

# Inspection report

---

## Grampian Housing Association

May 2005

# Contents

## Summary

1.	Introduction .....	1
2.	Context .....	3
3.	Housing management .....	6
4.	Property maintenance .....	19
5.	Governance and financial management .....	30
6.	Recommendations for improvement action .....	37
7.	Next steps .....	39

Appendix 1 Sources of evidence

Appendix 2 Examples of positive practice

Glossary

## Summary

The inspection of Grampian Housing Association took place in December 2004. We awarded Grampian the following grades:

Housing management	B	Good	Many strengths and some areas where improvement is needed.
Property maintenance	C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.

### Inspection Findings

Grampian has 2,540 houses for rent and shared ownership spread across three council areas; Aberdeen, Aberdeenshire and Moray, with offices in Aberdeen and Elgin. Grampian is run by a skilled and experienced Board including three tenants and a sharing owner.

The Association is continuing to develop new housing with grant funding of just over four million for this year. It is financially viable in the medium term although with areas of weakness that may have a financial impact. Grampian is working to improve its financial planning and projections to ensure they take full account of the Scottish Housing Quality Standard and the costs of maintaining its houses in the future. The Association shows substantial weaknesses in the way it plans, and monitors its delivery of services and reports this to tenants.

Grampian has a good, cooperative relationship with its subsidiary organisation, Kirkgate Homes, which provides houses for low cost sale or market rent, but it has some work to do to clarify the nature and limits of the relationships between the two organisations. The Association also needs to review its arrangements for complying with some of the administrative requirements of Schedule 7 of the Housing (Scotland) Act 2001.

The Association has done a lot of work to improve the opportunities available to its tenants and sharing owners to be involved and consulted on the services they receive and can point to a number of improvements made to services as a result.

Strengths in Grampian's services:

- it builds and maintains its houses to a good standard;
- it is meeting housing need in the way it lets its houses;
- it promotes choice for applicants through its involvement in the local common housing register for Aberdeen city;
- it has a good system for minimising rent arrears while helping people sustain their tenancies; and
- it is reletting its empty houses quickly.

Key areas for improvement in Grampian's services:

- the management of secure, regulated tenancies;
- meeting statutory duties on gas safety checks and Right to Repair;
- charging for communal services;
- time taken to complete routine repairs; and
- the maintenance of open spaces.

### **Next steps**

Grampian Housing Association should produce an improvement plan to show how it intends to respond to our findings. The plan will be agreed with us.

### **How to get more information and contact details**

If you would like to see Grampian Housing Association's improvement plan you should contact:

Grampian Housing Association Ltd  
74 Huntly Street  
Aberdeen  
AB10 1TD

Tel: 01224 202900

Email: [info@grampianhousing.co.uk](mailto:info@grampianhousing.co.uk)

Web: [www.grampianhousing.org](http://www.grampianhousing.org)

The full report is on our website at <http://www.communitiesscotland.gov.uk>. This summary can also be made available on tape, in Braille, large print and community languages. For information please contact Janette Campbell on 0131 479 5163 or email [janette.campbell@communitiesscotland.gsi.gov.uk](mailto:janette.campbell@communitiesscotland.gsi.gov.uk).

# 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 inspectors 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 inspectors:

- spoke to tenants, staff and members of the governing body/council;
- asked other partner organisations for their views;
- visited homes and local areas;
- 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.

1.4 We have awarded grades for housing management and property maintenance. This is what our grades mean:

A	Excellent	Major strengths.
B	Good	Many strengths and some areas where improvement is needed.
C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.
D	Poor	Major areas where improvement is needed or where a number of very significant weaknesses are found.

### **The inspection team**

- 1.5 The Grampian inspection was managed by Yvonne Summers (Inspection Manager). The lead inspector was Elaine Whyte supported by Gordon Scobie (Inspector), Roisin Harris (Inspection Officer) and Lynne Bell (Financial Analyst). We were on site between 6 and 17 December 2004. We would like to thank everyone involved in the inspection, particularly the governing body, staff and tenants for their time and co-operation.

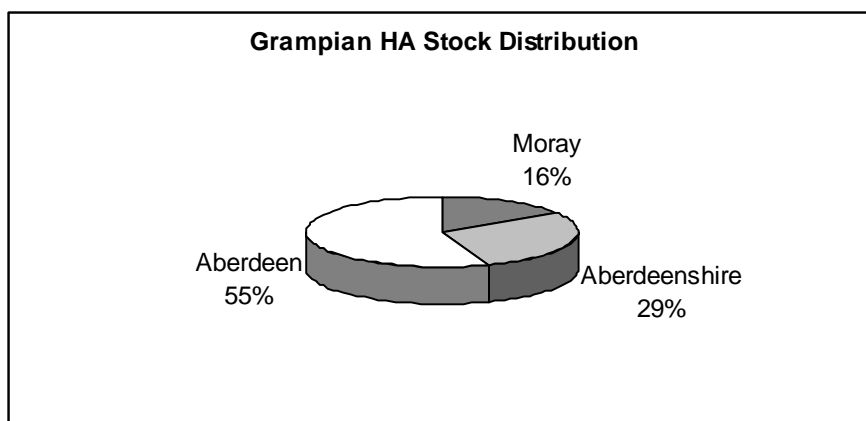
### **Responding to this inspection**

- 1.6 We expect all inspected bodies to make the summary of 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.

## 2. Context

### About the organisation

- 2.1 Grampian Housing Association was formed in 1975 and was first registered with the Housing Corporation, now Communities Scotland, in 1978. It is an industrial and provident society with non charitable status and identifies its core business as the provision of affordable housing for rent for a variety of customer needs.
- 2.2 Grampian has an unregistered subsidiary, Kirkgate Homes Ltd, which was set up in 1994. Kirkgate's main activity is development for low cost sale and market rent. Grampian also works with a number of other closely related partners in the North East to meet the diverse needs of its customers and contribute to the regeneration of communities. At the time of inspection a major review of governance and operational structure was underway to enable Grampian and its partners to optimise opportunities for continued involvement in these activities.
- 2.3 Grampian is governed by a voluntary Board of Management elected annually by its members at its annual general meeting (AGM). Currently the Board of Management has 11 members, three of whom are Grampian tenants.
- 2.4 Grampian has 2,540 houses for rent and shared ownership spread across a large geographical area incorporating three local authority areas, Aberdeen City, Aberdeenshire and Moray. Its main office is in Aberdeen, where 55% of its houses are situated. It also has an office in Elgin. The chart below shows the Grampian stock split by local authority.



- 2.4 Across Grampian's area of operation, population growth and full time employment levels are generally above the national averages. However, Grampian also has houses within areas of deprivation, both in the city of

- Aberdeen and in the rural towns. The area has been affected by the decline of the fishing industry in the North East. In addition much of the available employment is low paid and seasonal which impacts on people's ability to access housing.
- 2.5 Aberdeen City has a higher proportion of people from black and minority ethnic (BME) communities than the Scottish average. The other local authority areas where Grampian operates have low BME populations.
  - 2.6 Most of Grampian's houses for rent are new build although almost one third has been acquired through four separate stock transfers since 1997. The majority of the transferred houses were built in the 1950's and 1960's.
  - 2.7 One of Grampian's strategic objectives is to work with partners to provide quality housing for a variety of needs. As a result the provision of mainstream housing for rent is seen as only one part of its operation. Through Kirkgate, Grampian provides low cost housing for sale. Furthermore, Grampian is the second largest provider of shared ownership properties in Scotland with 547 properties. Grampian also provides factoring services to 383 owners. In addition, Grampian provides housing management and other services to a variety of specialised support providers such as Aberdeen Foyer and Grampian Community Care Charitable Trust. It is also involved in the Lead Tenancies scheme, leasing houses from a number of individual owners and letting them to people on its housing list.
  - 2.8 In addition to providing housing management and property maintenance services, Grampian also undertakes an extensive range of other activities. In the three years to March 2003 the Association had the largest HAG programme of any RSL in Scotland and as a result has made a very significant contribution to the provision of affordable housing in the North East. Furthermore, Grampian has shown enthusiastic commitment to being involved in delivering the Scottish Executive's Wider Action agenda - it secured funding of £210,000 in 2003/04 to support a variety of wider action projects which seek to expand and support the social economy and promote social inclusion.
  - 2.9 Communities Scotland's Annual Performance and Statistical Return asks RSLs to select a peer group which best describes their organisation. Grampian selected the group described as larger RSLs with post 1919 stock, operating in urban areas. This is the group we use to compare Grampian's performance.

## Key Facts

2.10 The table below gives background information about Grampian Housing Association, and shows trends over the last three financial years.

	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>
Houses owned	1,693	1,775	1,993
Employees	49	55	56
Annual turnover*	£5,119,000	£5,511,000	£6,280,000
Total possible rental income	£4,790,000	£5,184,739	£5,530,736
Rental income from housing benefit	42%	40%	35%
Average weekly rent	£44.56	£45.20	£47.01
Average rent increase	4.2%	1.7%	3.9%
Houses re-let	173	182	193
Responsive repairs carried out	3,922	5,150	6,054
Maintenance spend per house*	-	£697.68	£652.00
Right To Buy sales	16	20	13

Source: APSR, \*Annual Accounts & Inspection Submission

### 3. Housing management

3.1 The grade awarded for housing management is:

B	Good	Many strengths and some areas where improvement is needed.
---	------	--

We explain at the end of this section how the assessments and judgements we have made result in this grade.

#### How good is the service?

##### **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.*

- 3.2 Grampian has an open waiting list and anyone over the age of 16 can apply at any time. There are two routes by which applicants can access Grampian's houses. Applicants who want to be housed within Aberdeen city apply to Homechoice, which administers Aberdeen's common housing register. 75% of Grampian's relets in 2003/04 were made to Homechoice applicants. Homechoice advertises access to its list through an Options Shop in the city centre, as well as through a good website. The application form includes information in community languages and is widely available in Council and housing association offices. Homechoice has a target of 28 days for adding applicants to its housing list and is achieving this target in 85% to 90% of cases.
- 3.3 Applicants who wish to be rehoused outwith Aberdeen are put on Grampian's own housing list. The Association provides good written guidance on how to access this list and its details are listed in both the Moray and Aberdeenshire Housing Options guides. Grampian's policy states that applications will be processed in seven to ten days but the Association does not monitor this, so it does not know if it is meeting its target. A regular 10% audit is carried out by the team leader to ensure that pointing is carried out properly although the outcomes are not systematically recorded.
- 3.4 Grampian writes to applicants to confirm that they are on the list and advises them of their points levels, and what area and house size they will be considered for. The Association does not provide information on:
- what the points were awarded for;
  - the likelihood of being housed;
  - alternative housing options and where to get more detailed advice; or

- the applicants' right to appeal the Association's decision. We did note that staff gave good advice on these matters to applicants who telephoned or called into the office.
- 3.5 Grampian reviews its list every year, which is good practice, but the Association does not use this opportunity to identify any changes in circumstances.
- 3.6 We found that Grampian is using suspensions appropriately and in line with its own policy. However, the Association does not hold information on how many applicants are suspended and on what grounds. We also found that the onus is put upon the applicant to have the suspension lifted, without explaining clearly what action is needed to have the suspension ended or how to appeal. Waiting list applicants with arrears can be considered for an allocation as long as they have maintained a repayment agreement for a period of three months, but transfer applicants must generally have a clear rent account. Although Grampian will take into account individual circumstances in apply this rule, this approach introduces the potential for inequalities of outcomes for the different types of applicants.
- 3.7 Grampian has been working with MEAL (Multi Ethnic Aberdeen Ltd) to raise the profile of the Association within the BME community. Grampian recognises that it could be better at collecting and analysing information on the ethnicity of applicants and has plans in place to remedy this.
- 3.8 Grampian has taken a proactive role in establishing nomination agreements with all three councils in its area and these agreements are working well. The Association also accepts referrals from a number of agencies who work with clients with different needs, to maximise their access to appropriate housing. The Association has recognised the need to formalise these agreements and is currently working on this.
- 3.9 The Association has taken action to improve the information and advice it offers to service users who visit or telephone the office, including setting up a new Customer Response Unit (CRU) which will have dedicated and trained staff to deal with a range of routine enquiries, for example on applications or arrears. However, we found some weaknesses in Grampian's published information for applicants:
- some material suggests that people with a history of anti social behaviour will not be accepted onto the list; and
  - emphasis is put on the fact that demand outstrips supply without any information on turnover to allow applicants to make informed choice.
- 3.10 Grampian is working effectively with partners to provide access to properties for a wide range of applicants. However, the Association has

work to do to improve the information it provides to applicants and its ability to monitor the outcomes it is achieving.

### **Meeting need and maximising choice**

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

- 3.11 Grampian prioritises applications and allocates houses based on a range of housing needs which clearly reflect the statutory reasonable preference categories.
- 3.12 Grampian takes a straightforward approach to matching applicants to empty houses; properties are routinely let to the applicant at the top of the relevant list. However, we found some weaknesses in the audit trails for many of the case reviews we carried out, which means that the Association cannot always demonstrate transparently how and why it makes allocation decisions. This issue was highlighted in the Association's last performance audit in 1999 and has not yet been fully resolved.
- 3.13 Grampian has established a Housing Review Group, including staff and Board members, to consider applicants whose situations are not adequately covered by the policy. This is a positive approach. However, there is no clear remit or guidance for Group members and the Association does not keep clear records of how individual decisions have been made.
- 3.14 Grampian takes a good approach to maximising choice for applicants by not restricting the number of areas applicants can choose to be housed in and not limiting the number of offers that can be made. Furthermore, the Association works with applicants who have refused two offers to refine their choices and to discuss the likelihood of being rehoused in particular areas.
- 3.15 Grampian's approach to letting its houses is straightforward and fair, and clearly geared to meeting housing need and maximising choice. The arrangements for the operation of the Housing Review Group and the record keeping for individual lets is not fully transparent.

### **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.*

- 3.16 The majority of Grampian's tenants (92.2%) have signed new Scottish secure tenancy agreements (SSTs). Grampian also has a substantial number of tenants with short SSTs. These are being used appropriately for tenants receiving support or in houses let under the Lead Tenancies scheme. Grampian also provides occupancy agreements to residents in shared accommodation where care agencies provide support. The Association's blanket approach to the use of occupancy agreements in shared accommodation means that it may not always maximise security of tenure for its residents. Grampian acted in good faith when it adopted this approach on the basis of available advice.
- 3.17 Although the vast majority of Grampian's tenants have SSTs, Grampian has a small number of tenants with regulated secure tenancies. These tenants retain the right to have their rent fixed for a three year period by the Rent Officer. At the most recent review in 2003, Grampian increased the rents for these tenants without first returning to the Rent Officer for a determination. One tenant appealed to the Rent Assessment Committee (RAC) and, as a result, the rent and service charges for this individual were reduced. Grampian has accepted that it did not follow the correct procedures in this instance. It has recently reviewed its policy and procedures and has taken steps to return to the Rent Officer in order to have the rents registered. It has also written very recently to affected tenants explaining their rights in this matter.
- 3.18 Grampian is committed to helping people maintain their tenancies. We saw several good examples during our inspection of the action the Association is taking to provide this help:
- Staff use tenancy sign ups, and the recently formalised new tenant visits, to provide useful written and verbal information to new tenants, to reiterate tenancy conditions, to identify any potential problems and to ensure that tenants get access to any support they may need.
  - Grampian's Financial Inclusion Officer provides not only benefit advice but comprehensive financial advice and support to all customers of Grampian. Grampian advertises this service widely through newsletters, leaflets and in letters to tenants. All new tenants are offered a financial health check.
  - Grampian is proactive in helping vulnerable tenants to get the support they need. It has recently submitted a joint bid with two other RSLs to fund its own housing support service.
  - Grampian works with a number of partners to provide housing with support for various vulnerable groups. The feedback we received from these partners was very positive about Grampian's commitment.
- 3.19 Grampian takes eviction action only as a last resort and staff work very effectively with tenants to resolve the problems that may put their tenancies at risk. The Association took court action in 11 cases in

2003/04 and in 10 cases up to October 2004. Staff continue to work with tenants after court action begins in order to reach an arrangement. Once a decree for recovery of possession is granted Grampian tenants are given a final opportunity to come to an arrangement and where possible a new tenancy is granted. Six tenants were evicted last year. This is equal to 0.15% of the Association's tenancies, half the average rate for Grampian's peer group (0.29%) and below the national average of 0.18%. Where a new tenancy is granted the Financial Inclusion Officer is involved in an attempt to prevent a recurrence of problems.

- 3.20 Grampian is an active participant in the Mortgage to Rent scheme which allows owners or sharing owners who are in danger of having their home repossessed to stay in their homes as tenants. To date Grampian has granted three tenancies under this scheme. This is a positive contribution to the prevention of homelessness.
- 3.21 Grampian has a good approach to maximising security of tenure for most of its tenants. It is doing a lot to help people maintain their tenancies and is continuously seeking to adopt new ways to do this. Staff are aware of the issues that put tenancies at risk and have developed a good range of responses to these issues. However, its failure to follow legal requirements for increasing the rents of its regulated secure tenants in 2003 and its delay in rectifying the issue is a significant weakness.

### **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.*

- 3.22 Grampian's estates are generally managed well. We visited a range of neighbourhoods and saw little evidence of graffiti, vandalism or litter. The level of turnover in Grampian's properties reduced from 18.7% in 2002/3 to 13.25% in 2003/04- a factor which it attributes in part to efforts it has made to stabilise communities and improve neighbourhoods.
- 3.23 However there is evidence of some customer dissatisfaction with the standard of the estate cleaning and ground maintenance services:
- the customer panel discussion group expressed some dissatisfaction about the standards of ground maintenance;
  - the November 2004 survey indicated that only 65% of tenants (and 60% of sharing owners) were happy with maintenance of open spaces; and
  - Grampian received 23 written complaints about factoring services in the last year.

- 3.24 Grampian does not systematically monitor and analyse the complaints it receives about estate management services. Nor does it have service level agreements or service standards for estate management so that customers know what level of service to expect.
- 3.25 In order to support its delivery of estate management, Grampian has allocated each housing officer a small budget for environmental improvements to enhance the quality of its neighbourhoods. However it is not monitoring the impact of, or satisfaction with, the improvements that are funded in this way.
- 3.26 In areas where specific problems have been identified, Grampian takes a proactive approach to dealing with estate management issues. For instance in Hythehill, after consultation with tenants, a full time estate caretaker has been employed. We visited Hythehill and spoke to several tenants who reported a significant difference in the appearance of the estate. Good links also exist between property maintenance and housing management staff to deal with estate management issues resulting in co-ordinated responses to identified problems.
- 3.27 Grampian has identified a problem in some areas with a rising level of complaints about antisocial behaviour and neighbour nuisance. A total of 171 complaints were received in 2003/04, with a further 156 received in the five months to August 2004. However, the majority of these were of a minor nature.
- 3.28 The Association has developed a good approach to dealing with antisocial behaviour. New tenants are given clear information about expected standards of behaviour to try and prevent problems arising. Any complaints which are received are categorised according to severity with timescales set for action. Staff make use of a range of appropriate tools and work closely with partners to deal with any problems, and tenants told us that staff are helpful and responsive.
- 3.29 We found a small number of weaker areas in the Association's practice:
- staff do not always follow up visits with confirmation of an agreed action plan;
  - complainants are not always kept informed of progress;
  - the Association is not always meeting its target timescales and does not monitor its performance in this area; and
  - Grampian does not ask for feedback from service users at the conclusion of the case.
- 3.30 Grampian has recently revised how it reports antisocial behaviour to committee. Historically the housing committee received a report which gave details about each current case. The new approach aims to

concentrate on types and locality of cases and on trend analysis. This will provide a much better tool for committee members.

- 3.31 We saw a good proactive response from the Association to problems affecting specific areas or estates and a positive response to cases of antisocial behaviour and neighbour nuisance. However, the Association's management of the physical quality of neighbourhoods is still a source of dissatisfaction for a number of service users.

### **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.*

- 3.32 Grampian's survey of tenants in autumn 2004 found that 87% of respondents were either satisfied or very satisfied with the association as a landlord - this is a marked improvement to the results of the 1999 survey when only 78% of respondents reported this level of satisfaction. In addition, a survey of tenants who had transferred from Moray Coop in August 2004 indicated that 92% were satisfied with Grampian as landlord.
- 3.33 Grampian does not routinely collect and analyse feedback from users of its housing management services, although it has recently formalised its approach to collecting feedback from new tenants. The Association also receives some feedback about its housing management services through the recently established customer panel. The panel raised issues around difficulties in contacting the Association with routine enquiries. The setting up of the Customer Response Unit, discussed earlier, was a direct response to this feedback.
- 3.34 Grampian has also demonstrated a responsive approach to service user concerns at an area level. In Hythehill, in addition to the estate caretaker, the Association has put up additional fencing and security lighting. In another estate Grampian is piloting the installation of enhanced sound insulation in some houses. These actions were all in response to concerns raised by local residents.
- 3.35 Grampian carried out a comprehensive consultation exercise about its rent setting policy and rent levels in 2004 which included a tenant survey and workshops. The Association got a good level of feedback and fed this into its review of rents and service charges. It has previously undertaken consultation exercises on the Scottish Secure Tenancy and its customer participation strategy. Several key housing management policies are due for review in 2005 and Grampian plans to seek customer input in this process.

- 3.36 Grampian uses a good variety of methods to publicise and promote its services and provide advice for service users, including its website, regular newsletters and a range of leaflets and factsheets. The most recent ones on the Customer Panel and the services of the Financial Inclusion Officer are particularly user friendly.
- 3.37 Grampian has taken proactive steps to ensure that its housing management services are accessible to all who want to use them. It has:
- made alterations to its main office to improve access for people with mobility difficulties;
  - installed induction loops for people who use hearing aids;
  - ensured it can access translation services for those who do not use English as their first language; and
  - made arrangements to provide key documents in alternative formats.
- 3.38 Grampian has a customer care plan which sets out some of the standards of service that service user can expect from the Association. However, the standards are not well publicised and the Association is not monitoring its performance against them.
- 3.39 Although Grampian staff are generally responsive, there are weaknesses in how the association handles formal complaints from service users. The guidance for customers and staff about how complaints should be made or handled is not sufficiently clear; it is not always following its own procedures or meeting its own timescales; and it does not monitor its performance or use complaints to improve its services. Grampian is aware of many of these weaknesses and is in the process of reviewing this approach to service users' complaints.
- 3.40 Grampian is working to increase its responsiveness to its service users and to provide opportunities for them to influence service delivery. It is aware of most of the areas where it needs to develop further and is taking steps to address these.

## **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.*

- 3.41 Grampian has recently reviewed the way it sets rents and has adopted a new policy to iron out the anomalies in rent levels that have arisen as a result of four stock transfers within seven years. As discussed in the section above, this process was well handled, with significant tenant input.

The new policy also takes account of affordability and comparability with other social landlords.

3.42 Grampian charges tenants separately for some communal services including stair lighting, landscape maintenance, communal TV aerials, door entry systems and stair cleaning. The Association does not clearly set out its approach to the provision of communal services or how it will set charges for these. We found that the level of service charges do not clearly reflect the cost of providing or administering the service. We also found that in some cases tenants receiving the same services are being charged different amounts, with no clear justification for this difference.

3.43 Grampian offers tenants and customers a wide range of ways to pay rent and other charges and allows a degree of flexibility on the date of payment.

3.44 The table below summarises Grampian's reported performance in collecting rent arrears.

	At March 2003	At March 2004			At Sept 2004
	Grampian	Grampian	Peer group	National median	Grampian
Total arrears as % of total gross rental income	4.98%	4.79%	6.79%	6.38%	5.05%
Total current arrears as % of total gross rental income	4.3%	3.7%	4.9%	4.4%	4.16%
Current arrears (non technical) as % of total gross rental income	3.1%	3.0%	3.3%	3.0%	3.14%
Current arrears (technical) as % of total gross rental income	1.2%	0.7%	1.63%	1.13%	0.74%
% of current tenants in serious arrears*	5.7%	3.5%	6.3%	5.6%	4.46%
Total former tenant arrears	£36,293	£62,027	-	-	£70,937
As % of total gross rental income	0.70%	1.12%	1.87%	1.81%	1.16%
Rent arrears written off	£47,000	£37,000	-	-	£30,199

\*Owing more than 13 weeks rent and >£250

3.45 Grampian is performing well in collecting rents. The Association is performing better than its peer group in all categories and better than the national median for everything apart from current tenants' non technical arrears. Grampian has developed a range of good practices to minimise rent arrears and performance has improved considerably since the 1999 performance audit when its total arrears were almost twice the benchmark figure. Grampian has identified a relative weakness in the collection of former tenant arrears and is taking steps to improve performance.

3.46 Grampian has developed slightly different approaches to arrears management in its two area offices, but in both cases its good customer focussed approach is helping to minimise arrears. Particular strengths are:

- an emphasis on early intervention and sustained personal contact with tenants;
- clear and straightforward escalation procedures for staff to use;
- consideration of affordability and personal circumstances in agreeing repayment arrangements;
- good links with housing benefit and other agencies;
- good information and advice for tenants at all stages;
- effective links with the Financial Inclusion Officer;
- targets for individual staff that are monitored monthly; and
- monthly supervision meetings for staff to discuss cases.

3.47 The table below summarises Grampian's reported performance in letting houses that have become empty.

	2002/03	2003/04			2004/05*
	Grampian	Grampian	Peer Group	National Median	Grampian
Rental income lost due to empty houses	£45,021	£37,595	-	-	£19,603
As % of total rental income	0.9%	0.7%	1.6%	0.9%	0.37%
Total no of relets	182	193	-	-	108
% re-let in <2 weeks	36.3	45.1	47.4	39.1	47.9
% re-let in 2-4 weeks	29.7	34.7	24.1	23.3	45.7
% re-let in > 4 weeks	34.1	20.2	28.5	31.3	6.4
Average time to re-let	26	18	27	24	14

3.48 Grampian is performing well in reletting its empty houses and minimising void loss. As the table shows, the Association's performance is consistently improving. The percentage of total income lost through voids is lower than both its peer group and the national median, as is the average time to relet. In the year to date, only seven houses took more than four weeks to relet. This again is a marked improvement from the

1999 audit when relet times were twice that of the national average. Grampian also performs well in letting new built properties - all of the new build properties which became available in 2004 were let within 2 weeks.

- 3.49 Grampian has achieved these good outcomes through good communication with outgoing tenants on their obligations, effective links between housing management and property maintenance staff and by starting the allocation process as early as possible. The Association has also defined 18% of its stock as low demand and has developed a number of specific initiatives to minimise the time these lie empty. However Grampian does not have firm guidelines for staff on when these approaches should be used and does not monitor or report on their effectiveness.
- 3.50 Grampian's management costs were £499 per house in 2003/04. This is an increase on its figures for 2002/03 of £451, but both figures are significantly lower than the peer mean and national median of £525 and £556 respectively. More than three quarters of tenants (78%) who responded to the 2004 rent review survey felt that Grampian's rent charges represented value for money.
- 3.51 Grampian has significantly improved its performance in minimising rent arrears and reletting empty houses quickly. Both of these good outcomes are underpinned by sound processes based on a customer focus and partnership working. The remaining weakness in this aspect of the Association's service is in the charging arrangements for communal services.

### **Performance management**

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

- 3.52 Grampian is aware that there are substantial weaknesses in its approach to monitoring and managing its performance in housing management. It has a number of targets for staff that relate to key performance indicators but it does not collect or monitor information on key service areas like the management of its housing list or meeting customer service standards. Nor does it measure the outcomes it is achieving in areas like allocations, complaints handling or antisocial behaviour initiatives.
- 3.53 Grampian is beginning to develop a good approach to monitoring and managing certain areas of performance within staff teams. Staff are aware of their targets for arrears control and void management and

managers make use of team meetings and one to one meetings to monitor progress.

- 3.54 Grampian has a good range of policies and procedures covering most areas of housing management and staff have a good understanding of these. Staff also receive good briefings to ensure that they are kept up to date with legislation and good practice. However we found little evidence of quality control by managers to ensure effective implementation of policy - although allocation audits are currently being piloted.

### **Grade and overall assessment of housing management**

- 3.55 Our overall assessment is that Grampian's housing management service is good. While we found some weaknesses, we also identified a number of strengths which directly impact on service users. The Association's track record on making improvements to the service is also mixed with some areas seeing significant improvements and others where longstanding weaknesses have not been addressed. We set out below the key factors we have taken account of in coming to our overall assessment.
- 3.56 A number of Grampian's areas of good performance in housing management impact directly on how tenants experience the service. It has developed a good approach to helping tenants sustain their tenancies. It also is working proactively, in partnership with others as appropriate, to improve local neighbourhoods. Grampian performs well in reletting its houses quickly to a good standard, and has an effective and tenant focused approach to minimising rent arrears.
- 3.57 There are a number of areas where Grampian is making improvements to the quality of its services. In particular, we would highlight:
- the Association's improved performance in collecting rent arrears;
  - its approach to improving access for all;
  - the establishment of the Customer Response Unit; and
  - the increased opportunities for service users to influence service delivery through participation in the customer panel and consultation exercises.
- 3.58 There are, however, some weaknesses in areas that make it difficult for Grampian to be clear that it is always delivering a good quality, fair and consistent service:
- the gaps in information for applicants;
  - the absence of clear audit trails for lettings;
  - service user concerns about the maintenance of their communal spaces; and

- the handling of secure regulated tenancies and service charges.

3.59 Although improvements have been made in some areas, the performance planning and management framework for housing management is not well developed. This is an area of weakness for the Association.

## 4. Property maintenance

4.1 The grade awarded for repairs & maintenance is:

C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses
---	------	--

We explain at the end of this section how the assessments and judgements we have made result in this grade.

### How good is the service?

#### **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.*

- 4.2 Grampian provides a good range of ways for tenants to report repairs - by telephone, in person, in writing, by email or via its website. A recent customer satisfaction survey ( November 2004) indicated that 93% of respondents found it easy to report a repair. Grampian operates its own out of hours service for repairs, with a rota for staff to deal with any emergency calls.
- 4.3 Grampian is taking steps to improve the frontline service offered to tenants. The staff in the new Customer Response Unit (CRU) will also deal with all telephone and frontline enquiries about the repairs service and have received intensive and comprehensive training on this aspect of the service.
- 4.4 Grampian gives new tenants basic information about the repairs service when they sign their tenancy agreement and also covers this in the tenants' handbook and in a factsheet. Tenants also get good information from staff when they report a repair, including which contractor will carry out the work and the target date for completion. Copies of all works orders are sent to tenants on a daily basis. These provide the tenant with written confirmation of the work ordered, the category the repair has been allocated and the target timescale for completion. The works order also includes a tenant satisfaction card. This means that tenants can accurately assess whether the service they receive meets Grampian's targets and gives them the opportunity to give feedback.
- 4.5 Grampian operates an informal appointment system for repairs. In most cases staff pass contact details on to the contractor and arrangements for

access are made directly between the contractor and the customer. A survey carried out in August 2004 indicated that 76% of Grampian's customers wanted a formal repairs appointment system and 85% wanted appointments on a Saturday morning. The Association is currently carrying out preliminary discussions with staff and contractors on whether such an approach can be developed taking account of Grampian's context.

- 4.6 Grampian has informal arrangements with its repairs contractors that they will leave cards and make another call if they are not able to get access to carry out a reported repair on their first visit. If this is still unsuccessful, a letter is sent out by the Association asking the tenant to get in touch to make alternative arrangements. However, these arrangements are not covered in Grampian's procedures for contractors and the Association is not recording any information about the level of no access calls or repeat visits. This makes it difficult for the Association to monitor the extent of the problem and any trends or patterns that might develop.
- 4.7 Grampian is currently providing fair access to its repairs service. Tenants get reasonable information and are happy with the arrangements for reporting repairs. But the Association is not formally monitoring the level of no access calls making it difficult to clearly identify how well this aspect of the current system is working.

### **Speed and quality of response repairs service**

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

- 4.8 The targets that Grampian has set itself for completing repairs are less challenging than the national median figures for Scottish RSLs in both the emergency and routine categories, and in line with the median target for urgent repairs.
- 4.9 The table below shows Grampian's reported performance in completing repairs over the last three years.

	GHA target response time	Performance				
		Grampian			National median 2003/04	Peer average 2003/04
		2001/02	2002/03	2003/04		
<b>Emergency Repairs</b>	8 hours	98%	99%	99%	99.2%	98.3%
<b>Urgent Repairs</b>	3 working days	96%	95%	97%	96.0%	95.8%
<b>Routine Repairs</b>	15 working days	97%	96%	92%	95.7%	95.7%

- 4.10 Grampian's reported performance in completing both emergency and urgent repairs within their own targets has improved over the last 3 years. Grampian ranks 22<sup>nd</sup> in its peer group of 51 RSLs for completing emergency repairs on target; for urgent repairs it ranks 34<sup>th</sup>. However, performance in completing routine repairs has deteriorated and is currently below the national median. Grampian is again ranked 34<sup>th</sup> amongst its peer group for completing routine repairs on target despite its less challenging target timescale for this category of repair.
- 4.11 Results from three recent tenant surveys indicate that a significant proportion of tenants are dissatisfied with the length of time taken to carry out repairs:
- The June 2004 survey of tenants in Moray showed that 73.9% felt that the repairs were carried out in a reasonable time.
  - In the 2<sup>nd</sup> customer panel survey (August 2004) 60% were happy that repairs were carried out within the required timescale.
  - The customer satisfaction survey carried out in November 2004 indicated that 76% of tenants were satisfied that the repairs were carried out within a reasonable time.
- 4.12 In addition, tenant satisfaction with the out of hours service is not good; the Customer Panel survey of August 2004 indicated that only 74% of respondents were happy with how their out of hours emergency repair had been dealt with and only 68% were satisfied with the timescale for attending and making safe.
- 4.13 We also found some weaknesses in the recording of performance information which mean that the Association does not have a fully accurate picture of performance against its targets; it does not record the completion times for emergency repairs and for other categories the Association is dependent on contractors returning invoices before a job is signed off as complete.
- 4.14 Pre and post inspections are important tools for ensuring repairs are targeted accurately and carried out to a high standard. Grampian has reasonable criteria for selecting jobs to be pre inspected but does not monitor how many are carried out so the Association does not have a clear idea whether this is resulting in a proportionate use of resources.
- 4.15 Grampian has defined criteria and targets for post inspections and a timescale for completing these. The outcomes of these post inspections are considered as part of monthly team meetings but there is no formal recording of these outcomes and the Association is not therefore in a strong position to use this information to hold contractors to account for the quality of their work. This gap is particularly significant given the range

of different contractors being used by the Association to carry out repairs work.

- 4.16 Grampian is not meeting its statutory responsibilities in terms of the Right to Repair requirements of the Housing (Scotland) Act 2001. The information given to tenants about the Right to Repair in the tenants' handbook and other written documents does not reflect legislation. Tenants are not informed that a repair qualifies under the scheme when reporting it, and the Association is not recording the number of qualifying repairs ordered or whether the relevant timescales are being met.
- 4.17 The speed and quality of Grampian's repairs service is fair. Performance at completing repairs within set timescales is showing improvement but the targets set are not particularly challenging and tenants have expressed dissatisfaction with the time taken to do the work. The Association is not making good use of information about the quality of repair work done and the lack of compliance with statutory Right to Repair requirements is a significant weakness in this aspect of the service.

### **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.*

- 4.18 Scottish Ministers have set a target that all social landlords' houses should meet the new Scottish Housing Quality Standard (SHQS) by 2015. Landlords are required to prepare a plan showing how they will achieve this, by April 2005. Grampian is confident that it will meet the SHQS by 2015, based on the information it currently holds about its housing.
- 4.19 Grampian has a good knowledge of the condition of its stock based on a sample stock condition survey carried out in 2000, supplemented by an update in 2003/04 to cover newly developed housing and information on the condition of transferred stock collated at the point of transfer. The Association is currently completing work to revise its life cycle costing systems to reflect the SHQS requirements more specifically, and intends to use this to update all of its stock condition information. The Association makes good use of all of the information it has at the moment, to draw up its planned maintenance programme on an annual basis, including information from recent planned maintenance work and feedback from staff and contractors.
- 4.20 Grampian has recently significantly increased its commitment to expenditure on planned maintenance and improvements in its stock, taking account of its ageing stock profile. The Association has now

produced thirty year projections and firm three year plans which detail how it will maintain the physical quality of its stock in the future. Grampian is contractually committed to spending specific amounts on the houses it took over from Scottish Homes. The Association did not achieve its target spend in the first five year period. It has now taken action to speed up the programme of investment in these houses but it is too early to assess whether the action identified will enable the Association to deliver the substantial increase in maintenance work required over the next three years.

- 4.21 Grampian achieves a good standard of design in its new build properties. Its most recent new build developments:
- meet housing for varying needs standards, except where this has not been achievable due to site conditions;
  - exceed minimum space standards;
  - achieve the required energy efficiency standards;
  - achieve accreditation by the police for meeting secured by design standards; and
  - demonstrate an innovative approach to sustainability.
- 4.22 Almost all of the Association's properties have hard wired smoke detectors, there is no lead piping and all flatted developments have controlled entry. All houses have central heating and thermal insulation meets the current standards.
- 4.23 Grampian is required to carry out safety checks every 12 months on all gas appliances and flues which it provides for its tenants' use. At the time of our inspection 78 (5%) of Grampian's 1,481 houses with gas appliances did not have a current gas certificate. Another 431 (29%) houses were not checked within the 12 month period required by the legislation. Thirty one of these were more than three months beyond the due date. This is a currently a significant weakness in Grampian's property maintenance service.
- 4.24 Grampian has recently taken positive steps to improve its management of gas safety including reviewing its policy; identifying a dedicated staff member; working with its contractor to tighten arrangements for gaining access to all properties and moving to a ten month inspection cycle to ensure that all safety checks are completed prior to the 12 month deadline.
- 4.25 From April 2004 social landlords have had a statutory duty to manage asbestos in the common areas of their properties. Grampian has completed a comprehensive survey of all its communal areas to confirm that there is no remaining asbestos in these areas, and is now inspecting all individual properties.

- 4.26 As discussed in the housing management section, there has been a significant improvement in Grampian's performance in reletting empty houses. The property maintenance service shares the credit for this improvement - all works are carried out by the same contractor on a schedule of rates contract and a system of bonuses and penalties has been introduced to ensure good performance.
- 4.27 Grampian has set a formal standard for the condition it expects empty houses to be in at the start of a new tenancy and staff inspect these properties before reletting to ensure quality. However, new tenants are not made aware of the standard they should expect and Grampian does not systematically collect information from new tenants about their satisfaction with the condition of their new home or analyse information it holds on why properties were refused.
- 4.28 Grampian is building good quality houses and takes action to ensure that its existing houses are kept in good condition on a year to year basis and longer term. The Association has taken steps to significantly increase expenditure on long term maintenance and improvements to its stock but it is too early to say if commitments to investment in transferred housing will be met. Grampian has not complied with statutory requirements on gas safety but is taking steps to address this.

### **Responsiveness to tenants**

- 4.29 Grampian gives service users the opportunity to feedback on property maintenance services in a number of different ways:
- all tenants reporting a repair get a satisfaction/comment card and a prepaid envelope to make it easier for them to return it;
  - three separate surveys were carried out in 2004 to get feedback on repairs from different groups of tenants;
  - individual scheme surveys have been carried out to gauge tenants' opinions on specific aspects affecting their service;
  - satisfaction surveys are carried out following planned and cyclical maintenance projects; and
  - tenants moving into new build schemes are surveyed about their satisfaction with the quality of their new homes.
- 4.30 The results of this work provides Grampian with a good source of information about its maintenance service, although some of the information, specifically from the response repair cards, is fairly basic. Much of this feedback is not analysed or reported to the relevant sub committee.
- 4.31 We did see some good examples of how specific tenant feedback was used effectively to influence service delivery. The results of specific

- scheme surveys about communal heating systems indicated general satisfaction but some concerns about the amount of hot water. As a result a user friendly leaflet was prepared on how to get the best from the system. Results of the survey were reported both to the sub committee and to tenants via the newsletter. However, the Association is not making systematic use of all the information it collects to improve its services. This is also true of the information from the 80 complaints about property maintenance services received in the year to September 2004.
- 4.32 Although Grampian has a published customer care standard for staff and provides some guidance on its expectations of contractors carrying out work on its behalf, it does not communicate these expectations to its tenants. As a result, neither the contractors nor tenants know clearly what level of service is expected. This was highlighted in the previous performance audit.
- 4.33 The information given to tenants about the planned maintenance programme is poor. Grampian informs tenants about forthcoming projects fairly sporadically and gives insufficient detail. We also saw specific cases where the Association did not keep individual tenants informed about planned work to their homes. Contract documentation requires individual contractors to keep tenants informed once a contract is let but the Association is not ensuring that is being adequately handled.
- 4.34 Grampian's tenants have little direct involvement in the developing or prioritising of planned maintenance programmes although feedback from earlier programmes is fed into the progress. Grampian is aware that work needs to be done in this area. However the Association is developing a good approach to consulting tenants on projects that affect them.
- 4.35 Grampian has taken positive steps to involve and consult tenants in the development of the repairs and maintenance services. This has lead to a number of concrete and planned improvements to specific parts of the service. However, Grampian needs to develop its approach further to ensure that it makes best use of all the information it is collecting and to ensure its property maintenance service fully reflects the views and priorities of its tenants.

## **Is the service managed for improvement?**

### **Resource management and efficiency**

*Social landlords should procure repair and maintenance in a way that takes into account quality and cost and should manage the cost of their services effectively.*

- 4.36 Grampian's management costs for delivering its property maintenance services increased very slightly in 2003/04 from £147 to £149 a year for each of its houses. This is substantially below both the average for its peer group in 2002/03 of £206 and the national median of £200 per house.
- 4.37 In 2003/04 Grampian recovered 67% of the cost of repairs that it invoiced tenants for. This is a good performance. The Association's own records indicate that it only issued invoices for 87 of the 251 rechargeable repairs it carried out but it recognises that its current system for recording this process is not resulting in an accurate picture of performance and is working to improve this.
- 4.38 Grampian uses a variety of methods to procure property maintenance services. Responsive repairs are generally carried out by contractors selected from an approved list on an hourly rate basis but the Association also uses traditional tendering, extends contracts by negotiation and is exploring more innovative partnering approaches. However, Grampian's existing policy only covers traditional tendering and it has not developed guidance or procedures which make clear when and why different procurement routes will be selected or how they will be administered. We also found substantial gaps in the recording of information about specific procurement decisions which mean that the procurement process is not sufficiently transparent.
- 4.39 Grampian's responsive repairs are carried out by contractors chosen from an approved list. We found some weaknesses in Grampian's approach which affect transparency and limit the Association's ability to assess value for money:
- The Board approves the list annually but receives limited performance information to allow it to make an informed decision.
  - Staff write to and interview underperforming contractors but there are no clear guidelines on when action should be taken and outcomes are not reported to the Board.
  - The allocation of jobs to each contractor is determined automatically by computer. The policy states that this can be overridden by staff on the 'basis of poor performance or trading discrepancies'. However, this is not routinely checked and monitored.
  - Grampian does not advertise for contractors - it adds contractors to the list on the basis of ad hoc approaches and recommendations from existing contractors and customers.
  - Grampian has not carried out any formal best value review of how it procures its response repairs service.

We noted two other weaknesses which impact on Grampian's ability to assess and manage repairs performance:

- The Association's computer system does not provide realistic estimates of costs. As a result the actual costs of the majority of jobs are significantly overestimated.
  - The Association does not monitor the number or cost of jobs which are varied or changed once the contractor visits the property.
- 4.40 The cost of delivering the Association's maintenance service are relatively low and it is performing well in recovering the costs of rechargeable repairs. The weaknesses we have identified in the procurement process and performance monitoring means that Grampian cannot always demonstrate transparency and show that it is receiving value for money for its maintenance service.

### **Performance management**

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

- 4.41 The strategic objectives relating to property maintenance in the Internal Management Plan do not lay out clearly what Grampian is aiming to achieve in the delivery of this service. The action plan identifies few target timescales or achievable and measurable outcomes for those actions which have been identified.
- 4.42 Responsibility for delivering the property maintenance service is shared between the property services section and the Customer Response Unit. Whilst the CRU was not fully operational when we were on site, at that point there were few formal arrangements in place to ensure that the two sections communicate and work together effectively to deliver good services and manage performance effectively. However, we saw good informal working relationships and joint meetings, involving representatives from both teams, are held monthly.
- 4.43 As we have highlighted throughout the report, we identified a number of important gaps in the information the Association collects and uses to assess and control the quality of its property maintenance service:
- the Association does not record the time of completion of emergency repairs;
  - the figures on completion of response repairs are dependent on contractors providing information when they submit invoices;
  - the Association is not monitoring how often contractors fail to get access to complete reported repairs;
  - the Association does not have good information on qualifying repairs under the Right to Repair legislation;

- the Association is not recording information about the outcomes of its post inspections of responsive repairs and so has little systematic information about the quality of work or the performance of contractors;
- performance in collecting rechargeable repair debts is not routinely monitored; and
- the Association does not have good information about the number and cost of variations to reported repairs.

4.44 Grampian's approach to performance planning and management of its property maintenance service is poor. It has not clearly set out what it aims to achieve and its monitoring of performance is inadequate. Although we saw some areas where Grampian is aware of its weaknesses, there are other areas where we found a lack of awareness of some significant areas of weakness.

### **Grade and overall assessment of property maintenance**

4.45 Our overall assessment is that Grampian's property maintenance service is fair. Grampian has some strengths but it also has a number of weaknesses. Some of these weaker areas are ones which directly impact on the service delivered and which are considered priorities for many tenants.

4.46 In coming to our overall assessment we have taken account of the balance of strengths and areas which need to be improved across the service. Grampian's houses are in good condition and the Association builds high quality new houses. The responsive repairs service is generally accessible. The Association is working to improve the opportunities for tenants to feedback on the services they get and has responded positively to some of the feedback it has received.

4.47 However, we also found a range of weaknesses affecting several aspects of the service:

- The Association's completion of routine repairs has deteriorated over the last three years;
- a significant proportion of tenants are not satisfied with the time taken to complete repairs or with the out of hours service;
- Grampian is not fully meeting its statutory duties in terms of Right to Repair, or gas safety;
- the process for procuring maintenance work is not transparent; and
- the Association cannot demonstrate that it is receiving value for money for its responsive repairs service.

4.48 Although Grampian is improving the feedback it gets from service users, there are significant gaps in the performance information it collects about

its own services, particularly in relation to quality and outcomes. The Association is not using the information it has as effectively as it could to monitor and improve its performance.

## 5. Governance and financial management

### Leadership and direction

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

- 5.1 Grampian sets out its strategic objectives in its internal management plan (IMP). The IMP includes a broad statement about what the Association aims to achieve. The plan is reviewed annually at a staff/ Board member away day and the outcomes of the away day are used to develop operational objectives and action plans.
- 5.2 Although the IMP sets a clear high level direction for the Association and is based on a sound understanding of the organisation's operating context, there are some weaknesses in the way that the IMP has been developed and used which undermine its effectiveness as a planning tool:
- the IMP only covers one year and contains very little information on resource implications;
  - the operational objectives do not set out what the organisation aims to achieve in key areas of service delivery;
  - many of the actions to be taken at an operational level do not meet the SMART<sup>1</sup> criteria of being measurable or timebound, making it difficult to measure or quantify progress; and
  - the Board does not always monitor progress against the action plans during the year.

### Clear functions and proper control

*Social landlords should be clear about the functions of the governing body, and take informed, transparent decisions within a framework of controls.*

- 5.3 Grampian's Board of Management has delegated responsibility for monitoring front line services to its sub committees, of which there are four which meet regularly. The housing committee receives performance reports in most key service areas, apart from planned maintenance and major repairs which are considered by the development committee. This split in responsibility makes it difficult for the Association to take a strategic overview of service quality.
- 5.4 The relevant sub committees receive regular reports on performance, generally on a quarterly basis. This timescale gives committee members the opportunity to identify emerging problems and take corrective action as required. Although improvements have been made to reports in some areas such as planned maintenance, there are still a number of gaps in

---

<sup>1</sup> SMART objectives are Specific, Measurable, Achievable, Relevant and Timebound

the reports which go to sub committees which mean that members do not get all the information they need to exercise effective control over performance:

- reports contain no information on targets or trends and little narrative to help committee members to identify key points;
- the committees do not receive benchmarking information to indicate how their performance compares with other landlords and do not routinely see information on the feedback received from users of the services; and
- some areas of performance, such as applications and the outcomes of the allocation process are not reported to sub committee.

5.5 We saw some evidence that sub committees give performance reports limited consideration and in some areas no action had been taken despite clear indications of performance weakness.

### **Developing capacity**

*Social landlords should ensure that their governing bodies have access to all the skills and experience they need to perform well, develop capacity and evaluate performance.*

5.6 Grampian's Board has a clear understanding of its role in dealing with the strategic issues facing the Association and a good structure of delegation to its four sub committees. The Board has a constructive relationship with senior staff.

5.7 Members have a wide range of skills and expertise. However the Association does not have adequate arrangements in place to ensure that members get the support they need to prepare them for effective and informed participation in the business of the Association:

- although new board members are asked to complete a form detailing relevant skills and expertise, this information is not used in any systematic way;
- Grampian has not carried out any formal assessment to ensure that the Board as a whole has an appropriate range of skills and knowledge to effectively run a housing association;
- training sessions are not clearly related to identified needs and the Association does not monitor attendance; and
- new Board members are given an induction pack but there are no formal induction or support arrangements in place.

## **Group Structures**

*Social landlords in group structures should be able to operate independently, have clear and separate identities, control potential conflicts of interest and ensure that their assets are not put at risk by subsidiaries.*

- 5.8 The Association is part of a formal group structure, consisting of Grampian and its wholly owned subsidiary, Kirkgate Homes. Kirkgate Homes was established in 1994 with the aim of extending the range of affordable housing options in the North East. Kirkgate Homes is set up as a non-charitable industrial and provident society. It is not registered with Communities Scotland. To date, Kirkgate has developed housing for market rent and built three developments of affordable housing for sale. All management services to Kirkgate are provided by Grampian.
- 5.9 Grampian has recently put in place a substantial loan facility for Kirkgate Homes, to support its subsidiary's business development. The arrangements for the loan do not fully comply with the requirements of Communities Scotland's guidance on relationships within group structures.
- 5.10 The Association does not currently have any detailed arrangements in place to set out how the constitutional relationship between itself and its subsidiary will operate and to ensure that conflicts of interest are appropriately managed.

## **Accountability**

*Engaging stakeholders, public reporting and making accountability real.*

- 5.11 A strong membership and good levels of participation at Annual General Meetings are important ways for a landlord to demonstrate accountability. The Association actively encourages new tenants, sharing owners and those receiving factoring services to join the Association and has been successful in achieving a broad membership. Grampian currently has 593 members - 570 or 96% of these are tenants or sharing owners. This means that 17% of its 3,300 service users can take part in electing the Board and influencing decision making.
- 5.12 For the past few years Grampian has had real difficulty in getting the necessary quorum of 10% of members at its initial AGM, despite making considerable efforts to encourage members to attend. Grampian is currently investigating ways of promoting a more active membership. Grampian has also made good progress in broadening the ability of tenants and customers to influence its activities in other ways, beyond membership of the Association. These have included the introduction of customer workshops and the customer panel 'Count me in'. The most

recent tenant member of the board joined after involvement in these activities.

- 5.13 Grampian has 11 board members. Four of these are currently Grampian service users (three tenants and one owner), a reduction from six in 2003/04. Four places on the Board are currently vacant. The Association has given some thought to how to fill these places but new members have generally been identified through personal contact than by a more open and managed approach to the recruitment of new members.
- 5.14 Social landlords should place the people they serve at the heart of their work and be responsive to their views and ideas. Grampian has developed a comprehensive customer participation strategy which reflects the context in which it operates. It takes into account the fact that a third of its service users are not tenants.
- 5.15 This strategy provides a good range of options for customers to become involved at a level that suits them. Grampian has identified the geographical spread of its properties as a barrier to participation and has made efforts to offset this by holding customer workshops and recruiting people to its customer panel from across its area of operation. In the November 2004 satisfaction survey 63% of respondents agreed that Grampian was either very good or fairly good at taking account of their views - a marked improvement from 49% in 1999.
- 5.16 Grampian has improved the quality of information it provides for service users although there are still some gaps, the most significant of which is information about future maintenance plans. Grampian's 2004 survey found that 86% of service users think that the Association is very or fairly good at keeping them informed about activities and services.
- 5.17 Grampian uses its newsletter and annual report to provide good information about how well it is performing against its targets but it is not telling service users about whether its performance is improving over time or how it compares with other landlords.

### **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.*

- 5.18 Grampian makes clear the standards of behaviour expected of Board members when they join, with all new members required to sign up to the SFHA Code of Governance. It has in place a declaration of interest policy which requires Board members and staff to identify any potential conflict of

- interest which may arise from their involvement with the Association. We also saw that identified conflicts of interest were dealt with appropriately at Board meetings. However, the Association is not collecting enough information to ensure it always complies with requirements on this issue. Board members are not required to confirm or update their registered interests on a regular basis and staff do not complete conflict of interest declarations.
- 5.19 Since 2002 Grampian has granted a number of benefits to people related to staff members. These instances are covered by the requirements of schedule 7 of the Housing (Scotland) act 2001, which restricts the circumstances in which such payments or benefits can be granted. We found a number of cases where Grampian has not complied with reporting requirements set out in Communities Scotland's guidance on special exceptions, and so has been in breach of schedule 7.
- 5.20 In three cases, contracts of employment were granted, either without the necessary prior approval by the Board or without being recorded as required in the register kept for this purpose. The Association has also granted a number of tenancies or shares in ownership without the appropriate detail being provided to the Board or recorded to demonstrate that the required processes have been followed.

### **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.*

- 5.21 Grampian is aware that its approach to risk management requires development; its risk management policy is outdated and does not cover all areas of its business. The Association is currently reviewing its approach to risk management.
- 5.22 Effective internal audit of all of the organisations areas of activity is an integral part of risk management. Grampian has appropriate arrangements in place to have these audits carried out and the results built into the Association's future plans. However, we saw little evidence that progress against the resulting action plans is being systematically monitored at Board level.
- 5.23 We saw some strengths in Grampian's governance; Board members are skilled and knowledgeable, there is an appropriate sub committee structure in place and the Association is working hard to ensure that it is accountable to its members and service users. However, we also found a range of weaknesses that cover most aspects of the Association's governance, including: long term planning; relationships within the group

structure; support for new Board members; compliance with schedule 7; and the management of performance and risk. This is an area of significant weakness for the Association.

### **Financial viability and management**

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

5.24 Grampian has historically shown good financial performance in the main areas of its operation. However, increasing debt to fund continued development has resulted in increased interest payments. This factor, coupled with a significant increase in major repairs expenditure and housing depreciation of over £300,000 (an accounting adjustment) contributed to net deficits in 2002/03 and 2003/04. Financial projections presented to the Board show deficits for each of the next three years.

<b>Financial performance</b>	<b>£000's 2000/01 (Actual)</b>	<b>£000's 2001/02 (Actual)</b>	<b>£000's 2002/03 (Actual)</b>	<b>£000's 2003/04 (Actual)</b>	<b>£000's 2004/05 (Revised Budget)</b>
Turnover	4,942	5,119	5,511	6,280	6,637
Operating Surplus/(Deficit)	1,551	1,712	1,153	1,444	984
Net Surplus/(Deficit)	46	78	(794)	(66)	(227)

5.25 Grampian does not routinely prepare longer term cash flow projections. Such routine projections are essential to demonstrate sustainability. However, 10-year projections were prepared in August 2003 and updated in April 2004 in response to committee concerns about the Association's ability to meet capital repayments on its loan facility, due to commence in November 2007. These projections show cash deficits in 2008 and 2009 with cash surpluses thereafter.

5.26 The 10 year cash flow projections include costings for planned maintenance expenditure. The Association is now working to incorporate recently completed thirty year maintenance plans into its financial projections.

5.27 The Association has an effective budget setting process enabling the Board to approve the budget ahead of the start of the financial year. The budget is revised in September to reflect the forecast year-end outturn. The budget for the forthcoming year provides a good level of detail with income and expenditure and cash flow forecasts covering a three year period. However, balance sheet projections are currently prepared for the

first year only. This means that loan covenants and the effect of future loan requirements are not being monitored by the Board.

- 5.28 Grampian's finance and general purposes committee receives regular reports about Grampian's finances, looking at historic performance and expected future performance. Separate financial monitoring reports are presented to the committee every two months to review actual performance against budget. These reports provide committee members with a good level of information. However, the usefulness of these reports is limited because they do not show the forecast position to the end of the year against budget.
- 5.29 Grampian is financially viable in the medium term and has areas of weakness that may have a financial impact. The financial management framework has some strengths and some areas of weakness. However, Grampian acknowledges the areas of weakness and plans to address them.

## 6. Recommendations 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 areas of activities, Grampian should:

- set clear targets and standards in all aspects of service delivery, including intended outcomes, and improve monitoring of performance against these; and
- make effective use of all feedback, including complaints, from tenants and other service users to improve service delivery.

In housing management, Grampian should:

- ensure that it complies with all of its statutory responsibilities towards its secure tenants with regulated tenancies;
- ensure that all tenants with regulated tenancies are made aware of all of their legal rights;
- review its approach to setting service charges to ensure that the charges set are fair and transparent; and
- provide better information to applicants for housing outside Aberdeen, including about suspensions from offers.

In property maintenance, Grampian should:

- ensure that it complies with its statutory duties relating to gas safety and Right to Repair;
- take action to improve its stock condition information; keep it up to date and use it more effectively in the longer term planning of the maintenance programme;
- improve the arrangements for procuring property maintenance services in order to ensure transparency and value for money;
- respond to service users concerns about access arrangements to carry out repairs;
- improve its performance in carrying out routine repairs and respond to tenants concerns about the timescales for other categories of repair; and
- use information from post inspections to monitor and improve the quality of repair work carried out.

In governance and finance, Grampian should:

- comply with Communities Scotland guidance on payments and benefits;
- strengthen its approach to longer term strategic planning and put in place effective operational action plans to ensure that all its activities are directed to meeting its strategic objectives;
- reflect longer term strategic plans in appropriate financial projections, including long term cashflow projections, to demonstrate long term sustainability;

- ensure that the reviewed approach to risk management takes appropriate account of operational risks arising from all aspects of the Association's activities;
- improve its reporting arrangements to ensure that the governing body can effectively monitor performance and drive forward service improvement;
- develop more detailed arrangements to manage the constitutional relationship with its subsidiary; and
- improve the format of its financial reports to the Board to allow more effective monitoring of performance.

The Association should set out in the Improvement Plan it gives us, the actions it intends to take to respond to all of the recommendations listed above under property maintenance and governance and financial management.

## 7. Next steps

- 7.1 This report highlights our findings following this housing inspection. We expect all organisations to respond effectively to our recommendations using their own improvement planning processes. We ask organisations that receive fair or poor assessments overall in their housing management, property maintenance or governance and financial management, to submit an improvement plan 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. We inspect once every five years and follow up improvement plans after two years.
- 7.2 If you would like to see Grampian's improvement plans you should contact:

Grampian Housing Association Ltd  
Huntly House  
74 Huntly Street  
Aberdeen  
AB10 1TD

### Sources of evidence

#### **Groups and third parties consulted**

- Aberdeen City Council
- Aberdeen Foyer/ Foyer Enterprise
- Aberdeenshire Council
- Aberdeenshire Housing Partnership
- Burnsfield Area Tenants Association
- Castlehill Housing Association
- Communities Scotland Area Team, Tenant Participation Team & Homepoint Team
- Fraserburgh Masterplan Working Group
- Grampian Community Care Charitable Trust
- Grampian Racial Equality Council
- Grampian tenants in Moray
- Homechoice
- Home-start Aberdeen
- Langstane Housing Association
- Richmond Fellowship
- Solstice
- South Aberdeenshire Tenants Residents Association
- The Moray Council
- Torry Community Council

#### **Interviews / meetings**

- Chairperson and Board of Management members
- Chief Executive
- Director of Finance
- Director of Housing and Property Services
- Director of Corporate Services
- Housing Managers
- Customer Services Coordinator
- Property Services Manager
- Housing Revenue team Leader
- Housing Services Team leader
- Finance Manager
- Housing Officers
- Clerk of Works
- Customer Response Unit staff
- Grampian tenants in Moray

- South Aberdeenshire Tenants and Residents Association
- Individual service users

### **Reality checks**

- Application case reviews
- Allocation case reviews
- Section 5 referrals case reviews
- Short SST case reviews
- Eviction Case reviews
- Antisocial Behaviour Case Reviews
- Complaints Case Reviews
- Arrears Case Reviews
- Voids Case Reviews
- Repairs Case Reviews
- Gas Safety Case Reviews
- Schedule 7 Case Reviews
- Governing Body Rent Accounts
- Observation of Management Committee Meetings
- Observation of Sub Committee Meetings
- Shadowing Clerk of Works
- Shadowing Housing Services Officers
- Telephone Survey New Tenants

### **Key documents reviewed**

- Inspection Submission
- Minutes of Board of Management and committee meetings
- Annual Performance and Statistical Returns
- Internal Management Plan
- Customer participation strategy
- Allocations policy
- Complaints policy
- Arrears policy
- Anti social behaviour policy
- Maintenance policies
- Annual report
- Customer information leaflets
- Tenants and Sharing Owner Handbooks
- Newsletters
- Annual reports
- Schedule 7 register
- Annual Accounts
- Budget 2004/05
- Management Accounts

### Examples of positive practice

These are areas we would highlight as working particularly well, taking account of the organisation's operating context:

#### ***Sustaining tenancies***

Grampian's housing revenue staff deliver a professional customer-focussed service to those tenants who experience difficulties in paying their rent at the same time ensuring maximising income for the association.

Particular strengths are:

- Early intervention
- Sustained contact with tenants
- Limited recourse to legal action
- Clear and informative customer leaflets
- Effective working relationships with housing benefit
- Good links with the Financial Inclusion Officer

#### ***Increasing responsiveness and participation***

As part of its commitment to increasing its responsiveness to its customers and to encourage customer participation, Grampian has established a customer Panel initiative 'Count me in' as part of its wider customer participation strategy.

Grampian identified the geographical spread of its properties as a barrier to traditional participation. 'Count me In' allows customers to input their views through regular surveys and to participate in workshops on a range of service delivery issues. This is a positive attempt to engage tenants geographically dispersed groups and it broadens the ability of tenants and other service users to influence Grampian's activities. Particular strengths of this approach are

- The Customer Panel is continuously promoted in a range of ways by Grampian and efforts made to recruit new members.
- The panel is administered and workshops facilitated by an independent housing consultancy which ensures that all comments are heard even where these might be uncomfortable for the association.
- Feedback is given both to panel members individually and to the wider customer base through newsletters.
- Grampian is using feedback from the panel to change the way it delivers its services.

## Glossary

<b>Annual Statistical and Performance Return (APSR)</b>	Annual questionnaire completed by RSLs and sent to Communities Scotland. Used to keep the Register of Social Landlords up to date and to track the performance of RSLs.
<b>Average</b>	The arithmetic mean – the sum of all the values divided by the number of values.
<b>Common housing register</b>	A register of all applicants for social housing used by two or more landlords within an area.
<b>Cyclical maintenance</b>	Planned programme of work to deal with predictable deterioration of building components, for example regular painting of window frames.
<b>Focus group</b>	A group of people brought together to have a structured discussion on a specific subject or set of subjects, facilitated by an independent person.
<b>Housing list</b>	A list of applicants for housing which is used by the RSL to allocate its housing stock.
<b>Inspection submission</b>	Documents submitted by the landlord at the start of the inspection to provide information on its performance, context and how it is structured.
<b>Life cycle costing</b>	A method of calculating the cost and timing of the repairs to, and replacement of, major building components.
<b>National median</b>	The central value of the ordered performance of all Scottish RSLs.
<b>Peer group</b>	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.
<b>Performance indicator</b>	A measure of how a RSL is achieving its objectives. Performance Indicators can be compared with a pre-set standard (a benchmark) or with other organisations.

<b>Performance Standards</b>	Housing standards for all social landlords in Scotland.
<b>Planned maintenance</b>	The planned renewal or maintenance of key property components.
<b>Quartile</b>	The range represented by one quarter of the ordered performance of all Scottish RSLs. So for example, the upper quartile is the top 25% of RSLs.
<b>Serious arrears</b>	Where a tenant owes more than 13 weeks rent payments and this is more than £250.
<b>Rechargeable repairs</b>	Work that is the responsibility of the tenant but has been done by the landlord.
<b>Registered social landlord (RSL)</b>	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
<b>Re-lets</b>	Lets made to the second or subsequent tenant. Distinguished from new lets that are made when the property is first built or modernised.
<b>Right to Buy</b>	Many Scottish secure tenants have the right to buy their property at a discounted price subject to length of tenancy.
<b>Right to Repair</b>	A scheme which gives tenants legal rights to have certain repairs in defined times.
<b>Scottish secure tenancy (SST)</b>	The Housing (Scotland) Act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.
<b>Shadowing</b>	An inspection technique that involves accompanying and observing staff while they carry out their day-to-day tasks.

## Regulation & Inspection

### **EDINBURGH**

Rosebery House  
9 Haymarket Terrace  
Edinburgh EH12 5YA  
Tel: 0131 313 3700

### **GLASGOW**

Highlander House  
58 Waterloo Street  
Glasgow G2 7DA  
Tel: 0141 226 4611