

Communities Scotland
Inspection report

Blythswood Housing Association

January 2006

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1. Introduction

About this inspection

1.1 This inspection was carried out by Communities Scotland under section 69 of the Housing (Scotland) Act 2001 on behalf of Scottish Ministers. Our purpose in inspection is to provide an independent external assessment of the effectiveness of housing service delivery and make recommendations to help improvement. Inspections are conducted within a published framework of Performance Standards*.

How we assessed performance

1.2 Our inspector asked two key questions:

- How good are the services we have inspected?
- How well are these services being managed for improvement?

1.3 In order to answer these questions the inspector:

- spoke to agency staff and members of the governing body;
- saw and tested first hand how well services were being delivered;
- examined key policies, publications, information and the organisation's self-assessment submitted for this inspection; and
- analysed published performance and financial information.

The inspection team

1.4 The inspection team was led by Carol Paton an Associate Inspector, supported by Murray Smith (Financial Analyst). We were on site on 23 May 2005. We would like to thank everyone involved in the inspection, particularly the Management Committee and staff for their time and co-operation.

Responding to this inspection

1.5 We expect all inspected bodies to make this report available to anyone that wants it, report our findings to tenants and other stakeholders and respond to the issues raised in this report.

* see glossary

2. Context

About the Organisation

- 2.1 Blythswood Housing Association provides general needs rented housing in 153 pre 1919 tenement flats in Paisley. The properties are mainly (86%) one bedroom suitable for young couples and single households. The stock was acquired in 1969, from a private landlord with assistance from the local authority and the Housing Corporation in Scotland, with the purpose of upgrading which was done in the 1980's. In addition to the rented stock it owns and manages, Blythswood owns three commercial properties and factors 57 owner occupied flats, sold under Right to Buy since 1986, and four commercial properties. All properties owned and managed are contained in a compact area of three adjacent streets. Blythswood does not have a development programme. It owns a brownfield site acquired from the Council but has no specific proposals for the future of the site.
- 2.2 Blythswood does not employ staff directly. Services are provided through two agency agreements one with Cube Housing Association for the provision of housing and property management services and the other with Bishops Solicitors for financial management, administration and company secretarial services.
- 2.3 Blythswood was registered in 1976 with the Housing Corporation (now Communities Scotland) and is an Industrial & Provident Society and became a registered charity in 2002. We ask housing associations to identify a peer group* of similar organisations for the purposes of benchmarking* and comparing performance. Blythswood considers the most suitable peer group to be small housing associations operating in urban areas with fewer than 250 units. This is the group we used to compare Blythswood's performance in this report.
- 2.4 The following table gives background information about the Association and shows trends over the last three financial years.

* see glossary

Key Facts

	2002-2003	2003-2004	2004-2005
Houses owned	156	155	153
Employees	0	0	0
Annual turnover	355,000	390,000	375,000
Total possible rental income	347,000	359,000	362,000
Total Arrears	29,672	37,099	39,943
Average* weekly rent	41.62	42.81	44.28
Houses re-let*	26	28	21
Average days to re-let	29	32	26
Responsive repairs carried out	302	246	-

3. How good are the services?

Housing Management

Access

Social landlords should provide open, fair and equal access to their housing lists and should work with partners to simplify and maximise access to housing.*

- 3.1 Blythswood provides open access to its list and no applicant has been suspended from the list. Applications are dealt with quickly but applicants do not receive information about how to appeal or how priority points are allocated. From our examination of a sample of the waiting list, we found that generally points are allocated in accordance with the policy and in response to housing need.
- 3.2 There are no tenants, and only one applicant, from black and minority ethnic origin. Although the allocations policy is available through the local authority and local agencies the Association is not proactive in ensuring that all sections of the community, who might want to access Blythswood's services, are given the opportunity to apply. This is contrary to its equal opportunities and allocations policies.

Meeting need and maximising choice

Social landlords should meet housing need through lettings and should maximize choice for applicants.

* see glossary

- 3.3 The Allocations Policy is based on prioritising those in housing need.
- 3.4 The Association has an agreement with Renfrewshire Council to let 50% of its houses to individuals nominated by the Council. The Association is providing only 25% of its lets to nominees. A Section 5 homelessness Protocol is in place with the Council but there have been no referrals.
- 3.5 The sample of case files we examined showed that people who have been selected had housing need. However, there is insufficient evidence to demonstrate how applicants have been prioritised at the point of letting relative to one another. The parameters for the discretion exercised by the Housing Officer to create an appropriate balance in the community and to get the best fit of flat type and applicant are not set out in the policy. It is not sufficiently transparent in the case files that the decision to allocate to particular applicants is in line with policy.

Sustaining tenancies and preventing homelessness

Social landlords should maximise security of tenure for all residents of their accommodation, and should work to sustain tenancies and prevent homelessness through their delivery of housing management services.

- 3.6 All the Association's tenants have a Scottish secure tenancy* (SST). The Association links the relatively high turnover of stock, at 16% per year on average over the last three years, to the attraction of small flat types to young couples who subsequently move on. However, it cannot demonstrate that tenants have been asked why they are leaving and whether services could be modified to reduce the need for people to move.
- 3.7 There have been five evictions over the last three years, all for rent arrears. Taking into account the level of rent arrears, which is above the national average, it is clear that eviction is used as a last resort. Our examination of a number of case files illustrates that there is good on-going contact with tenants encouraging payment and accommodating those with irregular payment habits.

* see glossary

Quality of Neighbourhoods

Social landlords should deliver services to ensure that neighbourhoods are attractive, well-maintained and safe places to live. They should deal appropriately with antisocial behaviour.

- 3.8 The neighbourhood is compact and well maintained, facilitated by a regular weekly presence by the Housing Officer. There can be problems with tenants tipping rubbish but there have been no antisocial behaviour complaints in the last two years.

Property Maintenance

Access to the repairs service

Social landlords should have arrangements in place that make it easy for tenants to report repairs and to have them carried out.

- 3.9 Tenants can report repairs easily during the day and out of office hours for emergencies. There is no formal appointments system but attempts are made to arrange a date for access to carry out the repair or have the contractor liaise directly with the tenant. Clear information is provided to tenants about reporting a repair but there are no definitions of the categories of repairs in the Tenants Handbook and tenants are not given confirmation of the target completion time at the time of ordering a repair.
- 3.10 Although the Tenants Handbook includes the types of repairs that fall within the category of Right to Repair*, these repairs do not get identified as such when the tenant reports the repair. This inhibits both the tenant's opportunity to make other arrangements if the repair is not completed in time, and the ability to monitor compliance.

Speed and quality of response repairs service

Social landlords should set challenging targets for completing repairs, strive to achieve them and ensure repairs are completed to a high quality.

- 3.11 There is little meaningful information available on the quality of the work or tenant satisfaction with repairs. The targets set for the time to respond to repairs are comparable with the RSL* national median* but performance is poorer. The

* see glossary

quality of the repairs service is monitored only in terms of the time it takes to respond compared to target timescales. Reported performance in completing routine repairs in particular has been between 7-13% below the national median for the last three years. Our review of repairs completed in the last three months showed that one in four tenants had to wait anything up to 62 days beyond the 10 days allowed for routine repairs.

- 3.12 However, we cannot have confidence in the Association's reported performance in completing repairs. The Association relies on performance information provided by the contractor on actual response times, which it doesn't validate, and the contractor doesn't provide precise times for completion of emergency repairs. Blythswood has neither identified its repairs service as a significant weakness, nor proposed any strategy to address it, either in its performance reporting to Committee or to tenants.
- 3.13 Both pre and post inspections are used to try and ensure that repairs are targeted accurately and carried out properly but the recording of the evaluation of the work is minimal and it is not used to manage quality. Blythswood's contractor was appointed for a further term, without any meaningful assessment of the quality of work.

Physical quality of houses

Social landlords should have good information about the condition of their houses and should deliver effective maintenance programmes that take account of housing quality and home safety needs.

- 3.14 Blythswood plans for the future maintenance of its properties and in recent years there have been considerable internal and external improvements. However, it has not drawn out an annual planned and cyclical programme of work from its overall life cycle costing*, so that it can monitor and report progress to Committee and tenants.
- 3.15 Scottish Ministers have set a target that all social landlords' houses should meet the new Scottish Housing Quality Standard (SHQS) by 2015. Landlords were required to prepare a plan showing how they will achieve this, by April 2005.

* See glossary

- 3.16 Blythswood has prepared its plan for compliance with the SHQS and is confident that all its houses will meet the standard within the statutory timescale. Blythswood demonstrates strong performance in terms of home safety. Homes and common areas are free of asbestos and all properties benefit from smoke detectors, controlled entry systems and are lead free.
- 3.17 The management of compliance with gas safety regulations has been a weakness in what is otherwise a very good performance in home safety. Although at the time of the inspection only one property did not have a valid gas safety certificate, during the last year, 29% of properties did not receive their check within the statutory 12 month period. There are weaknesses in the Association's management of its gas safety contract and its non-access procedure. There is also no independent sample check on the work of the contractor.

Responsiveness to tenants

Social landlords should place the people they serve at the heart of their work, treat them with respect and be responsive to their views and priorities.

- 3.18 Blythswood has improved its tenant focus over the last seven years, not least by enhancing tenant representation on the Association's committee. It engages with its tenants by holding an annual meeting and consulting on rent increases. Tenants were asked their views on the introduction of a switch rent payment system and were asked to comment on colours for a painterwork contract. However, the Association does not demonstrate more meaningful responsiveness to tenants' views and priorities about the full range of services. Opportunities to involve tenants in issues of interest to them have been missed. An example of this is extending the reactive repairs contract without tendering, although this is required by policy, and without any tenant input to the decision.
- 3.19 Information about the service is provided in a Tenants Handbook which is clearly written and presented but does not cover important issues such as: tenant participation; complaints; adaptations or the full range of tenancy matters. A newsletter is also issued. Throughout the year, however, there is little meaningful information provided on services and performance and Blythswood's lack of listening and responding to service users' views is an area of weakness.

4. Is the service managed for improvement?

Resource management and efficiency

Social landlords should maximise their income, in a way that is fair to service users, and manage costs effectively.

- 4.1 There are some weaknesses in the Association's performance in managing costs effectively. The average weekly rent is less than the median for peer and national RSLs but performance in maximising income is poor when compared to other RSLs. Total rent arrears stood at 11% in 2004/05. In some cases we reviewed notices of proceedings are not in place despite more than two months' rent due. The Housing Officer demonstrates an excellent knowledge of individual cases but there is no checking or overview of his rent arrears management by another member of agency staff. Committee authorisation is required for individual cases of legal action, but there is no overview of serious arrears cases or the stage of legal action and subsequent progress. Given the level of rent arrears, the level of monitoring should be strengthened to enable the Committee to see whether the policy is being implemented and whether it is effective.
- 4.2 Rent loss from void properties, at 1.18% in 2004/05 is twice the national average and three times the peer average although the time taken to re-let its properties has been improving over the last three years as the kitchen replacement programme is drawing to a close. The Association does not separate re-lets within and outside its planned maintenance* programme to help it assess true performance.
- 4.3 The cost of housing management and property maintenance services is significantly lower than other RSLs which might, however, represent a false economy given the need to be more efficient in income collection and it is questionable whether there are appropriate staffing resources to address the areas for improvement highlighted in this report.

Social Landlords should manage the cost of their services effectively and procure management and maintenance services in a way that takes account of quality.

* see glossary

- 4.4 The Association tenders for planned maintenance using its agent's approved list of contractors. The tendering process, apart from the lack of recording the process to demonstrate transparency, is satisfactory and in line with policy. However, the evaluation of the standard of the contractors' work is an area of weakness.
- 4.5 The Association's policy is to tender the reactive maintenance contract every three years. The Committee took the decision to depart from policy and extend the contract for a further three years despite there being:
- little information on quality of work;
 - a poorer performance on responding to repairs than other RSLs; and
 - a higher than average reactive repairs cost per unit.

Performance management

Social landlords should have clear objectives, standards and targets for housing management and maintenance services, should monitor achievement of these, and should work to continuously improve services.

- 4.6 There are many weaknesses in Blythswood's performance management framework. There is no strategic or operational planning, no formal objectives and few performance targets. This restricts the ability of the Committee to provide direction and focus to the work of the agents and to monitor their performance.
- 4.7 Policies and procedures are in place to cover the activities of the Association but the areas of equal opportunities and risk management in particular are not sufficiently dealt with to relate specifically to the work of the Association.
- 4.8 Internal audit services are procured externally. The committee has not always given sufficient priority to the recommendations made by the internal auditor on forward financial planning and improved financial information. The rationale for rejecting the auditor's recommendations is not always recorded in sufficient detail.
- 4.9 There are weaknesses in the equal opportunities policy which inhibit the likelihood of improvement in this area. The policy does not cover all business

areas and does not say what the diverse needs are in the community or how these would be addressed.

5. Governance and financial management

Leadership and direction

A clear vision or purpose and an inclusive, well-informed planning process are key to effectively delivering the services that tenants want.

- 5.1 Blythswood aims to provide a decent standard of housing but it does not have a forward looking approach to its business and its performance management framework is weak. The Association tends to react to events too late to have real control of them. There are few targets to encourage continuous improvement of the service, and areas of poor performance with no meaningful strategy for improvement.
- 5.2 The governing body is made up of 12 individuals with a range of relevant experience, half of whom are tenants. There is annual turnover of Committee members which brings new experience and skills to add to the continuity provided by longer serving members. Attendance at Committee meetings is very good but a small membership base of 18 restricts the pool of future members with the relevant skills.
- 5.3 During our meeting with the Committee, Committee members demonstrated they understood the need to plan ahead and to ensure agency services were comprehensive. Performance has improved since the Committee changed its housing and property management agents eight years ago, notably the improved standard of housing. However, there are a number of instances which highlight a lack of vision and direction in planning the activities of the Association. The decision regarding the housing and property management agency services contract which was due to end in 2005 was not dealt with timeously and consequently there was no formal review and a last minute decision to extend the contract. The decision to purchase a gap site, whilst motivated by a concern to improve the amenity of the local environment in response to community concerns, was not made in the context of a plan, risk assessment or feasibility

regarding taking ownership of the site and there are still no proposals for its future use.

Ethical Standards

Staff and governing body members should promote values that underpin good governance and should act with honesty and integrity, focusing on the best interests of the organisation and its service users.

5.4 The Association complies with Schedule 7 of the Housing (Scotland) Act 2001 and there are no conflicts of interest.

Managing Risk

Social landlords should be aware of all the risks they face and put in place robust arrangements to minimise these risks and to deal with them if they do occur.

5.5 The Association has made some improvement, since its last performance audit, in understanding risk management but its strategy is very limited and of little practical use in terms of the business as a whole. The observations in this report regarding lack of direction, performance management, and poor performance in certain areas, are indicative of a less than effective risk management approach.

Financial viability and management

Social landlords should be financially viable in the short and medium term and sustainable in the longer term. They should have a robust financial management framework.

5.6 The Association continues to deliver a solid financial performance, with high gross surpluses reported in each of the last six years. The figures stand favourable comparison with both its peer group and the sector as a whole.

Financial Performance	2000/01 £000's	2001/02 £000's	2002/03 £000's	2003/04 £000's
Turnover (£000's)	354.8	356.1	355.0	390.0
Operating Surplus (%)	52.7	56.9	45.6	45.4
Net Surplus (%)	51.5	55.2	28.7	19.5

5.7 Results in recent years show a steady increase in turnover. The combination of no loan debt and interest receivable on cash balances of more than twice annual turnover means not just high gross surpluses but also high net surpluses.

5.8 A drop in net surpluses over the last two years can be explained by an increase in major repairs expenditure. With the stock falling into the pre-1919 tenement

category, the need for extensive and costly major repairs represents a long term financial risk to the Association.

- 5.9 Blythswood does not currently prepare any medium or long term financial projections and although the Committee does approve the annual cyclical and major repairs spending, the lack of financial projections is evidence of a general lack of detailed information being presented to and considered by the Committee.
- 5.10 The annual budget setting process allows for input from the Committee and approval in advance of the financial year. It also incorporates the agreed annual rent increase and the annually updated cyclical and major repairs programmes. However, the budget only comprises an income and expenditure account that attaches very little by way of narrative commentary. Committee members do not get the more rounded picture and more detailed information provided by a projected balance sheet and cash flow.
- 5.11 Quarterly financial monitoring reports provide the Committee with the opportunity to review actual performance against budget. As mentioned above, the budget package has a number of limitations preventing the presentation of a more comprehensive review of the financial position.
- 5.12 Blythswood is financially viable and has a low exposure to financial risk. For an organisation of its size and structure it has a fair financial management framework.

6. Areas for improvement action

These are the key areas that need to be targeted for improvement action. They are broadly in order of priority.

Across all its areas of activity Blythswood should:

- improve the information provided to applicants;
- improve the range and quality of information to tenants about its services and performance;
- find out what tenants think about the services; and
- ensure that tenants are involved in key decisions about the service.

In housing management Blythswood should:

- demonstrate transparency in the allocation of houses in line with policy by improving audit trails at the point of letting; and
- improve the effectiveness of the rent arrears practice and monitoring;

In property maintenance Blythswood should:

- improve its management of gas safety;
- improve the repairs service and monitor tenant satisfaction with the service; and
- improve the information given to tenants about the Right to Repair and monitor compliance.

In governance and financial management Blythswood should:

- commission an independent review of the options available to deliver services and improve performance including a review of the structure and scope of agency services;
- introduce strategic and operational planning and performance management frameworks;
- improve longer term financial planning and strengthen the presentation of financial information;
- ensure that procurement is in line with policy and in accordance with the principles of good governance; and
- develop the equal opportunities policy to ensure it covers all business activities and is specific about action planned in response to local needs.

7. Next steps

- 7.1 This report highlights our findings following this housing inspection. We expect Blythswood to respond effectively to our recommendations using an improvement plan to be submitted to us within eight weeks of the publication of this report. The plan should show how the organisation intends to respond to our findings. The plan will be agreed with us.

7.2 If you would like to see Blythswood's improvement plan you should contact:

James Millar
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2 Blythswood Square
Glasgow
G2 4AD

Telephone: 0141 248 4672
E-mail: james.millar@bishopslaw.biz

Glossary

Average	The arithmetic mean – the sum of all the values divided by the number of values.
Benchmarking	A process used by organisations to systematically compare service processes and performance to identify best practice.
Housing list	A list of applicants for housing which is used by the RSL to allocate its housing stock.
Life cycle costing	A method of calculating the cost and timing of the repairs to, and replacement of, major building components.
National median	The central value of the ordered performance of all Scottish RSLs.
Peer group	A group of organisations facing similar tasks and challenges with which comparisons can be made. RSLs choose which peer group they belong to when they submit their APSRs.
Performance Standards	Housing standards for all social landlords in Scotland.
Planned maintenance	The planned renewal or maintenance of key property components.
Registered social landlord (RSL)	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
Re-lets	Lets made to the second or subsequent tenant. Distinguished from new lets that are made when the property is first built or modernised.
Right to Repair	A scheme which gives tenants legal rights to have certain repairs in defined times.
Scottish Secure Tenancy	The Housing (Scotland) Act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.

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