quality of management within Island Homes through, for example, training and coaching. Staff welcome the improvement in the support and guidance they receive from managers. For example, rent recovery officers now have clear guidance and support and their recovery work is more closely managed, with more time freed up to focus on rent recovery. They now have individual arrears targets and performance should begin to show an improvement.

Learning

- 237** There is limited evidence of Island Homes learning from best practice elsewhere, other than learning from the other members of the Group. The association is now gathering learning from resident feedback and complaints, although this has only recently been developed.

Does the service have the capacity to improve?

- 238** This is an area where strengths outweigh weaknesses. Island Homes has the management and staff skills in place to deliver improvement. Capacity has been enhanced through Group expertise and resources, and external expertise has been brought in where necessary. The financial resources are also in place to deliver planned improvements. However, capacity through resident involvement is not being maximised and there is a need to address staff sickness levels.

¹ The Housing Corporation's role as regulator will transfer to the new 'Tenant Services Authority' under the Housing and Regeneration Act 2008.

² 'Housing Inspectorate Key Lines of Enquiry: Prospects for improvement' July 2007, para. 5.2.1.

What are the prospects for improvement to the service?

- 239** Island Homes, as part of the One Housing Group, has the managers, staff and skills to deliver the improvement plans outlined earlier in this report (see 'How does the service manage performance?' above). Island Homes' managers are being supported by expertise brought in from elsewhere in the Group to deliver rapid improvements. There is a high level of commitment from managers and staff to deliver improvement, and a culture of continuous improvement is strongly supported by the interim Managing Director.
- 240** Extra capacity has been brought in to support improvement in service delivery. For example, the capacity of the decent homes programme has been enhanced through the use of specialist consultants to manage the contracts. Also, additional expertise has been brought in to monitor and manage rent and service charge recovery.
- 241** Frontline staff are generally positive and committed to improving service delivery, and demonstrate the capacity to achieve this. Many staff have strong local knowledge and understanding, and have built up strong relationships with residents. Communication between managers and staff has improved and this is contributing to a more positive culture and working environment.
- 242** Capacity is reduced by a relatively high level of sickness absence, averaging 18 days a year per employee, largely due to short term sickness. Sickness absence has not been well managed in the past, but a monitoring and review process is now being put in place.
- 243** Training for staff has until recently been patchy and has not covered all service areas. A learning and development programme is now being put in place (see 'How does the service manage performance?' above) and training has recently taken place in a number of priority areas that were previously neglected, such as leasehold management and service charges.
- 244** Managers have now received one-to-one coaching and a programme of leadership training is beginning, as part of the recently agreed Human Resources Strategy. Staff and managers report that training opportunities have improved and are now generally good.
- 245** There is a substantial amount of work to be done to build up capacity from resident involvement. Work to implement a new 'Resident Involvement Framework' is at an early stage, with full consultation with residents about the framework yet to take place. Until effective arrangements are in place, the association cannot fully benefit from the input of residents into monitoring and improving services.
- 246** It is positive that a residents' training programme, run by the in-house Community Development Team, was introduced in 2007/08, although there has been poor take-up from residents and the programme is therefore being revised following the feedback received.
- 247** Capacity is being enhanced through Group-wide initiatives, such as the development of a Customer Contact Centre (discussed earlier in this report) and Group-wide financial and IT systems. The Group is rationalising its office accommodation, which will release space and raise income from sales. This will add to the Group's financial capacity.

What are the prospects for improvement to the service?

- 248** Island Homes' present IT system is satisfactory but is not used to full effect. A programme of staff training is underway to address this. Also, investment has been made in an enhancement to IT systems across the Group. In April 2008 a new paperless purchase invoice system was launched, and a package to improve the management of repairs is due to be in place by September 2008. These enhancements will add to the association's capacity to deliver services efficiently.
- 249** Island Homes has the financial capacity to deliver improvement. Island Homes' main current financial commitment is the delivery of the decent homes programme. Funding is available to deliver this in the form of a £50 million bank finance facility. There has been significant investment of Group resources into the Island Homes' service improvement project, with £250,000 available in 2008/09.
- 250** A revised approach to procurement was agreed by the Group in May 2008, following a review of property services and asset management. The new approach includes, for example, a single tender process for all Group properties for responsive repairs, voids and cyclical redecoration, and a single tender process for gas servicing and boiler replacement, with all contracts let on a partnering basis, or with the intention to move to a partnering basis after the first year of operation. The new contracts, due to be in place in April 2009, should offer greater value for money to the Group and to Island Homes.

Appendix 1 – Performance indicators

	2006/07	2007/08	National mean 2006/07	Comparison group mean 2006/07
Relet time (GN, owned)	52.9 days	- (note 1)	40.3 days	44.8 days
Vacant GN dwellings	2.4%	3.8% (note 4)	2.1%	2.6%
Repairs on target:				
- Emergency	-	77.4%	95.4%	not available
- Urgent	-	75.0%	92.7%	not available
- Routine	81%	87.0%	94.0%	93.4%
Rent collected (GN, managed)	96.7%. (note 2)	94.64% (note 2)	98.8%	
Current tenant rent arrears (GN)	8.08% (note 2)	8.52% (note 2)	5.4%	6.5%
Overall tenant satisfaction	-	56% (note 3)	79%	74%
Tenant satisfaction with participation	-	31% (note 3)	60%	55%
Tenant satisfaction with repairs & maint.	-	52% (note 3)	76%	72%
Failing decent homes standard	34.6%	10.0% (note 4)	13.0%	14.7%
Average SAP rating (GN)	69	69 (note 4)	69	72

GN = General Needs. All figures taken from Housing Corporation data unless otherwise stated.

The comparison group comprises 32 RSLs (including Island Homes) with a similar number of general needs homes - nine of which are stock transfer associations.

Note 1: The average relet time for all voids in 2007/08 was 285 days. Island Homes has not been able to disaggregate major works voids from this total due to poor record keeping.

Note 2: Figures supplied by Island Homes.

Note 3: 2008 STATUS survey.

Note 4: Figures from Island Homes' 2008 Regulatory and Statistical Return to Housing Corporation.

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:
 - focus groups with tenants, leaseholders and residents' representatives;
 - interviews with staff, managers and Board members;
 - focus group with frontline staff;
 - focus group with contractors;
 - focus group meeting with Bengali Welfare Organisation;
 - viewing property improvements and repairs;
 - inspecting ready-to-let void properties;
 - shadowing staff taking repairs calls;
 - visits to both local offices;
 - estate inspections;
 - telephone surveys of residents;
 - file checks;
 - review of website, leaflets, newsletters and other information materials; and
 - mystery shopping telephone calls and mystery shopping visits to offices.

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