

Customer Panel Scrutiny Report

Service Charges

Report compiled by: Cairn Customer Panel

Date of issue:

Date of review:



Contents

1. Introduction	3
2. Scope of the Review	4
3. Scrutiny Process	4
4. Customer Panel's Statement	5
5. Findings and Recommendations	6
6. Next Steps	12



1. Introduction

1.1 What are the benefits of scrutiny?

Tenant scrutiny gives the following benefits:

- Continuous monitoring of performance allows the customer and association to improve the services customers receive
- Customers have the opportunity to take part in monitoring the organisation and influencing how services are carried out
- Customers can offer a valuable perspective on the actual experience of customers which can help shape and improve Cairn's services

Tenant scrutiny can bring benefits for all, including:

- Customers – it improves services
- Cairn – it identifies underperforming areas
- Regulator – it demonstrates compliance with regulatory standards
- Partners and stakeholders – it illustrates the benefits of partnership working and continued improvement

1.2 Selecting a service for scrutiny

This topic was selected by the Customer Panel because it was a service area which they felt could benefit from scrutiny.

Current Customer Panel members:

Dawn Beaton (Chair)
Alison Harvey (Vice Chair)
Deborah Docherty
David Johnstone
Paul Gartshore



2. Scope of the Review

This review looked at service charges. This included an introduction to service charges by the Head of Finance and the Property Investment Officer, reviewing consultation responses, going on an estate inspection, visiting another housing association to find out how they manage service charges and interviews with key members of staff.

3. Scrutiny Process

The scrutiny project followed a pre-agreed programme which consisted of three stages:

- Fact finding and research
- Practical research
- Interviews

Panel members were invited to write mini reports after each stage with their findings. This helped inform the next stage of the project.

4. Customer Panel's Statement

The Customer Panel undertook a scrutiny project on service charges over a two month period. Panel members carried out a number of staff interviews as well as speaking to tenants. We also had the chance to speak to Elaine O'Hanlon at Link Housing to look at methods used by other associations.

The main outcomes of the project were:

Tenants are aware of service charges. All tenants interviewed confirmed that they were informed about service charges but were rather confused by them, confirming that Cairn are being transparent about service charges but clarification is required.

Cairn are already being proactive about making improvements since Donna Holligan has come on board, cost effective ways of supplying services are being investigated.

There is a fundamental need for service charges to be defined. There is no policy or procedure so no point of truth. Staff aren't clear what is included.

It appears no one holds overall responsibility for service charges, currently responsibility is shared between four departments within Cairn. There is a need to define accountability.

There needs to be a clearer picture on what tenants can and can't influence as part of the consultation and how this can be done.

The current cycle of large deficits and surpluses need to be addressed, currently new tenants are paying for the debt of old tenants.

Quality of information in statements and information given to tenants and staff needs to be clearer.

We would like to thank all staff who helped us with this project, who were very helpful and cooperative.



5. Findings, Recommendations and Actions

Finding	No	Customer Panel Recommendation	Executive Team Action	Implementation Date
1. There's no clarity over what exactly a service charge is. There is confusion over whether something is a service charge or whether it is reactive or planned maintenance. Staff seem to have differing opinions and are unsure what budget it should come out of. For example, fly tipping.		<p>There needs to be clarity over the definition of a service charge and all staff should be aware of what it is.</p> <p>This needs to be communicated to tenants.</p>	Service Charge Policy to be created – This will incorporate a clear definition of service charges which will be communicated to tenants.	<p>Director of Finance & Business Services</p> <p>31/03/2019</p>
2. There is no documented process for the management of service charges.		Create a service charge policy or procedure.	Service Charge Policy to be created	<p>Director of Finance & Business Services</p> <p>31/03/2019</p>
3. There doesn't appear to be any overall responsibility for service charges.		One team should take overall responsibility for service charges.	Service Charge Policy to be created – The Finance Team to take full responsibility for Service Charges.	<p>Director of Finance & Business Services</p> <p>31/03/2019</p>

<p>4. Four different departments deal with service charges but there appears to be a lack of communication and understanding between them all.</p>		<p>The team who has overall responsibility should coordinate and communicate information with the other teams by holding regular meetings.</p>	<p>Service Charge Policy to be created – As above the Finance team to take responsibility, coordinate and communicate information with the other teams.</p>	<p>Director of Finance & Business Services 31/03/2019</p>
<p>5. Necessary staff don't have access to the service charge budgeting information. Who is managing it, how much is in it, who is monitoring it as the year goes on and who knows what is being charged to it? This information isn't being shared with the housing and maintenance teams.</p>		<p>All appropriate staff should have access to the service charge budget.</p>	<p>Service Charge Policy to be created – Clear responsibilities to be identified & access to information clarified as appropriate. As above</p>	
<p>6. There is historical evidence of deficits and surpluses (currently all courts are running a deficit).</p>		<p>There needs to be much more scrutiny of the service charge budget so that large deficits don't occur.</p> <p>There needs to be a long-term plan in place to ensure that courts aren't running at large surpluses or deficits.</p>	<p>Historically there has been an inconsistent approach in dealing with surpluses and deficits between offices, and across courts and schemes. This will be addressed via the policy and also by giving responsibility to one team.</p> <p>Not all courts are running at a deficit although the overall cumulative figure is a deficit.</p>	<p>Director of Finance & Business Services 31/03/2019</p>

			The new Service Charge policy will also include guidance on how we deal with surpluses on accounts to ensure a more consistent charging approach.	
7. There's no regular monitoring of service charges throughout the year and staff get a shock at the end of the year when they see the costs.		Quarterly catch up meetings should be held between finance, maintenance and housing.	Agreed. This quarterly review will be incorporated into the new Service Charge policy.	Director of Finance & Business Services 31/03/2019
8. Service charge statements are confusing.		Improve statements so they are clearer and easier to understand. The 'follow the money' diagram that Donna showed us made sense and something similar should be explained to tenants. Link Housing's statements are much more easily understood.	The service charge statements were reviewed in 2016/17 however we will review them again with a representative group of tenants in order to simplify further.	Director of Finance & Business Services 31/03/2019
9. There are too many items included in statements.		Statements should be shortened by grouping similar items together. For example, 'fire equipment and repairs' and 'fire contract' are	As above The recommendation regarding inclusion of some charges within rents rather than separate service charges	Director of Finance & Business Services 31/03/2019

		<p>separate currently listed as separate items. The heating charge should be included as part of the service charge to further simplify the statements.</p> <p>Explore whether items included in the service charge should be included in rent instead. For example, fire alarms and fire extinguishers are always going to be included at every court.</p>	<p>will be investigated although there are guidelines in respect of housing benefit which must be adhered to.</p>	
<p>10. Staff aren't sure why costs have gone up so when tenants ask them why, they don't have answers. This information isn't being cascaded down to staff who need it.</p>		<p>Ensure that appropriate staff have the appropriate information to answer tenant's queries. Make sure all staff are aware of the person they should direct tenant's queries to.</p>	<p>The new Service Charge Policy will include a section on dealing with tenant queries. Information will be provided to the contact centre on service charge costs and there will be clarity on who enquiries should be directed to.</p>	<p>Director of Finance & Business Services</p> <p>31/03/2019</p>
<p>11. It's been a long time since contracts have been reviewed and retendered. Are we getting the best deal?</p>		<p>Put a process in place to review and retender contracts that haven't been done for a long time.</p>	<p>We are currently reviewing our procurement activities with Scotland Excel (a government sponsored specialist). The outcome will be a clearer procurement process ensuring regular contractor meetings</p>	<p>Director of Finance & Business Services</p> <p>30/06/2019</p>

			and value for money re-tendering.	
12. We didn't see much evidence of Cairn doing everything they could to keep costs down for tenants.		Is there a smarter way to do things? For example, where parking is an issue, getting rid of some of the garden would create more parking and reduce the service charge. This option could perhaps be explored where there's an appetite from tenants.	<p>Over the last six years we have been driving down costs for both tenants and within general business overheads.</p> <p>What we have failed to do is provide this visibility to tenants, and this is something we will look to do as part of the service charge</p> <p>Our retirement court re-modelling project will include a review of the services provided at courts and the wider layout of the complexes including parking etc.</p> <p>The example of additional parking would require a full appraisal.</p>	<p>Director of Finance & Business Services</p> <p>31/03/2019</p>
13. During the project we didn't fully investigate what process Cairn have in place for estate inspections. Is there a good system or process in place for estate inspections? Do Housing Officers or Maintenance Officers know where is needing inspected or is it just done when they		We would like this question to be answered by Cairn with possible improvement to the process for managing estate inspections.	We have a planned programme in place for estate inspections which is monitored & reported against. Some of the inspections include tenant representatives and we are keen to increase the number which include a tenant rep.	<p>Director of Customer Services</p> <p>31/03/2019</p>

<p>happen to be visiting somewhere. Are there places being missed?</p>			<p>We are also currently developing a mobile estate inspection system which will enable officers to capture issues (including photos) whilst on site straight into their tablets.</p>	
<p>14. A member of staff was surprised to hear that grass wasn't being picked up and had been blown onto a Panel member's window.</p>		<p>Contractors should be monitored from time to time and reminded of what is written in their contract. This is linked to the above point about estate inspections.</p>	<p>Agreed that this is not acceptable. We monitor our services via regular satisfaction surveys and will ensure that any issues which are identified are addressed with the contractor. Our grounds maintenance service in the North has been brought in-house in order to improve value for money and effectiveness.</p>	<p>Director of Customer Services 31/03/2019</p>
<p>15. All tenants we spoke to had been told about their service charge when they signed their tenancy.</p>				
<p>16. We found that Link don't consult with their tenants on service charges. We agree that Cairn should consult with their tenants but think it should be more meaningful. Tenants should be aware of what they can influence and what they can't.</p>		<p>Review the way we consult with tenants and make them aware of what they can and cannot influence. This should be reviewed alongside the format of the statements.</p>	<p>Agreed. We will include consultation as part of the development of the new Service Charge policy.</p>	<p>Director of Finance & Business Services 31/03/2019</p>

<p>17. Cairn don't consult with tenants over what to do with surpluses on their service charge account.</p>		<p>When Cairn have surpluses, tenants should be consulted on over what they want to do with the money.</p>	<p>Historically there have been different approaches to surpluses between offices and between courts and schemes, although any decisions have always been made with full tenant consultation. The new Service Charge policy will include guidance on how we deal with surpluses on accounts to ensure a more consistent charging approach.</p>	<p>Director of Finance & Business Services 31/03/2019</p>
<p>18. Contact centre have very little information available to them about service charge contracts and rotas.</p>		<p>Contact centre staff should have more information about rotas and contracts. For example, if a tenant phones up to complain about their grass not being cut, knowing their rota would enable them to answer their question.</p>	<p>The new Service Charge Policy will include a section on dealing with tenant queries and information provided to the contact centre on who enquiries should be directed to.</p>	<p>Director of Finance & Business Services 31/03/2019</p>
<p>19. Contractors don't always sign in when they're doing work at a court so there's no record of how often they've been and how long they've stayed so we can't monitor if they're keeping to their contract.</p>		<p>Start getting contractors to sign in and out when working at the courts. Cairn should come up with a system for general needs developments so that work is monitored.</p>	<p>We will consider this approach & adopt should it prove feasible and beneficial to managing each contract / service</p>	<p>Director of Customer Services 31/03/2019</p>

<p>20. We have a concern over the quality control of contractors and how they are managed. For example, the standard of the work being carried out, and whether they are keeping to their contract agreement.</p>		<p>Review procedures for estate management visits.</p>	<p>We monitor our services via regular satisfaction surveys and will ensure that any issues which are identified are addressed with the contractor.</p> <p>We will review contract monitoring arrangements and implement any changes required to improve service delivery and consistency.</p>	<p>Director of Customer Services</p> <p>31/03/2019</p>
<p>21. What opportunities are there for tenants to get involved in estate inspections? It seems very inconsistent and patchy.</p>		<p>Publicise that tenants can carry out estate inspections. Create estate inspection forms for My Cairn so that tenants can take photos and upload their comments about their area.</p>	<p>Agreed that we need to encourage greater tenant attendance at inspections. We will promote these via the website and other channels and ensure that where tenants attend that they can upload photos etc.</p>	<p>Director of Customer Services</p> <p>31/03/2019</p>
<p>22. There's a lack of general information available to tenants about service charges.</p>		<p>Produce a leaflet or information document, or update tenant handbook, to explain what service charges are and why we need to have them. This should be done alongside the statement and consultation review detailed above.</p>	<p>Agreed. We will produce this following establishment of the new service charge policy.</p>	<p>Director of Finance & Business Services</p> <p>31/03/2019</p>

<p>23. What happens when there are long-term voids at courts? Who is paying their share or is that money just being lost?</p>		<p>We would like this question to be answered.</p>	<p>Cairn currently meets the service charge shortfall in courts where there are long-term (out of management voids) in order to ensure that tenants at the court are not penalised.</p>	
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6. Next Steps

Item	Timescale
Report issued to Neil Golightly and the Senior Management	TBC
Report to be discussed at Senior Management Team meeting.	TBC
Chief Executive to issue draft response and action plan to Customer Panel, via C&E Team.	TBC
Customer Panel given an opportunity to review and comment on Cairn's response to the report.	TBC
Communicate report and action plan to staff and tenants:- <ul style="list-style-type: none"> • Staff newsletter • Cairn Focus • Website and social media 	TBC
Evaluation and review of the action plan outcomes.	TBC