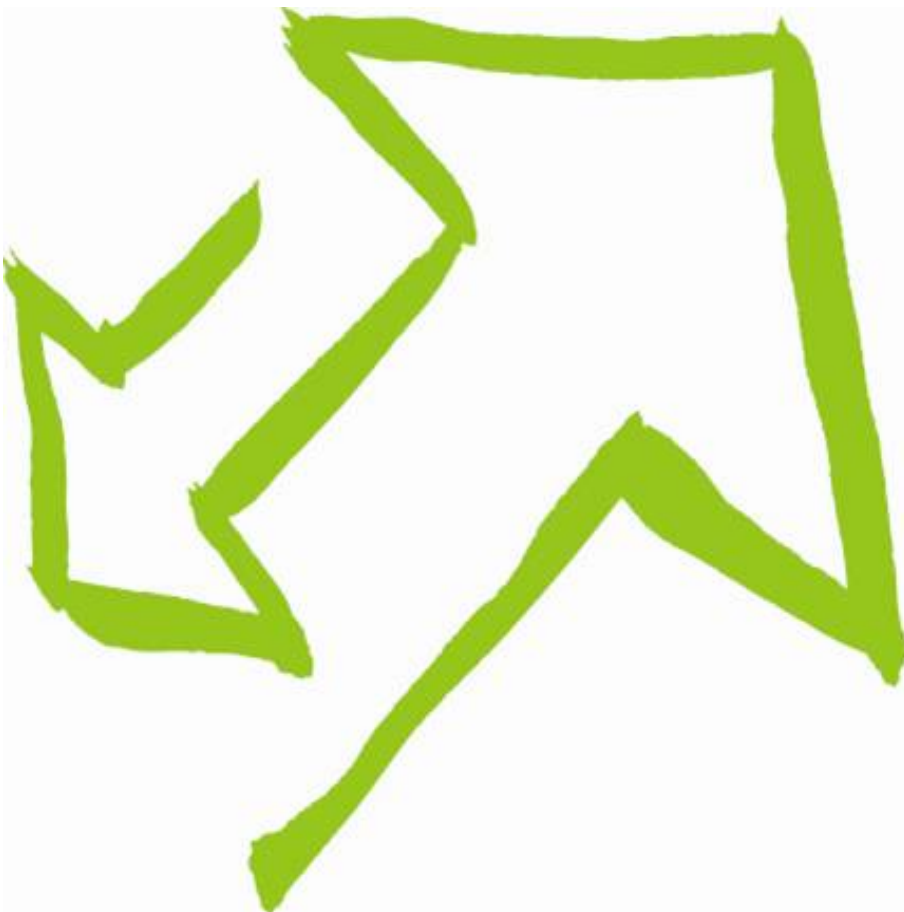


# Short Notice Inspection

Family Mosaic Housing  
July 2009



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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](http://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.

Short notice inspections (SNIs) have been developed to encourage improvements in the performance of housing associations (HAs) at delivering services to their customers – tenants and leaseholders. 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 Housing Corporation. The Housing Corporation's role will pass to the Tenant Services Authority (TSA) when the TSA becomes operational in late 2008/09. The Audit Commission will continue to undertake inspections of associations after the TSA is established.

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## The Association

- 1 Family Mosaic (FM) is the asset holding arm of the Family Mosaic housing group. The group was formed as a result of a merger between Mosaic Homes and Family Housing Association in June 2006. It owns approximately 20,000 homes across London and Essex; the stock is concentrated in London with homes in 30 of the 33 London boroughs. The areas in which it operates are ethnically and culturally diverse with high proportions of BME communities eg 62 per cent of the population in the London Borough of Brent is from BME communities.
- 2 Family Mosaic employs 1,174 staff (1054 FTE). It has an annual budget of £31,923,000 million for general needs housing management services and revenue maintenance costs and £28 million for the capital works programme.
- 3 A full inspection of Mosaic Homes landlord services in 2003 found that it was providing a fair, one star service. A full inspection of Family Housing Association's services in 2005 also assessed it as a fair, one star service.

### The scope of the inspection

- 4 The scope of this inspection focused on the following areas, which have been identified in consultation with the regulator:
  - cyclical maintenance;
  - responsive repairs; and
  - empty homes (voids).
- 5 The inspection also included an assessment of how Family Mosaic (FM) is addressing three cross-cutting themes: Access and Customer Care, Diversity and Value for Money within the services included in the inspection's scope.
- 6 We would like to thank the staff of Family Mosaic who made us welcome and met our requests efficiently and courteously.

Dates of inspection: 21 - 23 October 2008.

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# Summary of our findings

- 7 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.

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**Table 1      Assessment**

How good is the service?	Assessment
• Access and customer care <sup>1</sup>	Strengths and weaknesses are in balance
• Diversity	Strengths outweigh weaknesses
• Value for Money	Strengths and weaknesses are in balance
• Cyclical maintenance	Strengths outweigh weaknesses
• Responsive repairs	Strengths and weaknesses are in balance
• Empty homes (voids)	Strengths and weaknesses are in balance

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- 8 We have asked FM 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 Family Mosaic's response together with our assessment of the association's prospects for improvement within three months.

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<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

- 9 We found strengths and weaknesses are in balance in this area.
- 10 There are a number of strengths.
- Tenants have reasonable access to services via accessible reception facilities, the offer of home visits and a website which is well laid out, informative and easy to navigate.
  - Tenants can report repairs easily and tenant satisfaction with the helpfulness of repairs call centre staff is high.
  - Tenants are generally well informed about services with a good range of customer information available.
  - There are some positive aspects to the way complaints are managed including a group-wide integrated approach and compensation payments which has been developed in conjunction with tenants.
  - The views of around 200 tenants are collected each month and used to inform service delivery
- 11 There are a number of weaknesses.
- The website is not fully e-enabled for the convenience of tenants.
  - Tenants may not always be clear about what FM is seeking to achieve or how well it is performing as a result of inconsistencies in the quality of plans and annual reviews as public documents.
  - At present FM cannot be certain that some customers are not experiencing barriers to accessing services as a result of inconsistent monitoring of its response to customers.
  - Tenants will not always know what level and quality of service they should expect as service standards are not in place for all service areas.
  - Tenants are not currently able to make informed decisions about the services they pay for because of limited performance information. FM is also missing an opportunity to use tenant experience in the quality assurance process.
  - FM is missing an opportunity to effectively use customer complaints to drive up services as well as not setting challenging targets for responses.

## How good is the service?

### Diversity in the service areas inspected

12 We found strengths outweigh weaknesses in this area.

13 There are a number of strengths.

- A diversity strategy and action plan provides clear corporate focus as to how policy objectives are to be met in service delivery. Aims and objectives make specific reference to asset management services.
- The staff profile is generally representative of the community served.
- The association has a reasonable level of information to inform service delivery with profile information being held on 79 per cent of tenants in general needs housing and full information held on supported housing tenants.
- Individual tenant's diverse needs are often met through clear arrangements with key contractor partners.
- Access to services is improved because FM is positively use staff language and signing skills.
- Those experiencing domestic violence are supported to stay in their homes should they wish to, with lock changes and security features fitted as necessary.
- Tenants have access to opportunities to improve their chances of becoming economically active through FM's proactive working with its contractor partners on employment initiatives.

14 There are some weaknesses.

- Women are currently under-represented on the Board.
- While customer profile information is collected it is not yet consistently used to inform service delivery at a strategic level to ensure consistent improvements for tenants.
- There has been no specific equality impact assessment of the services inspected to date which would give assurance on how accessible the service is.

## How good is the service?

### Cyclical maintenance

15 We found strengths outweigh weaknesses in this area.

16 There are a number of strengths.

- FM is also now better placed to make appropriate investment decisions as stock condition data is improving and an integrated database enables the effective monitoring of cyclical maintenance programmes.
- A specialist team, supported by effective IT, is ensuring mechanical and electrical equipment is properly maintained.
- Promotion of the painting programme on the website and in the newsletter means that tenants know when their homes will be included in the programme.
- Consultation, choice and additional support for vulnerable tenants are positive features in maintenance programmes.
- FM has a robust approach to gas servicing and tenants can be confident that gas safety is a priority with 99.77 per cent of gas appliances either having been serviced or involved in injunction proceedings.
- The approach to gas servicing and the painting programme is leading to high and improving tenant satisfaction; from 71 per cent (2007/08) to 86 per cent and from 81 per cent (2007/08) to 95 per cent respectively in the year to date.

17 There are some weaknesses.

- It is not clear how overall asset management objectives might be delivered as the asset management strategy is under developed reflecting the position following the merger.
- Value for money and consistent outcomes are not maximised since although the association is working towards the replacement of high maintenance materials with those which require little or no cyclical maintenance, there is no strategic approach in place.

### Responsive repairs

18 We found strengths and weaknesses are in balance in this area.

19 There are a number of strengths.

- Arrangements for the out of hours repairs service provide a seamless service for tenants with follow up works readily carried out at the tenant's convenience.
- Close monthly analysis of repairs performance including individual contractor performance means FM can better address under performance in the service to tenants.
- Overall, tenant satisfaction with the service shows an improving trend
- Tenant input in contractor monitoring meetings means outcomes should better reflect tenants' priorities.

## How good is the service?

- Contractors are meeting post inspection targets (10 per cent) and this is further supported by additional inspections conducted by FM.

### 20 There are a number of weaknesses.

- While tenants generally acknowledge that overall there have been improvements in the repairs service, they feel the rate of improvement has been slow and their concerns include the quality of tenant consultation and involvement in the service, the extent to which sub-contractors are used and the quality of some materials used.
- Tenant satisfaction with the service is decreasing as year to date figures at September 2008 (71 per cent) show a three per cent fall against the same point in 2007.
- FM is not maximising the efficiency of its repairs service as performance against repair completion targets in the year to date is mixed.
- There is potential for inconsistent services to tenants. Routine repairs appointments may be available on Saturday mornings or weekday evenings on request but this is not widely promoted.

## Empty homes (Voids)

### 21 We found strengths and weaknesses are in balance in this area.

### 22 There are a number of strengths.

- Information for incoming tenants is reasonable.
- Empty homes we inspected are meeting a new enhanced standard agreed with tenants.
- Tenants' safety is addressed as FM is meeting its legal responsibilities when refurbishing new homes.
- Outcomes for tenants can be properly monitored through quality assurance processes such as void inspections, satisfaction surveys and new tenants' visits.
- Links between in-house teams and with the voids contractor in the management of the process are positive although it is not clear how far FM's aim to have a tenant allocated to properties before the completion of works is met.
- Although take-up has been low to date, an incentive scheme encourages tenants to vacate properties as appropriate. An assessment of the impact this has made is due in December 2008.

### 23 There are a number of weaknesses.

- Empty homes are not re-let quickly and average performance is in the worst 25 per cent compared with similar organisations at 48 days in the year to date. Tenants have to wait longer for their homes and this increases the period they face in housing crisis and impacts on rental income.
- FM has not fully benchmarked the voids process and therefore is missing an opportunity to better understand its costs and learn best practice from others.

## How good is the service?

### Value for Money in the service areas inspected<sup>2</sup>

24 We found strengths and weaknesses are in balance in this area.

25 There are a number of strengths.

- An asset management procurement strategy is assisting guidance in FM's review of procurement in this area.
- FM is aware of key areas where efficiencies can be made and a specialist post has been recruited to take this forward.
- FM has actively sought to raise staff awareness and understanding of value for money through, for example, job descriptions and performance management meetings
- A clear emphasis is placed on contract management to help ensure value for money through, for example, the monitoring of key performance indicators.
- There are practical examples of efficiencies made in the service including the management of the out of hours repairs service by partner contractors which has resulted in less emergency call outs. There are examples of how FM is achieving value for money in materials and the use of in-house surveyors leading to an estimated £500,000 of projected savings.
- FM can demonstrate positive examples of joint working with its partners and benefits that have been derived as a result. Opportunities for shared learning and reduced costs on materials due to contractors' purchasing power supports a more efficient service.

26 There are a number of weaknesses.

- FM, at present cannot be certain how far the services inspected represent value for money. The group Procurement Strategy 2005/07 was drafted pre merger. Procurement has limited coverage in the Value for Money strategy 2008. The Procurement Strategy 2009 is an ongoing major exercise which has led to contractors agreeing to bring forward contract end dates, but to date there are few measurable outcomes.
- The association does not benefit from its shorter term individually tendered contracts in the same way as it does from its long term partnering contracts. The lack of flexibility means forward planning and improvements are more restricted.
- Benchmarking is being increasingly used, though there are limited outcomes and this area is underdeveloped. Performance is mixed; many areas show lower and bottom quartile performance against peer groups. Performance on repairs is mixed and void costs are high
- Current performance in the re-letting of empty homes does not demonstrate value for money due to long waiting times, and resulting rent loss.

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<sup>2</sup> In assessing value for money we are looking at two questions: 'How do costs compare?' and 'How is value for money managed?'

# Recommendations

**27** 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>3</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** Improve the approach to customer access and equality and diversity by:
- ensuring methods of tenant engagement are meaningful and best meet tenants aspirations;
  - developing a comprehensive understanding of the tenant population which is used to further develop and improve services;
  - ensuring written information is clear and the use of straplines is consistent;
  - developing comprehensive, measurable service standards with tenants which are publicised, monitored and reported for their benefit; and
  - improving re-let times.

The expected benefits of this recommendation are:

- a service which best meets tenants' needs and expectations;
- a better match between service provision and individual need; and
- information which is clearly accessible.

The implementation of this recommendation will have high impact with low costs. This should be implemented by May 2009.

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<sup>3</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.

## Recommendations

### Recommendation

- R2** Improve the approach to performance management and learning by:
- developing an asset management strategy which will best help the association meet its objectives; and
  - addressing weaknesses identified in the voids process and seeking out learning from high performing providers.

The expected benefits of this recommendation are:

- an improved strategic approach to asset management; and
- improved voids re-let performance.

The implementation of this recommendation will have high impact with low costs. This should be implemented by June 2009.

### Recommendation

- R3** Improve the approach to value for money by:
- putting in place a procurement strategy to better ensure consistency; and
  - ensuring effective benchmarking is undertaken and that value for money targets are part of future plans and cascaded to teams and managers through performance management systems.

The expected benefits of this recommendation are:

- a good understanding and ownership of value for money in the service; and
- improved value for money and delivery of efficiency gains.

The implementation of this recommendation will have high impact with low costs. This should be implemented by April 2009.

### Recommendation

- R4** Address all other weaknesses identified in the report and consider their relevance to make improvements in other service areas which were not inspected.

# Appendix 1 – Prospects for Improvements

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## Summary of our findings

- 1 We have assessed Family Mosaic Housing Association as having promising prospects for improvement for 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.

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## What prospects are there that the services inspected will improve?

### What is the track record in delivering improvement in the areas inspected?

- 2 We found strengths and weaknesses are in balance in this area.
- 3 There are some strengths:
  - FM has undergone a sustained period of change following the merger of the two former housing associations. Post merger priorities have focused on consolidating the process and establishing a common culture. The organisation is able to demonstrate some success in this ambition, especially in the areas of customer focus and engagement. The process is still ongoing and the next phase (in keeping with corporate objectives) will focus on developing an 'excellent' service.
  - Year to date performance (August 2008) shows general improvement in responsive repairs completion times compared to 2006/07 although targets are not all challenging.
  - Tenant satisfaction with repairs, gas servicing and involvement has improved from a low base.
- 4 There are some weaknesses:
  - Service improvements have not been consistent with many areas of performance in 2007/08 being below that of most similar housing providers.
  - Importantly, FM has not yet been able to completely turn around under-performance in some key areas. Notably, relet times are still too long and the number of gas services taking place after the 12 month period remains high.

### How well is performance managed in the areas inspected?

- 5 We found strengths outweigh weaknesses in this area.
- 6 There are a number of strengths:
- Strategic objectives relating to areas inspected are clearly identified in the Corporate Plan and are repeated in key performance and strategic documents while performance reports link objectives to service delivery.
  - Action plans developed with residents to address identified weaknesses are SMART<sup>4</sup>, outcome focussed and appropriate.
  - There are indications that FM is a learning organisation:
  - Customer feedback is informing service delivery through monthly surveys of around 200 tenants and an annual walkabout event involving over 1,000 tenants.
  - FM commissions consultants to carry out annual inspections and rate progress towards its strategic objective of becoming a three star excellent organisation.
  - There are some strong governance and leadership practices in place, including an overarching Board competency framework and development plans for individual members. It has had to make some difficult decisions which have restricted its growth plans but reduced exposure to risk.
  - FM is seeking to improve the repairs and maintenance services through the re-procurement process in 2009.
  - Staff development and appraisal is implemented through an effective performance appraisal system in which links the overarching strategic objectives with individual and team targets. Staff are incentivised to ensure a positive service to tenants through, for example, the linking of performance bonuses with the level of customer satisfaction.
  - The association has taken a considered approach to better understanding the needs of its customers and ensuring services will be better shaped to meet that need. There are plans to use the information as an integral part of its performance monitoring.
  - A new contact centre should provide a better experience for customers in accessing services and provide a platform for taking service delivery to the next level involving better access, more fully joined up services and more estate-based staff.
- 7 There are a number of weaknesses:
- The Corporate Plan does not have clear, SMART outcome focussed targets relating to the areas inspected and the ambitions are not expressed in outcome or customer focussed ways. This will make it difficult for FM to assess the impact of its activity and to recognise success or failure.

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<sup>4</sup> Specific, Measurable, Achievable, Realistic, Time-Bound

## Appendix 1 – Prospects for Improvements

- The Plan identifies high level risks for the next 12 months and makes reference to the procurement of the repairs and maintenance service and the Customer First project.
- There are some examples of learning through benchmarking with others to improve processes but clear outcomes are limited.

### **Do the areas inspected have capacity to improve?**

8 We found this is an area of strength.

9 There are a number of strengths:

- Planned IT improvements will provide better management information and improve FM's performance in the management of gas servicing, voids and customer contact.
- The capacity of the services inspected has been improved with a major restructure designed to address identified weaknesses and improve the efficiency of a core service.
- The potential to improve value for money outcomes has been improved as a result of the recruitment of experienced senior managers who are bringing in new skills in key areas such as procurement and client-contractor relationships.
- Contractor partners are positive as to the working relationship with FM where the sharing of ideas and transparent working has been a feature.
- Systems in place support the development and retention of staff and managers ensuring their ability to deliver key objectives.

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