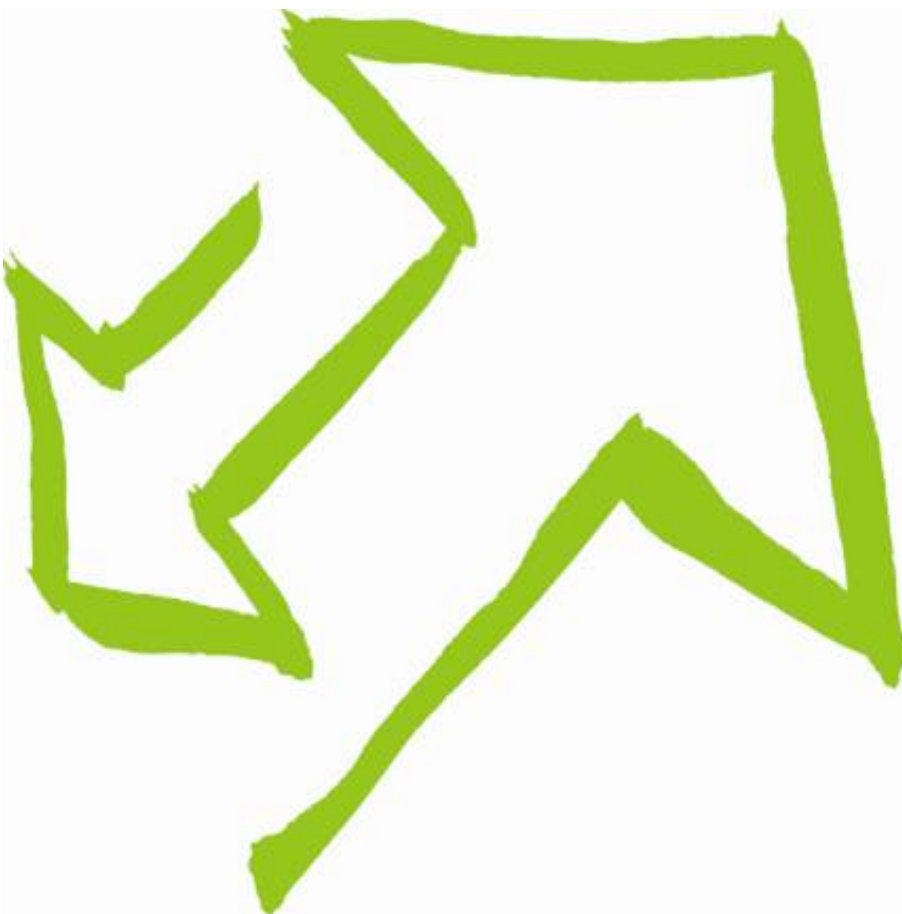


# Short Notice Inspection

**Short notice inspection of responsive repairs, gas servicing and resident involvement**

Peabody

February 2010



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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.

The Audit Commission 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](http://www.audit-commission.gov.uk/housing).

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

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

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

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## The Association

- 1 Peabody was set up in 1862 and registered with the Housing Corporation in 1974. As a registered charity it owns and manages almost 18,000 homes with stock spread across 27 London boroughs. Most of the stock is in Islington, Southwark, Hackney, Waltham Forest, Wandsworth and Westminster. Although there are 900 supported housing properties, most of the stock is general needs.
- 2 Peabody works in areas of high demand and around 36 per cent of the population in the six core boroughs are from black and minority ethnic (BME) communities. Its mission statement is to 'make London a city of opportunity for all by ensuring as many people as possible have a good home, a real sense of purpose and a strong feeling of belonging.'

### The scope of the inspection

- 3 The scope of this inspection focused on the following areas, which have been identified in consultation with the Tenants Services Authority:
  - responsive repairs;
  - gas servicing; and
  - resident involvement.
- 4 The inspection also included an assessment of how Peabody is addressing three cross-cutting themes: access and customer care, diversity and value for money within the services included in the inspection's scope.
- 5 We would like to thank the staff of Peabody who made us welcome and met our requests efficiently and courteously.

Dates of inspection:

1 - 3 December 2009

# Summary of our findings

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

**Table 1**      **Assessment**

<b>How good is the service?</b>	<b>Assessment</b>
• Access and customer care <sup>1</sup>	Strengths and weaknesses are in balance
• Diversity	Strengths and weaknesses are in balance
• Value for money	Strengths and weaknesses are in balance
• Responsive repairs	Weaknesses outweigh strengths
• Gas servicing	Strengths outweigh weaknesses
• Resident involvement	Strengths outweigh weaknesses

- 7 We have asked Peabody to consult with its tenants on the findings of this report and on the preparation of an action plan to implement our recommendations. We will publish the Peabody's response together with our assessment of the Association's prospects for improvement within three months.

<sup>1</sup> Access and customer care, diversity and value for money are assessed in relation to the service areas inspected only.

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# How good is the service?

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## Access and customer care in the service areas inspected

- 8 We found that strengths and weaknesses are in balance in this area.
- 9 There are a number of strengths.
- The customer contact centre, Peabody Direct, is open between 8am and 8pm and telephone access is free to callers using a landline. Customers were involved in deciding the opening times of Peabody Direct, resulting in increased numbers of customers getting in touch by telephone.
  - My Peabody<sup>I</sup> can be used to report repairs, and has a diagnostic tool to help with diagnosis of problems. Repairs can also be reported by telephone and by an online form.
  - Information is available in various formats to suit particular needs and translated materials and interpreters are easy to access. There are automated translation facilities and information on how to obtain information in other formats on the website.
  - Peabody effectively manages the out-of-hours telephone service. It is meeting targets set to monitor call answering times and provides customers with effective support outside opening hours.
  - Known profiling information is used to understand whether residents with particular needs are unable to access the responsive repairs service, with a targeted approach taken to ensure that any issues are resolved.
  - Customer feedback is gathered in several ways and used to improve services. This includes satisfaction surveys undertaken by an independent organisation, mystery shopping, tenant inspections and focus groups.
  - All staff have recently undergone Customer First training and this has resulted in services provided more quickly and clearer information supplied.
- 10 There are a number of weaknesses.
- Analysis of satisfaction information against profile information does not take place. Peabody cannot be sure there are no differences in services provided to customers from different groups and whether there are different satisfaction levels.
  - Performance in some key areas is weak and not meeting the target, including calls not being answered in time and satisfaction with Peabody Direct<sup>II</sup>.
  - Although the Customer Service Charter was designed with residents, performance against some aspects of it is not measured and customers therefore do not know whether Peabody is meeting its promise.

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<sup>I</sup> My Peabody - a secure part of the website for use only by tenants that have registered for the service.

<sup>II</sup> Peabody Direct - the customer contact centre

## How good is the service?

- Information about repairs and gas servicing available for customers either in leaflet form or on the website is limited. This means that customers may not be aware of their responsibilities.
- Customer care is not embedded among existing repairs contractors. The lack of training and monitoring by Peabody has resulted in an inconsistent approach to customers.
- Arrangements for repairs appointments are inconsistently applied and not clearly publicised. This prevents customers from understanding what arrangements are in place.

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### Diversity in the service areas inspected

**11** We found that strengths and weaknesses are in balance in this area.

**12** There are a number of strengths.

- Peabody's approach to diversity is outlined in its Single Equality Statement. It was designed with residents and has resulted in changes in the inspected areas. This includes:
  - involving customers from under- represented groups;
  - the Diversity Forum approving all literature for customers and policies; and
  - the procurement toolkit is now used to embed the approach to diversity in the appointment of the new responsive repairs contractor, although outcomes have been limited to date.
- The Board of Management shows clear leadership in the approach to diversity. The Board is largely reflective of the community it serves, helping it to understand issues that different groups may experience.
- Staff and repairs contractors make changes to individual services where there is understanding of the particular needs of customers.
- Peabody works locally to ensure that hard to reach and under- represented groups are able to engage with Peabody and their local community.
- The approach to resident involvement includes systematically considering the needs of Peabody's diverse customer base. This led to successful involvement of customers representing a wide range of views and enabled Peabody to tailor involvement methods according to needs and preferences. However, this approach is not reflected across all services that we inspected.

**13** There are a number of weaknesses.

- The lack of complete profile information and the failure to use existing information regularly to analyse service provision means that Peabody cannot be sure that services are fair, and do not discriminate.
- Not all staff undergo regular training on equality and diversity and there is a mixed approach to agreeing diversity targets with staff.

- Equality impact assessments have not been undertaken in the inspected areas to ensure that different groups are not disadvantaged
- Peabody does not monitor its contractors to ensure that services are the way it wants them to be and do not discriminate.
- Customer profile information is not shared with gas servicing contractors, preventing them from adjusting services.

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### Value for money in the service areas inspected<sup>i</sup>

14 We found that strengths and weaknesses are in balance in this area.

15 There are a number of strengths.

- There are clear efficiency targets and these are set out in the Value for Money (VFM) Strategy and in the budgetary process. This has led to some efficiencies in the inspected areas, including:
  - meeting the target for the direct labour organisation (PMP) to achieve a surplus;
  - improved productivity in PMP resulting in savings of £350,000; and
  - renegotiation of the van leasing contract resulting in savings of £6,000.
- Overheads as a percentage of total operating costs compare well with peers and meet Peabody's own target. Performance on costs shows Peabody as performing in the top fifty per cent of similar organisations in London and nationally, and in the top twenty five per cent in the G15.<sup>ii</sup>
- VFM is actively promoted to staff within the repairs service. This has helped to develop a wider understanding of VFM and encourage staff to identify potential efficiencies.
- In the last year Peabody has rationalised its existing repairs contractors while preparing to retender the responsive repairs contract. This enabled Peabody to obtain agreements with the new contractors that have delivered VFM, including widening the range of appointments and consolidated invoicing. This has delivered improved satisfaction at no extra cost.
- Operational efficiencies have been achieved by changing to a geographic distribution of routine repairs, helping operatives to respond more quickly which has led to increased productivity.

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<sup>i</sup> In assessing value for money we are looking at two questions: 'How do costs compare?' and 'How is value for money managed?'

<sup>ii</sup> G15 - a group of 15 Housing Associations in London used to compare services

## How good is the service?

16 There are a number of weaknesses.

- Although some savings and efficiencies have been delivered, there is no systematic focus on linking cost with performance and satisfaction to help Peabody develop an understanding of whether the inspected services offer VFM.
- Benchmarking is not systematically used to understand how Peabody's costs, satisfaction and performance levels compare with others to help focus on areas to improve.
- The current arrangements for delivering responsive repairs do not provide VFM. The management and delivery costs of this service are high and performance and satisfaction is low.
- Peabody cannot be sure that its approach to resident involvement offers VFM. Not all activities are assessed for impact and outcomes and none of the impact assessments have analysed any links between cost, satisfaction and performance.
- The proportion of emergency and urgent repairs is too high at 38 per cent of all responsive repairs. This exceeds good practice recommendations does not meet Peabody's own target and does not represent good value for money.

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### Responsive Repairs

17 We found weaknesses outweigh strengths in this area.

18 There are a number of weaknesses.

- Tenant involvement in contract monitoring is limited. Tenants are not involved in contract management meetings or any other type of formal performance review.
- Satisfaction with responsive repairs is low:
  - Tenant satisfaction with the way their landlord deals with repairs and maintenance is low at 58.6 per cent;
  - Satisfaction with last completed repair is 68.6 per cent against a target of 85 per cent; and
  - Only 58.3 per cent of tenants feel they are kept informed about their repair.
- The way that repairs are ordered and appointments made is not effective. Many customers make repeat telephone calls to Peabody Direct about their repairs, with repeat calls making up 47.9 per cent of all calls about repairs.
- Although contract management has been strengthened, performance between contractors and PMP still varies, as do access arrangements. Performance data shows differing levels of performance on response times, right first time and the level of appointments made and kept, meaning that tenants receive an inconsistent level of service
- Repairs are not consistently completed to a high standard. In October 2009 only 80 per cent passed post inspection checks and a significant number of complaints are about repairs.

- Not all appointments made are kept, with only 88.6 per cent of repairs appointments kept by PMP against a target of 95 per cent, causing unnecessary inconvenience for customers.
- Repairs are not being completed in time in all categories, with emergency and routine being in the worst fifty per cent of similar organisations when compared with others.

### 19 There are some strengths.

- The cut in the numbers of contractors has helped Peabody to more effectively control its repairs budget, to improve its analysis of repairs expenditure and to strengthen contract management.
- Checks on invoices and on the quality of works are robustly completed. Around ten per cent of repairs are now post inspected and pre-inspections are now only undertaken when essential.
- Tenants have been effectively involved in the procurement process leading up to the appointment of the new responsive repairs contractor

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## Gas servicing

### 20 We found strengths outweighed weaknesses in this area.

### 21 There are a number of strengths.

- Performance relating to gas safety is strong, with 99.75 per cent of properties having a current landlord's gas safety record (LGSR) in place.
- Of the properties without a current LGSR only seven have been overdue for more than three months and only one is more than 12 months overdue.
- The procedure for carrying out gas safety checks is effective, with a clear focus on gaining access, with legal action taken as appropriate. Partnership working takes place across teams to assist with access.
- The importance of gas safety across the organisation is well understood, with training provided to other teams to ensure that all staff understand the risks.
- Gas safety checks are undertaken to a high standard, with an almost 100 per cent pass rate. This has resulted in high levels of satisfaction amongst customers, with satisfaction levels currently at 93 per cent.
- The system of quality checks undertaken by Peabody is robust with around 10 per cent of all safety checks post inspected. Any failings are shared with contractors to ensure that improvements are made.
- Performance management is robust and supported by a comprehensive database that operates in 'real time' and is accessible to both contractors and Peabody.

### 22 There are some weaknesses.

- Only 75 per cent of customers receive a copy of the LGSR which may make it difficult for them to track when the next service is due.

## How good is the service?

- At the time of our inspection, overdue gas checks were not flagged on the shared customer services system, preventing all staff from influencing successful access arrangements. Although this has now been rectified, it is too early to measure the impact of this.
- Resident involvement in reviewing and monitoring the service is currently under developed, although there are plans to improve this.
- Service limiters are not currently being used in cases where there are repeated instances of no access.

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## Resident involvement

**23** We found strengths outweigh weaknesses in this area.

**24** There are a number of strengths.

- The organisation demonstrates a clear understanding of the value of resident involvement (RI). There has been a step change in the way that Peabody involves residents in the business and this is reflected in the business plan and by clear leadership.
- The Customer Involvement Strategy was developed with residents following a wholesale review of RI in 2007. This resulted in an organisational focus on the outcomes that can be achieved by involving residents.
- Work has taken place to embed RI throughout the organisation. All staff have had training on RI and support is provided by a centralised team. All staff have targets relating to RI and expertise is shared.
- The methods of involvement are wide ranging, have been agreed with residents and are clearly leading to improvements to services. Methods are well publicised and range from information receiving to strategic and policy-making contributions. This ensures that residents can be involved in a way that suits them and their particular needs.
- Residents can be involved at a formal level. Residents are on the Board of Management, but also co-opted on to subcommittees of the Board to examine performance and to support improvement.
- Involving residents is embedded in the approach to neighbourhood management and to the development of Neighbourhood Charters<sup>1</sup>. This is leading to defining local standards and addressing local issues in a systematic way.
- Work with hard to reach groups is undertaken systematically in the neighbourhood teams. This has led to increased representation in involvement structures that more accurately reflect the communities that Peabody works in.

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<sup>1</sup> Neighbourhood Charters - working with residents and known demographic data to develop an agreed approach and set of standards to support and sustain a neighbourhood.

- The impact assessment of RI shows many ways that residents have influenced outcomes through formal involvement mechanisms, including:
  - improvements to the way that complaints are managed;
  - agreeing the Business Plan priorities;
  - improving the responsive repairs service; and
  - defining the priorities and functionality of the website.
- Residents are supported in their involvement by training opportunities and payment of expenses and by Peabody systematically seeking out extra funding to support activities.
- Residents are actively encouraged to get involved by effective use of 'you said, we did' in newsletters and other media, which gives examples of where involvement has led to improved services.
- The strong links between community development and RI are regularly used to attract new involved tenants and to support capacity building in the community more widely.

### 25 There are some weaknesses.

- Although satisfaction with views taken into account has improved to 59 per cent, it remains among the lowest levels in the country.
- Residents are not currently monitoring the performance of contractors, although there are plans to do this.
- Residents are not routinely involved in staff recruitment to frontline posts, although we note some examples among supported housing staff and at a senior level.
- The impact of training that residents receive is not routinely assessed meaning that Peabody cannot be sure that it is delivering anticipated outcomes.

# Recommendations

26 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 costs<sup>1</sup> and indicate the priority we place on each recommendation and key dates for delivering these where they are considered appropriate. In this context, the inspection team recommends that the organisation shares the findings of this report with tenants and board members; and takes action to address all weaknesses identified in the report. Associations forming part of a group structure should share the lessons and findings of the report amongst the wider group. The inspection team makes the following recommendations.

### Recommendation

**R1** Strengthen customer care and the approach to diversity by:

- continuing to collect customer profile information and to systematically use it to understand and address barriers to accessing services and areas of unfair service provision and by sharing this information with all contractors;
- taking steps to ensure that poor performance in key areas relating to customer care is addressed by taking steps to understand the cause of current levels of performance and putting measures in place to address this;
- improving the approach to learning from feedback, especially complaints, more regularly;
- putting in to place a timetable of Equality Impact Assessments to ensure that services are not discriminating against particular groups;
- involving customers in monitoring the performance of contractors; and
- monitoring contractors to ensure that they understand and comply with Peabody values relating to customer care and delivering fair and equal services.

The expected benefits of this recommendation are:

- customers will be able to access service in a way that suits them; and
- services will be provided fairly and equitably.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by August 2010.

<sup>1</sup> 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** Strengthen value for money in the inspected areas by:

- understanding the links between cost, performance and satisfaction and using this, in comparison with information from others, to drive improvements;
- including an assessment of value for money in the impact assessments of resident involvement activities; and
- understanding the reasons for the numbers of emergency and urgent repairs and taking steps to reduce this.

The expected benefits of this recommendation are:

- improved value for money in services and
- a reduction in the number of emergency and urgent repairs.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by August 2010.

### Recommendation

**R3** Improve outcomes for tenants in responsive repairs and gas servicing by:

- addressing gaps in published information relating to responsive repairs and gas safety;
- ensuring that arrangements for appointments are consistently applied and publicised;
- taking steps to ensure that customers are informed about the status of their repair;
- taking steps to ensuring that repairs are completed to a high standard and on time by robustly managing contractor performance; and
- ensuring that all customers receive a copy of the landlord's gas safety certificate.

The expected benefits of this recommendation are:

- higher levels of satisfaction with the responsive repairs service.

The implementation of this recommendation will have high impact with medium costs. This should be implemented by August 2010.

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# The Audit Commission

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