



Tenant Inspectors

**Tenant Inspectors' Report No. 6
Finance Department - Service Charges
December 2008**



Tenant Inspectors c/o Soha Housing, Royal Scot House
99 Station Road, Didcot, Oxon, OX11 7NN. Tel: 01235 515900

Preface

Soha's Tenant Inspectors project started because of an idea from the Audit Commission that they may go lighter on inspections if an RSL had tenant inspectors in place. The chair of the Tenants' Forum was concerned that they must be able to show an ability to do the work properly as she was sure they would want proof that the inspectors were capable of doing a good job.

This led to a bid to *Soha's Excellence Fund* (the re-investment of efficiency savings) which was successful. The first Tenant Inspectors' training took place in October 2006.

There are currently 17 inspectors who decide the area they will inspect and how they will go about this.

The Tenant Inspector project aims to increase accountability to tenants, to improve services through the experiences and recommendations of the inspectors and to start to build the skills and knowledge of tenants to be involved at a high level.

Contents

| | | | | | | Page |
|--------------------------------|----|----|----|----|----|-------------|
| Acknowledgements | .. | .. | .. | .. | .. | 4 |
| Jargon Buster | .. | .. | .. | .. | .. | 4 |
| Introduction | .. | .. | .. | .. | .. | 5 |
| Methodology | .. | .. | .. | .. | .. | 6 |
| Desk top review | .. | .. | .. | .. | .. | 7 |
| Staff interviews | .. | .. | .. | .. | .. | 8 |
| Computer review | .. | .. | .. | .. | .. | 11 |
| Focus group | .. | .. | .. | .. | .. | 12 |
| Tenant Interviews | .. | .. | .. | .. | .. | 13 |
| Conclusions | .. | .. | .. | .. | .. | 14 |
| Recommendations | .. | .. | .. | .. | .. | 15 |
| Tenant Inspection Team members | .. | .. | .. | .. | .. | 16 |

Acknowledgements

The inspection team would like to express their thanks to everyone involved with this inspection; Soha's tenants, and all the members of staff. Without their contribution this report would not have been possible.

Jargon Buster

BME – Black and Minority Ethnic groups

Data Capture – Information gathered from a service information form sent to Soha's residents.

HouseMark - a leading performance improvement service for the housing sector. Subscribers can access a range of services including performance benchmarking.

IBS – International Business Systems.
A database which is used by many housing associations.

KLOE – Key Lines of Enquiry
KLOEs are detailed questions that the Audit Commission use when inspecting a housing association.

Quartile – In descriptive statistics, a **quartile** is any of the three values which divide the sorted data into four equal parts, so that each part represents one fourth of the sampled population

RI - Resident Involvement

RSL - Registered Social Landlord

SMT - Senior Management Team

Introduction

The tenant inspectors chose to take on an inspection of the Finance Department, and following on from their previous report No. 5, into communal cleaning, decided to focus on how service charge statements are prepared and charges collected.

The management sections of the relevant KLOE's No 4, 11 and 12 were used as guidance for inspection.

The team wanted to find information on the following areas:

1. The internal operation within the Finance Department relating to service charges
2. How Finance interacts with other departments?
3. Resident involvement / consultation
4. Clarity of invoices and statements
5. Methods of collection
6. Queries and complaints
7. Audits
8. Comparison with other RSLs
9. Customer satisfaction

Methodology

The inspection team undertook investigations in the following areas:-

1. Desktop Review to include:
 - Policies and procedures
 - Standard Letters
 - Handbooks
 - Statements
2. Consultation / resident involvement to include:
 - Policy reviews
 - Focus groups
 - Standard letters
3. Statement preparation / collection
 - Interaction between departments
 - Advance notice of works and costs
 - Clarity of invoices and statements
 - Method of dealing with queries / inaccuracies
 - Tender process for external services ie auditors / insurance
 - Method of dealing with non-payment
4. Audits
 - Inspection of accounts
 - Collection rates
 - Targets
 - Comparison with other RSLs
5. Customer Satisfaction
 - How is this assessed?
6. Complaints
7. Reporting
8. Tenant interviews / Focus group

Desktop Review

1. No policies or procedures were made available to the tenant inspection group.
2. The standard letters presented are satisfactory, and we note these have recently been reviewed by the Plain English group, as part of a Soha initiative.
3. The service charge statements are considered to be satisfactory.
4. The service charge booklets for leaseholders are satisfactory.
5. The service charge booklet for shared owners is lacking in several areas:
 - a) It is undated, so there is no way to assess its currency.
 - b) A section on ethnicity is required.

Staff Interviews

Interview with the Director of Finance and Resources, and the Property Services Accountant by G Prior, B Smith and R Mandunya on 26-09-08.

Policies and Procedures

There are no current policies or procedures relating to service charges. The department has some very old policies, which were not offered to the inspection group, and did not appear to be adhered to.

Day to day operation appeared to rely on the use of randomly issued notes or guidance. It was noted that a recent internal audit had highlighted the absence of current policies and recommended this be rectified.

The inspection team noted that this has yet to be implemented.

Consultation / Resident Involvement

Focus groups / tenant meetings had been held in several sheltered schemes only, in 2003 to explain the start up of the service charge scheme. Three meetings were also held in general needs accommodation also in 2003, but were poorly attended.

The inspection team were also informed that some sheltered schemes were re-visited in 2006, although no details were provided.

A survey of a sample of leaseholders and shared owners was undertaken in March 2008, which included an item on the clarity of statements etc., no results were offered for inspection.

The department has no policies regarding resident involvement. The Finance Director gives occasional verbal overviews to his group.

The department's standard letters have recently been reviewed by the plain English Group, although this had been a Soha corporate initiative, not a department action.

Statement Preparation / Collection

Advance notice of works and costs

Leaseholders and Shared Owners are normally sent out by the respective departments and are not covered in this report.

Extended payment periods

Although extensions for the re-payment period are granted, no details of numbers involved were available, as information is held on individual officers systems and not centrally controlled.

Method of dealing with non-payment

Although the department informed the inspection team they are pro-active in dealing with non-payment, details of numbers assisted were not available, as these were held in individual officers' files and not centrally logged.

Insurance

Required for Leaseholders and Shared Owners.

There is no current system for tendering either brokers or providers, nor for testing the market but we were advised they try to use the market rates.

Audits

No targets are set, but we were informed that the department would expect to achieve 100% on collection rates.

External auditors (who audit accounts of leaseholders etc.), are selected on past knowledge, there is currently no selection or tender process before auditors are appointed. It was reported that a cost check had been carried out about 3 years ago to test the market.

Comparison with other RSLs

The department uses House Mark to compare its performance against other RSLs. No figures were offered for inspection, but the inspection team were informed that they were in the lowest quartile of costings.

Customer satisfaction

There have not been any systems to date to monitor customer satisfaction. Only Data Capture would be used in future.

Complaints

Informal complaints

There is no current system for logging or monitoring informal complaints, but relies on individual officers who each maintain their own files. Therefore no figures were available.

Formal complaints

It was noted that two formal complaints had been made regarding service charges. But these related to actions by other departments, not finance.

Reporting

At present the finance department only reports to the Board and the Senior Management Team. There is no current policy to report to any resident groups. No information on service charges is included in details reported to either the Board or SMT.

Training

Training within the department appeared to be minimal. The recently appointed staff member, had to work up their own systems, adapting the previous officers systems where possible.

There would appear to be no current method in place to interact with other departments, to gain an insight into their operations by job shadowing or similar.

Staff Objectives on Resident Involvement

The only objective set to the staff members interviewed, was to attend interviews with Tenant Inspectors.

Computer Review

The main computer base used is the IBS Module already in place, which has been modified to suit the objective, i.e. to produce a suitable system for recording and distributing the service charges to Tenants of both blocks of flats, sheltered schemes, leaseholders and shared owners.

The general set-up appears to work quite well for all participants. The main object of the exercise is to detail all the charges incurred and to explain them clearly to the tenants etc.

The first stage is to obtain quotes from the contractors who are required to give a break-down of the costs involved. For instance, in the case of the Ground Works contract, the contractor is required to give details of the estimated costs on a block by block basis. These costs are fed into the system on a property by property basis. At the end of the period under consideration, the actual cost, which is obtained from the invoice submitted by the contractor, is detailed to each property. A further column shows the difference between the two, so that the statement can show whether the estimate is greater or less than the estimate. The difference is then shown as either a refund or an extra payment to be made, which it is clearly stated, will be adjusted in the next set of charges.

The existing systems appear to be satisfactory for their purpose, since they do set out clearly where the charges are coming from and how they have arrived at. Further column shows where there is a variation between the estimate and the actual cost and this is scrutinized where there is a large difference and the reason is ascertained and dealt with.

In the newer properties where there are agreements that a third party will undertake the management of a group of properties there has been some doubt about the make up of the amounts being charged by the Company carrying out the work, and it would be better if a more detailed breakdown of the costs could be obtained in every case. It is understood that this is now under consideration.

As far as complaints are concerned, there does not seem to be a clear procedure that is followed. Some complaints and queries appear to be settled directly by the Customer Service Department while individual problems are taken over by either the Service Charges personnel or maybe by the relevant Housing Officer. There does not appear to be a single source of information for such complaints or comments. It is suggested that a single database should be set up for each property wherein could be kept details of all comments made by the tenant, which could be readily accessed by any or all departments.

Focus Group

A discussion was held with 2 general needs residents, 1 leaseholder and 4 residents living in sheltered housing.

It was generally felt that the information that Soha provides was adequate and clear and there was enough information provided in the handbook.

The general opinion was that the panel were very happy with the service provided and that the charges were fair. There was a complaint about the grass cutting and the standard of window cleaning at Batten House.

There was also a complaint about what appeared to be an under-estimation of the actual costs involved at Bakers Piece House as service charges had increased by £48 a month the last time. Further input from members of the panel appears to have shed some light on the possibilities for this. It however remains a matter for further investigation by Soha.

In general, the statements were felt to be clear and easy to read. There was some confusion over the right hand column on the statement concerning eligibility for housing benefit. The resident didn't think there was any footnote etc. to explain why the column was there. Another resident asked if it would be possible to have 2 forms as they couldn't see the need to have the column referring to housing benefit, if it is irrelevant. They would like a clearer explanation on the form to explain why the column is there. This may require a review.

A resident asked if there is a way to help people understand / complete forms. There was a suggestion to put an article in Home Talk for those who may not understand the statements. Another suggestion was for visits to the elderly to assist in this respect. The conclusion however was that cost may make this prohibitive. A tenant inspector further pointed out that Soha already offers help to people who are unable to complete the forms.

The general opinion was that they received value for money for their service charges.

None of the panel had any cause to phone Soha with a query related to service charges however praise was given to the Customer Service Advisers for being very helpful and cheery.

All the panel reported that they were given notice of works and costs by letter, through calls, or on the notice boards. They were happy with the payment methods available.

There was a general perception that Soha are doing a good job when compared with other Housing Associations.

Telephone Interviews

Of the 58 residents contacted, 11 agreed to take part in a telephone interview to discuss service charges. These comprised 6 leaseholders, 4 living in sheltered accommodation and 1 living in general needs accommodation.

The majority thought the information Soha provides on service charges is adequate and clear. One resident said the information was not readily available when she moved into her sheltered scheme 6 years ago. She had to find out the information for herself.

All residents were generally satisfied with the service provided however the following comments were noted:

An elderly general needs resident in Benson, couldn't understand why the window cleaner only cleans the upstairs windows – he is not able to clean the downstairs window himself.

One resident, living in a sheltered scheme in Cholsey, thought the service was generally good. Little extras, such as removing all the cobwebs, would make a difference to the service. In the absence of the scheme manager, she would like to know who to contact, when light bulbs in communal areas need to be replaced.

A resident of Old School place was concerned that the Parish Council use the kitchen in the West Room several days a week, which causes some inconvenience.

In response to whether the residents receive value for money, a general needs resident thought the ground maintenance and grass cutting service was expensive. A leaseholder also felt some of the charges were a bit expensive, he gave painting as an example. Others generally felt the service offered is good value for money.

None of the residents questioned had any reason to telephone Soha with a service charge related query. One complimented the Estates Manager who is always extremely helpful and *“keeps to his word.”*

All interviewees said they were given advance notice of works, the costs involved and they were happy with the payment methods. All residents questioned said there was enough information provided in the handbook.

Overall the interviews went well. All residents were generally satisfied with the service charges. There were a few grumbles but nothing untoward.

Conclusions

1. The lack of policy and procedures is a major concern, particularly as this had also been highlighted by a previous internal audit, and no action had been taken to rectify the situation.
2. Not providing members of the inspection team with details when requested is a concern.
3. An absence of methods to tender external services such as insurance, need addressing.
4. The take up of the opportunities for resident involvement is very poor. The recording of events appears to be non existent.
5. The procedure for reporting needs to be addressed with clearly set targets including reporting to Resident Involvement groups.
6. The method for dealing with informal complaints is inadequate.
7. An improved method for explaining the make up of accounts is needed in particular in relation to 3rd party areas where developers retain the maintenance obligations.
8. A structured training programme is lacking, with little take up of opportunities for interaction with other departments.
9. We feel staff objectives are very weak.

Recommendations

1. Prepare all relevant policies and procedures, as previously highlighted, including resident involvement and BME sections.
2. Devise system to centrally record all details with particular reference to informal complaints.
3. Review procurement procedure for obtaining external services, ie insurance and auditors.
4. Embrace opportunities for resident involvement.
5. Prepare agreed procedure for reporting details, what is reported, to whom and when including RI groups.
6. Review method of auditing and presenting accounts, in particular from third party contractors.
7. Devise structured training programme, including opportunities for interaction with other departments.
8. Review the department's commitment to staff objectives in relation to resident involvement, clearly defining the difference between consultation and involvement.

Tenant Inspection Team Members

Elvina Goddard

Don Harrison

Richard Mandunya

Gerald Prior

David Robinson

Ian Sanders

Barbara Smith

Janice Trevillion