

Communities Scotland
Inspection report

Langstane Housing Association

September 2005

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Summary

The inspection of Langstane took place from 29 November to 10 December 2004. We awarded Langstane the following grades:

Housing management	D	Poor	Major areas where improvement is needed or where a number of very significant weaknesses are found.
Property maintenance	B	Good	Many strengths and some areas where improvement is needed

Inspection Findings

Langstane Housing Association owns 2160 houses for social rent spread across Aberdeen, Aberdeenshire and Moray and has permanent offices in Aberdeen and Elgin. Langstane is run by a skilled and stable Committee of Management which includes two tenants and three representatives from the local councils in its area of operation.

It is continuing to develop new houses, with a programme for this year of around £10 million. The Association is financially viable with reasonable exposure to financial risk, although it needs to update its financial projections to ensure that it is working with the most accurate picture of its financial situation. The Association is not currently doing enough to plan for some of the risks it is facing.

Langstane has a strong, co-operative relationship with its subsidiary organisation (Langstane SP), which provides houses for shared ownership, but it needs to develop more detailed arrangements for managing this relationship to make sure both organisations can continue to operate independently. The Association also needs better information to make sure it can comply with the statutory requirements on payments and benefits to staff, committee members and their relatives.

The Association is responsive to feedback from its service users but has recognised that it needs to give its tenants and service users greater opportunity to influence its services, and we saw that it is working to improve this.

Strengths in Langstane's services:

- its houses and neighbourhoods are generally in good condition;
- it completes almost all of its repairs within its target timescales and most tenants are satisfied with the repairs service they receive;
- a high proportion of empty houses are relet quickly;
- it promotes choice for applicants through its involvement in the local common housing register in Aberdeen city.

Key areas for improvement in Langstane's services:

- how it handles applications for housing to provide full and open access to its houses;
- the lack of transparency in the way it lets many of its houses;
- the range and quality of information it provides for applicants about how to access housing and how their applications are being handled;
- the collection of information from applicants to support their application;
- Right to Repair and asbestos management;
- how it uses legal action to enforce tenancy conditions;
- the creation of new tenancies following legal action;
- its collection of rent from current and former tenants.

Next steps

Langstane should produce an improvement plan to show how it intends to respond to our findings on housing management and governance and financial management. The plan will be agreed with us.

How to get more information and contact details

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

Langstane Housing Association Ltd.
680 King Street
Aberdeen
AB24 1SL

Telephone: 01224 423000
E-mail: info@langstane-ha.co.uk
Website: www.langstane-ha.co.uk

The full report is on our website at 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.

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 Lead Inspector for Langstane was Lynn Sweeney, supported by, Janet Buchanan (Inspector) Lynne Bell (Financial Analyst), Erika Hudleston (Inspection Officer) and Yvonne Summers (Inspection Manager). We were on site between 29 November 2004 and 10 December 2004. We would like to thank everyone involved in the inspection, particularly the Committee of Management, 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 Langstane Housing Association was registered with the Housing Corporation for Scotland in 1977. It is constituted as an industrial and provident society with charitable status.
- 2.2 Langstane has 2160 properties across a large geographical area covering three local authority areas, Aberdeenshire, Aberdeen City and Moray. The main Langstane office is in Aberdeen where 57% of its houses are situated. It also has a local office in Elgin and a staff base in Peterhead.
- 2.3 Langstane employs a team of 62 people. This is made up of a Chief Executive, 3 Directors, 6 Managers and teams covering Customer Services, Corporate Services, including Finance, and Business Development. This is a new structure for the organisation and it is planned to be fully operational by June 2005.
- 2.4 Langstane is governed by a Committee of Management elected annually at its Annual General Meeting. Langstane has 12 Committee members, 2 of whom are tenants. Its aim is to provide affordable housing for persons likely to be disadvantaged in the housing market while contributing to the regeneration of sustainable communities.
- 2.5 Langstane was originally formed to provide affordable housing for single people; nearly 80% of Langstane's houses are one or two apartment. The Association's strategic focus as well as its tenant base have widened over time but single person households remain the primary tenant group. This group generally has a lower level of housing benefit entitlement. Only 38% of the Association's rental income in 2003/04 came from Housing Benefit compared to the national median of 58%.
- 2.6 Across the Langstane area, population growth and full time employment levels are above the national averages of 1.3% and 40.25% respectively. However, Langstane's area of operation also includes substantial pockets of deprivation, both in the inner city of Aberdeen and in the rural towns. In particular, the area has been affected by the decline of the fishing industry and its impact on the Buchan coastal towns of Peterhead and Fraserburgh.
- 2.7 In addition to providing housing management and property maintenance services, Langstane undertakes a range of other activities. Langstane got around £10 million of grant funding in each of the last 2 years to support the building of new homes and anticipates an increase to around £12 million in the current year. The Association has also been involved in a

range of wider action programmes; facilitating a number of community based projects and supporting a variety of social and voluntary groups by using funding of over £300,000, secured for this purpose.

- 2.8 Langstane manages properties on behalf of Aberdeen Soroptimists Housing Society Ltd and Grampian Community Care Charitable Trust and acts as a Lead Tenant, leasing houses from a number of individual owners and letting them to people on its housing list. Langstane has a wholly owned subsidiary housing association which is also registered with Communities Scotland (Langstane SP) which provides shared ownership properties.
- 2.9 The Annual Performance and Statistical Return asks RSLs to select a peer group which best describes their organisation. The peer group that Langstane selected is defined as 'large urban RSLs with predominantly modern housing stock'. This is the group we use to compare Langstane's performance.

Key Facts

The table below gives background information about Langstane, and shows trends over the last three financial years.

	2001-2002	2002-2003	2003-2004
Houses owned	1,778	1,872	2,160
Employees	54	55	62
Annual turnover	4,560,000	5,471,000	5,484,000
Total possible rental income	3,627,392	4,706,738	4,469,148
Rental income from housing benefit	38.9%	42.4%	38.8%
Average weekly rent	36.58	37.68	39.27
Average rent increase	3.3%	2.3%	4.1%
Houses re-let	339	335	383
Responsive repairs carried out	5,031	5,106	5,412
Maintenance spend per house	177.84	169.85	170.00
Right To Buy sales	0	0	0

Source (identify when APSR or Annual Accounts)

3. Housing management

3.1 The grade awarded for housing management is:

D	Poor	Major areas where improvement is needed or where a number of very significant weaknesses are found.
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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 maximise access to housing.

- 3.2 Applicants can be considered for Langstane's properties through two routes. In Aberdeen city, Langstane is part of a common housing register administered by Homechoice. This covers two thirds of Langstane's houses. 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. 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 In the last year, Langstane has been taking part in Homechoice's pilot choice based letting system for houses in certain identified areas of the city. Access to these houses has been advertised through the local newspaper, the Citizen and on the Homechoice website.
- 3.4 Langstane has its own housing list for the remaining 700 houses it has in Aberdeenshire and Moray. Langstane does not provide good information for applicants about how to apply for houses outside Aberdeen. The Association has arrangements in place for making its application form and other key documents available in community languages as required, but does not yet offer them in alternative formats.
- 3.5 Outwith the Homechoice area, Langstane has a target of one day to add an applicant to its housing list. While the Association is collecting information about its performance against this target it is not using this information to identify problems or improve performance.
- 3.6 We found several serious weaknesses in Langstane's approach to providing access. Langstane is not effectively managing its housing list. At the time of our inspection it was holding information about more than 22,000 applicants on its list. Only 7% of these (1,544 applicants) were

actively being considered for housing. The other 93 % were variously categorised as cancelled, deferred, enquiry, housed and received. The Association last carried out a review of its housing list in 2001.

- 3.7 The Association asks for information on its application form which it is not lawful to use as part of its consideration of whether to house someone, such as employment status and income. It is not clear how this information is being used. We found a number of applications recorded as awaiting evidence to support some of this irrelevant information, including evidence of incapacity benefit, receipt of bursary, and proof of employment. These applicants were suspended from being made offers of housing until the information was received. This does not comply with good practice guidance on suspension of applicants and does not constitute fair and open access.
- 3.8 In many cases, the fact that further information or evidence has been requested is not recorded on Langstane's computer system and individual staff members are expected to remember the status of individual applications when letting houses.
- 3.9 We found a number of other weaknesses in the way that Langstane manages its housing list:
- it does not acknowledge receipt of applications or write to tell people what points they have been awarded;
 - it does not have a formal policy or any guidance for staff on when applicants should be suspended from receiving offers;
 - it does not tell applicants about the circumstances in which they can be suspended; and
 - it is poor at providing clear information to applicants who have been suspended about the status of their application and the right to appeal any suspension.
- 3.10 Langstane routinely cancels the applications of those who fail to respond to a letter asking them to contact the Association within two working days. This cancellation results in them being removed from Langstane's own list and the entire Homechoice list. Applicants are not advised that their application has been cancelled or of their right to appeal this decision. The Association does reinstate cancelled applicants who subsequently contact the Association but the Association's figures show that the average time from cancellation to reinstatement is eleven months. This practice is affecting a large number of applicants who want to access Langstane's houses.
- 3.11 Langstane collects basic information about the ethnicity and disability of applicants as part of the application process and these figures indicate that all sections of the community are getting access to its housing.

- 3.12 Langstane's involvement in the Homechoice common housing register promotes access to its houses in Aberdeen. However, the Association is following a number of practices that restrict access to its housing list, and ultimately to its housing, across all areas; primarily the routine cancelling of large numbers of applications for non-response to communications and the inappropriate suspension of applicants awaiting non-relevant information. The lack of publicity material and the gaps in information for suspended and cancelled applicants are further obstacles to accessing the Association's houses.

Meeting need and maximising choice

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

- 3.13 Langstane prioritises applications using a points system based on a range of housing needs which clearly reflect the statutory reasonable preference categories. The Association places applicants into 'needs groups' for lettings to ensure that it makes offers to people in a range of circumstances, although these are generally only used to decide who to let a house to where two or more applicants have the same number of points. Two of the groups used by the Association to make this distinction are based on age of applicant and the Association's IT system prioritises those in the higher age group. This means that some allocation decisions are taking account of the age of applicants, in circumstances which do not comply with legal restrictions on the consideration of age.¹
- 3.14 The Association does not monitor or report the outcomes of its approach to lettings and so it does not have good information on the types of housing need that it is meeting. There are other aspects of the process, such as the consideration of location issues and social factors, which are not included in the Association's allocations policy or lettings information. Both of these issues were identified as weaknesses in Langstane's last performance audit in 1999.
- 3.15 Staff also told us that houses becoming available for let are often not offered to applicants with the highest points, although the Association records so little information about its lets that it is not able to see how often this is happening.
- 3.16 As applicants approach the top of either the Homechoice or Langstane's own housing list, staff are required to carry out 'profiling' interviews with applicants to verify the information on their application before any offer of housing can be made. However, we saw evidence that applicants with the

¹ The reference is to section 20 (2A) of the Housing (Scotland) Act 1987 as inserted by section 10 (4) of the Housing (Scotland) Act 2001.

highest points total are not consistently being approached for profiling. The lack of a completed profile is then used as a justification for bypassing applicants who would otherwise be eligible for particular offers. Staff also make subjective assessments on the basis of these interviews which are used to restrict an applicant to offers for certain types of properties, such as lead tenancies. Tenants in these properties have less security of tenure. There is no clear guidance for staff on selecting people for interview, on the information to collect or on how the resulting information is to be used in letting houses. These are significant weaknesses in the housing management service.

- 3.17 We also found a number of other significant weaknesses in the letting process:
- applicants, including homeless people nominated by a local authority, who do not respond within a two day timescale are bypassed for an offer;
 - houses are sometimes let to people with no points and no application form on file;
 - a number of application forms have been destroyed by accident and the applicants have not been informed; and
 - some hostel and shared accommodation is not let on the basis of the Association's allocations policy at all. Applicants are not awarded points, there is no guidance for staff on how to decide who to let these properties to and no information is kept on how the decision was made.
- 3.18 Langstane houses relatively few homeless people; less than 2% of its lets are to homeless people. Although Langstane has section 5 protocols in place with the three local authorities in whose areas it operates, the Association is not clear about how and when they should be used. We saw instances of local authority nominations being recorded as section 5 referrals where properties were at the development stage and not available for let until months after the referral date. Because of these recording practices we were not able to see if any section 5 referrals had actually been received.
- 3.19 Langstane offers applicants a good range of choice in where they are housed; people can choose any number of areas from a total of 34. There is no limit on the number of offers and Langstane does not suspend applications where people have refused offers of housing. This is positive and helps to promote choice for applicants. The Association's lead tenancies, where it lets houses on behalf of other owners, also offer increased choice for applicants who are looking for short term or furnished housing.

- 3.20 Where there is no demand from its housing list, Langstane has used innovative approaches such as advertising properties to let through the University of Aberdeen.
- 3.21 While the Association is promoting choice through its involvement in the common housing register and has a flexible approach to selected areas for housing, the Association is not taking a systematic or transparent approach to letting its houses; it does not know what types of need it is meeting and does not attempt to measure whether it is letting its houses fairly. The Association does not meet the requirement to publish the rules it uses to let houses; the allocations policy does not cover all aspects of how its houses are let in practice and the policy currently in place is not always being used. Some aspects of practice do not comply with legal restrictions.

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.

- 3.22 The majority (88%) of Langstane's existing tenants have signed up to the Scottish secure tenancy (SST). The Association also has a number of houses that it leases from other landlords through the Lead Tenancies scheme. The people living in these houses have short SSTs in line with the requirements of the contracts Langstane has with the owners of the properties. Occupancy agreements are in place for the shared flats at Cameron House. The blanket use of occupancy agreements for shared accommodation means that the Association may not always be maximising security of tenure for its residents.
- 3.23 The provision of good information and access to appropriate support are important ways in which landlords can help to sustain tenancies. The Association provides a useful tenants' handbook and a sign up pack for new tenants which include information on a range of housing management issues. Copies of the most recent tenants' newsletter are also made available. Langstane's policy is to make follow up visits, or at least phone calls, to new tenants to provide further information and assistance, although this did not happen in a number of the cases that we looked at. There was some indication that this might be because the Association's houses are spread over a wide geographical area and it has had some constraints on staff resources. The Association works well with a number of partners to offer support to its tenants, particularly in relation to money management and debt advice.

- 3.24 The Association is evicting a high number of its tenants for rent arrears; it recovered vacant possession of 37 houses in 2002/03, 39 in 2003/04 and 11 in the current year to date. This is equivalent to 1.99% of all Langstane's properties in 2003/04 and is well above the average for its peer group of 0.29% and the national average of 0.18%.
- 3.25 However, Langstane recognises the specific needs of its tenants, many of whom are young single people, and works hard to avoid legal action for rent arrears where it can. We found a sound case management strategy which does not automatically initiate or escalate legal action. If a tenant is in communication with the Association, the case is regularly reviewed to ensure any agreement is being maintained prior to taking any further action. We also saw that:
- staff make early and sustained contact with tenants;
 - good letters stress the seriousness of the situation and the risk to the tenancy;
 - realistic payment agreements are set up;
 - the Association provides good advice and information on benefits; and
 - staff make referrals to independent support and debt advice agencies such as the Citizens Advice Bureaux and Cyrenians.
- 3.26 Where court action is taken and a decree for recovery of possession is obtained, tenants are offered a final opportunity to appeal direct to the Chief Executive prior to recovery of possession being followed through.
- 3.27 There are a number of gaps in this generally good approach. Langstane is not routinely advising the relevant local authority of cases where it has obtained a decree for recovery of possession. It is also providing inconsistent information in early letters about where tenants can get independent advice. More importantly, where a decree for recovery of possession has been granted but not implemented, because the Association has agreed a payment schedule with the tenant, the tenant is not being asked to sign a new tenancy agreement. This means that tenants in this situation have no contractual tenancy.
- 3.28 Langstane is maximising security of tenure for most of its tenants. We found that although Langstane has a high level of evictions, the Association is doing substantial work with tenants to help them retain their tenancy before taking eviction action.

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 anti-social behaviour.

- 3.29 Langstane manages its estates well. We visited various estates and found the general appearance of areas is good; gardens and common areas are well maintained and there is generally little evidence of graffiti, litter or vandalism.
- 3.30 Langstane receives few complaints about cleanliness, graffiti or vandalism. The new complaints system introduced in April 2004 is monitored regularly by staff to ensure all complaints are followed up with the tenants and appropriate action is taken. A number of comments about the standard of the garden maintenance and close cleaning services were received as part of the consultation exercise on the proposed rent and service charge increase last year. Langstane intends that once the new Customer Service division is fully in place, later in 2005, staff will work with tenants to set service standards for these and other aspects of the housing management service that the Association delivers.
- 3.31 Langstane's designs for new developments incorporate a range of community or environmental features such as play areas, and it has worked well with partner agencies in one particular area to provide and help establish a community flat where a range of services, clubs and information are available to the community.
- 3.32 Earlier this year, Langstane introduced a new approach to dealing with antisocial behaviour, in response to tenants' concerns and an increase in the number of complaints being reported. The new approach includes:
- clear aims and objectives set out in the policy;
 - a dedicated officer to deal with complaints about antisocial behaviour;
 - good awareness and use of a wide range of approaches and solutions from mediation to legal action; and
 - effective links with other organisations.
- 3.33 Our discussions with staff and the case reviews we carried out confirmed that Langstane has a knowledgeable and responsive service in place that links well with other agencies. The Association has also introduced good monitoring arrangements to make sure it can assess the impact of its new approach.

- 3.34 However, there are still some weaknesses in Langstane's approach to this issue:
- no clear distinction between neighbour nuisance or antisocial behaviour complaints and complaints about the service delivered by the Association;
 - the lack of target response timescales for dealing with each type of complaint;
 - no separate arrangements for incidents of racial harassment or acknowledgment of its agreement with GREC²; and
 - no information to affected tenants on their right to appeal any decision or action taken by the Association.

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.

- 3.35 Langstane's most recent tenant satisfaction survey was carried out in 2002. The questionnaire, which had a response rate of 30%, included questions on a range of housing management services. The results indicated that 97% of tenants were either satisfied or very satisfied with Langstane as a landlord and the services it provides. This information was used in reviewing the empty house relet standard and improving its approach to managing its estates.
- 3.36 Langstane has a dedicated Tenant Participation Officer and has established a Tenant Participation Working Group, which meets quarterly and includes representation from the Association and its tenant and residents' groups. Langstane is currently working with four active groups.
- 3.37 The Association recognises that it needs to do more to consult and work with its tenants, and has introduced a number of initiatives to improve levels of participation and consultation. It created a database of tenants interested in being consulted, and of the areas they would be most interested in being consulted about. This followed a pilot mail shot in October 2004 which resulted in 33 responses from interested tenants and has encouraged the Association to give all its tenants the opportunity to join the database. Langstane plans to do this through the tenants' newsletter scheduled for February 2005. The Association is currently working with the tenants who have responded so far and with its existing tenants' groups to review its tenant participation strategy, which will also feature in the February 2005 edition of the tenants' newsletter.

² Grampian Racial Equality Council

- 3.38 Langstane did not comply fully with the statutory requirement to consult its tenants about its proposed rent and service charge increases last year. It did consult tenants through its newsletter, Tenants' Group and Tenant Participation Working Group but did not then take its findings back to the Committee to enable it to take these findings into account in deciding the final increase to be applied. Langstane acknowledges its mistake and has taken steps to ensure that the consultation is completed and fed back before the Committee discusses this issue in future.
- 3.39 Langstane does not collect and analyse feedback from users of its housing management services on an on-going basis. Langstane has a complaints log to record any complaints received about its service, which it monitors, and prompt action is taken to respond to individual issues.
- 3.40 The Association is committed to providing equal access to its housing management services. It commissioned an independent audit of access arrangements in its Aberdeen office and has taken action to make its services accessible for all members of the community including:
- advertising all empty properties through the Grampian Racial Equality Council;
 - improving parking at its Aberdeen office for those with mobility difficulties;
 - installing a hearing loop and improved signage for people with hearing or visual impairments; and
 - providing access to translating services for people who do not use English as their first language.
- 3.41 As part of its restructuring exercise the Association intends to improve customer communication and ensure that all services are provided in a format appropriate to customers' needs.
- 3.42 Langstane has initiated a range of work to improve how it engages with and responds to users of its housing management services, but it is not yet an organisation that is fully focused on its customers.

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.

- 3.43 Langstane has a comprehensive approach to rent collection. This includes a range of local or direct payment methods. This is complemented with good advice and information at the sign up of a new tenancy and regular articles in the tenants' newsletters.

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

	At March 2003	At March 2004			At Sept. 2004
	Langstane	Langstane	Peer Group	National Median	Langstane
Total arrears as % of total gross rental income	10.9%	8.7%	6.8%	6.2%	8.2%
Total current arrears as % of total gross rental income	7.5%	4.8%	4.9%	4.4%	5.1%
Current arrears (non technical) as % of total gross rental income	3.8%	4.5%	3.3%	3%	5.0%
Current arrears (technical) as % of total gross rental income	3.7%	0.3%	1.6%	1.4%	0.1%
% of current tenants in serious arrears	4.4%	2.0%	5.8%	-	4.0%
Total former tenant arrears	£160,757	£177,918	-	-	£159,000
As % of total gross rental income	3.4%	4.0%	1.9%	1.1%	3.2%
Rent arrears written off	£151,628	£34,898	-	-	£46,053

Data source: Annual Performance and Statistical Return and Communities Scotland's Scottish RSL Statistics

3.45 Langstane's total arrears as a percentage of its total rental income has decreased over the last two years but, at 8.7%, is still above the figure for its peer group (6.8%). At March 2004, Langstane ranked 17th of the 50 RSLs in its peer group and was in the third quartile of all Scottish RSLs. Total arrears had fallen to 8.2% by the time of the inspection. Overall arrears for current tenants are closer to the performance for Langstane's peer group but this is due to a relatively low level of technical arrears; Langstane's figure for current non-technical arrears (4.5%) was above both the national median of 3% and its peer group level of 3.3% at March 2004 and is continuing to rise.

3.46 Former tenant arrears also increased from March 2003 to March 2004 and are again at a level well above that of Langstane's peers and the Scottish median, despite writing off a significant amount of these arrears over the last two years.

3.47 The Association is performing better in relation to serious arrears cases which fell to 2% in 2003/04, compared to a peer performance of 5.8%. technical arrears have also been reduced to 0.3% in 2003/04 which again is significantly lower than its peer group level of 1.6% and national median of 1.4%. Discussions with staff and reports to the Tenant Services Subcommittee highlight staff absence earlier in the year as a contributory factor to the current year's arrears management performance.

- 3.48 Langstane has, and is continuing to develop, a people centred, proactive approach to managing arrears which is discussed earlier in this section of the report. Staff also use regular meetings and the results of case monitoring to continue to work on improving performance.
- 3.49 Langstane also recognises the need to improve its management of former tenant arrears. Following an internal audit report on this issue a new approach has been developed which includes reviewed staff responsibilities and improving monitoring systems. However, no target for improvement has been set and it is too early to assess the effectiveness of these changes.
- 3.50 The table below shows that Langstane is good at reletting empty houses quickly.

	2002-03	2003-04		2004-05*	
	Langstane	Langstane	Peer Average	National Median	Langstane
Rental income lost due to empty houses	£150,616	£125,424			£54,124
As % of total rental income	3.2%	2.8%	1.2%	0.9%	2.2%
Total no. of re-lets	335	383	-	-	192
% re-let in <2 weeks	67.2%	71.0%	44.4%	39.1%	79.7%
% re-let in 2-4 weeks	16.7%	14.4%	24.0%	24.0%	7.8%
% re-let in >4 weeks	16.1%	14.6%	31.7%	36.6%	12.5%
Average time to re-let (days)	28	32	32	25	21

* For the period April to September 2004

- 3.51 On average it took Langstane 32 days to relet a house last year. This is the same as its peer group, although it is higher than the national median of 25 days. Langstane has reduced that average to 21 days for the first half of this year. Langstane also let over 70% of its empty houses in less than two weeks, compared with 44.4% for its peer group. Less than 15% of empty houses took more than four weeks to relet compared with almost 32% for its peer group. In both of these categories, Langstane's performance continued to improve in the period to September 2004. This strong performance looks even better, taking into account that the Association had the highest number of houses to relet in its peer group in 2003/04 and was in the upper quartile for all Scottish RSLs.
- 3.52 This level of turnover has also impacted on the amount of rental income being lost through empty houses. Langstane reduced its percentage from 3.2% in 2002/03 to 2.8% in 2003/04 and 2.2% for the current year. However, these figures are still well above both the national median of 0.9% and its peer group performance of 1.2% for 2003/04.
- 3.53 RSL's service costs directly impact on the level of rent tenants are required to pay. Langstane has a time recording system in place to help it

identify and manage the cost of its housing management service. The cost for 2002/03 of £514 per house compares favourably with the peer average of £525 and the national average of £556, particularly given the dispersed nature of the Langstane's houses. In Langstane's most recent survey 80% of the tenants who responded said the rent they pay is good value or affordable.

Performance management

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

- 3.54 Over the last year Langstane has not had a consistent approach to service specific performance monitoring and management largely due to staffing difficulties. Sound monitoring and service review arrangements are in place and are now working well in arrears, anti social behaviour, managing empty houses and customer complaints. However, there are still significant weaknesses in the recording and management of information on applications, waiting list management and information on outcomes from the allocation process.
- 3.55 Performance against targets for housing management services is reported to the Tenancy Services Sub-committee. This includes information on waiting list numbers for both Homechoice and Langstane itself, the source of allocations, voids, local authority nominations, instances of antisocial behaviour, evictions and rent arrears.
- 3.56 We found a number of key weaknesses in current reporting arrangements:
- reports do not clearly set out the targets that staff may be working towards;
 - some reports do not contain trend information to allow the sub committee to see if performance is improving or getting worse;
 - there is no benchmarking information to allow comparison with other landlords; and
 - performance reporting is not detailed or frequent enough in some areas to allow the sub committee to see problems emerging and ensure corrective action is taken.
- 3.57 In relation to Homechoice, the Association recognised some time ago that it should have a service level agreement in place to set out service standards against which performance could be measured, and this was confirmed by its internal auditors in 2003/04. The Association has taken the lead in developing a minute of agreement but until it is in place Langstane has not formally set out its expectations in terms of performance from Homechoice and has no means of ensuring that its

expectations are met. The Association receives very little performance information from Homechoice on a regular basis and so has very little knowledge about what outcomes are being achieved.

- 3.58 We found that the Association does not have detailed or robust guidance for staff on how houses should be let and staff do not always follow the policies and procedures that are in place. This process is not being effectively recorded, monitored or controlled.
- 3.59 Langstane is aware of some of the weaknesses in performance management we have identified, has accepted a number of our early findings and has shown a willingness to begin to address these. The Association has also taken a number of actions to proactively improve its housing management service on the basis of problems it has identified or arising from tenant feedback. However, other important aspects of the performance in the service are not well controlled and weaknesses are not being effectively addressed.

Grade and overall assessment of housing management

- 3.60 Our overall assessment is that Langstane's housing management service is poor. While we found some areas of good performance, we also found a number of significant areas where improvement is needed and a range of weaknesses that directly impact on service users. These considerably undermine the service to housing applicants and the housing management service as a whole. We set out below the key factors we have taken account of in coming to our overall assessment.
- 3.61 Langstane's good performance in reletting its houses quickly has a positive and direct impact on service users and their access to housing. The Association is generally maximising security of tenure for its tenants and is improving its management of arrears. Also, Langstane's tenants are satisfied with their neighbourhoods.
- 3.62 However, the Association has a number of significant weaknesses around how it lets its houses, including;
- suspension of applicants awaiting irrelevant information;
 - the cancellation of large numbers of applicants for failure to respond to communications within two working days;
 - unjustified bypassing of applicants;
 - inappropriate consideration of age in making allocations; and
 - letting houses outwith the published allocation policy.

3.63 There are also weaknesses in the management of the lettings process including not reviewing the housing list for four years, significant gaps in monitoring information and extremely poor record keeping, that mean that the Association is not aware of or in control of who it is housing. Many of these issues were highlighted in the Association's last performance audit report but the Association has not been successful in addressing them.

4. Property maintenance

4.1 The grade awarded for property maintenance is:

B	Good	Many strengths and some areas where improvement is needed
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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 Langstane provides a good responsive repairs service that responds well to tenants' requests. Tenants can report repairs by telephone, in person, in writing or by type talk. The out of hours service is provided by the three local councils. Tenants are provided with contact telephone numbers at the tenancy sign up and the numbers are also available on Langstane's answerphone outside office hours. Tenants also have the option of leaving a message which is picked up by staff the next working day.
- 4.3 The Association provides some information to tenants on the repair service and landlord/tenant responsibilities at the tenancy sign up. In addition the tenants' handbook provides contact telephone numbers and general information and advice on repair and maintenance issues. The tenant newsletters have also been used to highlight issues such as emergency contact numbers, maintenance tips and rechargeable repairs. The information available does not include a clear definition of repair categories and timescales or anything on the Right to Repair or compensation schemes.
- 4.4 Langstane operates a flexible approach to arranging access for repairs to be carried out. An informal appointment system is operated with tenants asked for alternative and mobile contact numbers, what days are suitable and whether a morning or afternoon call is most convenient. In exceptional circumstances a specific day and time can be arranged.
- 4.5 Langstane's responsive repairs service is accessible and responsive to its tenants' needs in arranging for access to carry out repairs.

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.

4.6 Langstane carries out over 5000 response repairs every year and the numbers are continuing to rise, The Association has improved its overall performance in completing response repairs over the last 3 years. The table below summarises Langstane's targets and trends in reported performance since 2001/02.

	Langstane target response time	Performance				
		Langstane			National median 2003/04	RSL peer average 2003/04
		2001/02	2002/03	2003/04		
Emergency Repairs	6 hours	99%	100%	100%	99.2%	98.3%
Urgent Repairs	3 working days	85%	96%	100.0%	96.0%	95.8%
Routine Repairs	20 working days	97%	97.0%	97%	95.7%	95.7%

Source: inspection submission / APSR data

4.7 In 2003/04 Langstane performed better than its peer group in all categories and ranked 1st equal for emergency and urgent repairs and 16th equal for routine repairs in its peer group of 50 RSLs. In the first 6 months of 2004/05 its performance overall dipped slightly in both the emergency and urgent categories. The target timescales Langstane sets itself for completing emergency and urgent repairs are comparable with its peer group organisations. The target timescale for the routine category of 20 days is double the peer group median and national average which are both 10 days. However, the latest tenant satisfaction report shows 98% of tenants were satisfied with the period between reporting the repair and the repair being completed.

4.8 The Association confirms all repairs ordered in a letter to the tenant which includes details of the work to be carried out, the timescale for completion and includes a feedback form with a postage paid envelope. The latest survey report shows that over 99% of repairs were completed by the target date in the letter.

4.9 We found one problem with the recording of emergency repairs. Langstane's computer system does not record the time a repair is completed and there are no formal systems in place to ensure the emergency response timescale is met, apart from the tenant feedback survey. In addition, nearly a third of the 25 repairs we reviewed were incorrectly categorised, although the repairs were completed within the target timescale of the correct category in all but 2 instances.

- 4.10 Langstane is not formally monitoring key parts of its maintenance service including no access calls and variations made to the work ordered by tradesmen on site. Most repairs are done by Langstane's in-house direct labour organisation (DLO). The workforce maintain good contact with their supervisor regarding any problems with access or any additional work needed but this information is not recorded. Similar informal systems are in place where external contractors are used but there are no formal controls in place and no records are kept.
- 4.11 Pre and post inspections are important tools for ensuring repairs are targeted accurately and carried out to a high standard. Langstane carries out pre inspections of repairs where tenants or staff are unsure of what work is needed. Jobs selected for post inspection are usually higher value jobs or problems highlighted by the satisfaction survey. However, the Association has no targets for either pre or post inspections; has no formal criteria for selecting post inspections; and the results are not monitored so the Association does not have good information on the quality of the work being done.
- 4.12 Langstane receives excellent feedback from tenants on its repairs service through its feedback forms. It consistently receives a high response rate of over 50% and the results for July to September 2004 showed that over 99% of tenants were satisfied with the repairs service received. This high level of overall satisfaction with the repairs service was confirmed by the feedback we got from tenant groups and the case reviews we carried out on site.
- 4.13 Langstane is not meeting all its statutory responsibilities in terms of the Right to Repair requirements of the Housing (Scotland) Act 2001. It does have a policy in place but tenants are not told about their rights when they report a qualifying repair and the category is not recorded or monitored. This is a significant weakness in the Association's service, although the direct impact on service users is reduced by the Association's otherwise good performance in completing repairs within its own timescales.
- 4.14 Langstane does operate a Right to Compensation scheme. An informal compensation scheme was in operation prior to the statutory provisions of the 2001 Act. In addition, some general information is available through the statutory leaflet and the tenancy agreement.
- 4.15 Langstane's responsive repairs service has some major strengths, with the latest tenant satisfaction survey showing over 99% of those responding expressing overall satisfaction with the repairs service. However, there are gaps in some elements of its performance management and it is not meeting all its statutory obligations under Right to Repair.

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.

- 4.16 Langstane has a substantially modern housing stock with most properties built since the mid 1980's. These properties are in good condition, having been built to high standards. The remainder, around 400 older tenemental and hostel type properties, were refurbished to a high standard during the 1980's and 1990's.
- 4.17 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. Langstane's view is that all its houses currently meet and will continue to meet the SHQS, and is preparing its plan for maintaining this situation.
- 4.18 Staff have a good picture of the condition of the Association's houses, but much of this information is informal. A comprehensive 30 year lifecycle costing exercise carried out in 1997 is currently being updated. Information on the condition of houses is also collected during refurbishment programmes and routine staff visits to estates and houses throughout the year. However, no formal record is kept of the properties visited and the information collected by staff is not incorporated into the stock condition database.
- 4.19 Langstane has a good approach to identifying and agreeing its planned maintenance programme. The programme for the year is based on the lifecycle costing exercise along with issues identified by staff as requiring attention, feedback from satisfaction surveys, updates of specification requirements, local knowledge and best practice information on aspects such as fuel efficiency. The update of the stock condition information, once completed, will improve the basis for this planning process, but without some way of incorporating the information collected about houses on an ongoing basis, this will quickly become out of date again.
- 4.20 Langstane has a good standard of design for new build properties. The design brief is regularly reviewed and adapted depending on the project being developed and taking into account aspects such as space, security, fuel efficiency and feedback from tenants and staff. Surveys carried out of tenants in newly built houses indicate a high level of satisfaction with the design. The Association works closely with the local Police to ensure safety features are incorporated where possible and the Association recently won an Aberdeenshire Council design award for innovative design and fuel efficiency for a development in Laurencekirk.

4.21 Langstane has taken a proactive approach to improving home safety including:

- the installation of mainly hard-wired smoke detectors and carbon monoxide detectors;
- improving door entry systems; and
- removing all lead piping in tenement properties as part of its refurbishment programmes.

4.22 Langstane 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 three houses with gas appliances did not have a valid safety certificate in place. Only 84% of affected properties had continuous service cover. Of the remaining 16% (201 properties), 9% (115) were serviced within 1 month of the due date, 5% (58) between 1 and 3 months and 2% (28) took over 3 months from the due date to complete the safety check. The Association is therefore not meeting its statutory duty. The table below summarises Langstane's performance in carrying out gas safety checks.

	September 2004	
	Number of houses	% of houses
Houses with gas appliances	1253	100%
Houses with current gas safety certificates	1250	99.8%
Houses where safety check was carried out within 12 months of previous check	1049	84%
Houses where safety check was up to 1 month late	115	9%
Houses where safety check was between 1 and 3 months late	58	5%
Houses where safety check was more than 3 months late	28	2%

Source: inspection submission

4.23 Langstane's view was that this level of performance was the best that could be achieved. However, as a result of the inspection findings it has accepted that the procedures for gas safety checks need to be reviewed to ensure that all checks can be carried out within the required timescale. By the end of the inspection, a meeting had been arranged with the contractor to discuss performance, review timescales and agree action.

4.24 From April 2004 social landlords have had a statutory duty to be aware of and manage asbestos in the common areas of their properties. Langstane is in the process of appointing a contractor to carry out a survey of all relevant properties with a view to developing a comprehensive register and information base but this is well overdue and

it has not yet prepared an asbestos management plan, which is also part of its duty.

- 4.25 Langstane has set a formal standard on the condition it expects houses to be in when they are relet. The standard was revised taking into account information collated from tenant feedback, staff input and the SHQS. Staff inspect all houses before they are relet to ensure the standard is met and informal feedback to staff indicates that satisfaction with the standard is high amongst new tenants.
- 4.26 Langstane maintains its properties, both internally and externally, to a good standard. However, the Association is not making best use of all the information it collects on the condition of its houses. There are also weaknesses in the Association's compliance with the statutory duties on gas safety and the management of asbestos in common areas.

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.

- 4.27 Langstane has a comprehensive approach to consulting tenants on the day to day and major repair services they receive and makes good use of the feedback it receives to improve its services. A standard feedback form is sent to all tenants who report a repair, are involved in a major repair programme or who move into a new property. This is complemented by a broader three yearly tenant satisfaction which covers all the Association's services. Tenants are also consulted on those specific planned maintenance projects which involve them.
- 4.28 The Association gets a very good level of response from its tenants in both the on-going and three yearly surveys. Those responding consistently express high levels (over 90%) of satisfaction with the repairs service and quality of Langstane's houses. The feedback is used to:
- resolve any individual complaints;
 - monitor the performance and quality of contractors;
 - review the Association's designs for new houses;
 - identify areas for improvement;
 - set service standards; and
 - plan future programmes of work.
- 4.29 Langstane's tenants have had little direct involvement to date in the developing or prioritising planned maintenance projects, although the feedback from earlier projects is fed into this process. Langstane has recognised this and is intending to address it through some of its work to extend tenant involvement.

Is the service managed for improvement?

Resource management and efficiency

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

- 4.30 The cost of delivering Langstane's property maintenance services in 2002/03 was £170 per house rising to £181 in 2003/04. This is considerably lower than the peer group and national averages of £206 and £200 respectively.
- 4.31 Langstane has significantly improved the amount of money it recovers for rechargeable repairs it carries out to tenants' homes. In 2003/04 it recovered £21,000 or 40% of the charges it invoiced, up from only 8% the year before. The Association has good procedures in place and, following a recent internal audit report, it is considering other ways to improve its success in collecting these debts. However, the Association does not record information about all rechargeable repairs carried out; only those for which it is able to send out an invoice. This means it does not know how much of its actual costs it is recovering.
- 4.32 Langstane's in-house maintenance staff (the DLO) carry out around half of all response repairs. The Association carried out a Best Value service review of the work of the in-house team in 2003 which demonstrated that the team was delivering good value for money. The review did not cover the external contractors providing the other 50% of the service.
- 4.33 External contractors are selected from the approved contractor list on a job by job basis. As a result, the Association has no contractual agreements in place to cover areas like call out charges, no access situations and authorisation of additional works. The Association is not able to see whether it is getting good value for this part of the repairs service.
- 4.34 Langstane has improved its overall approach to procurement of major repairs contracts following the issues highlighted in the last performance audit in 1999. Contracts are generally awarded on the basis of competitive tendering, with procedures incorporating elements of balancing quality and price. However, the Association still does not publicise how firms can get on to its list of approved contractors and its procedures do not recognise the need to comply with EU procurement legislation .

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.

- 4.35 The Association has no specific SMART³ targets or objectives to improve performance in its delivery of response repairs or planned maintenance apart from general points relating to the introduction of the Customer Services Division. The Association does, however, keep its performance under review and is keen to make improvements:
- A specific exercise has been done to assess value for money for the in house repairs team and customer preference in response repairs.
 - A review has been carried out of the relet standard and the management of empty houses.
 - Improving service standards is one of the specific objectives of setting up the new Customer Services Division.
- 4.36 However, we found other areas where the Association has not recognised or acted on areas for improvement including the gaps in performance information on response repairs, the inability to update stock condition information and the partial compliance with Right to Repair requirements.
- 4.37 Langstane has a good basic approach to performance monitoring and reporting on its property maintenance service. The information collated and analysed gives staff and the members of the relevant sub-committees an overview of the performance against targets, levels of tenant satisfaction, any significant trends and the overall expenditure. However, reports do not include any benchmarking information and the gaps in the information being collected mean that neither staff nor the Committee of Management have a complete picture of the Association's performance.
- 4.38 Langstane has a policy and procedural framework in place that covers all aspects of the property maintenance service and provides a reasonable base of information and advice for staff.
- 4.39 Langstane's approach to performance monitoring and reporting has some strengths as well as elements which it could improve. We saw performance information being used to identify problem areas, monitor service or standard improvements and respond to tenant priorities.

³ SMART targets are Specific, Measurable, Achievable, Relevant and Timebound.

Grade and overall assessment of property maintenance

- 4.40 Our overall assessment is that Langstane's property maintenance service is good. We found many strengths in the service, as well as some areas where improvement is needed.
- 4.41 In coming to our overall assessment we have taken account of the balance of strengths and weaknesses. The many strengths in property maintenance outweigh the areas for improvement across the service. A key factor in our assessment is that a number of Langstane's areas of strength impact directly on its tenants, such as:
- the quality and responsiveness of its repairs service;
 - the good physical quality of its existing houses and new developments;
 - planned maintenance programmes that take account of improving standards and recognised problems;
 - a commitment to seeking tenants' views and acting on feedback; and
 - a consistently high satisfaction level of more than 90% for most of the key elements of the repair and improvement programmes.
- 4.42 Langstane needs to improve its approach to property maintenance in several areas. These do not currently impact in a significantly adverse way on service users or on Langstane's ability to improve, but the most significant weakness in compliance on gas safety needs immediate attention. Other statutory requirements in Right to Repair and asbestos management need to be completed. In addition there are gaps in recording stock condition and performance management information and a need to set SMART targets and ensure best value for the whole property maintenance service.

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 Langstane sets out its aims and objectives in its three year Business Plan; the plan covers all aspects of the Association's business. The objectives and actions identified in the plan are set out in more detail in the annual Internal Management Plan (IMP). The IMP includes action plans which generally meet the SMART criteria, with timescales and named officer responsibilities for meeting particular objectives. The Committee of Management gets quarterly exception reports on the action plans with explanations where targets are not likely to be met. We also received positive feedback from partners about Langstane's active involvement in joint planning and partnership working to meet wider area objectives.
- 5.2 The Committee of Management is appropriately involved in the strategic planning process; it has the opportunity to input into the identification of the aims and objectives and approves the final IMP. However, beyond the senior management team, staff do not have the chance to input into the plan. Langstane is aware that this is an important part of the process and plans to make more time available for consultation on future plans.
- 5.3 Langstane is currently facing a number of significant challenges including the ongoing pursuit of a legal case against a contractor; staff resourcing issues; and the uncertain future of its common housing register. The Committee of Management is aware of all of these issues and receives regular updates from staff at its meetings. Relevant sub-committees are also kept informed and where necessary special meetings have been held to discuss developments. However, it is not clear that the Association is fully considering the implications of some of the potential outcomes or the various options open to the Association to manage the situation.
- 5.4 The IMP sets out clear operational priorities and objectives for the current year, based on a sound understanding of the organisation's context. These objectives go beyond the service areas covered by the inspection to include development planning and wider action initiatives. However the operational objectives in the IMP are focused more on financial management than on improving the quality of the services being delivered.

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.

- 5.5 Langstane's Committee of Management has a strong and appropriately challenging relationship with senior staff, with a clear division of responsibilities. The committee structure, which includes sub-groups for specific subject areas, enables detailed discussion of operational issues, and allows the full committee to focus on more strategic matters. This approach works effectively although the number of meetings and the large geographical area covered by the Association has an impact on attendance. Although the recent trend is improving, average attendance at meetings of the full Committee of Management was 63% in 2003/04.
- 5.6 Performance information for housing management and repairs services is reported to meetings of the Tenancy Services Sub-committee and the Committee of Management get an executive summary of these meetings. We found a number of weaknesses in the quality and timing of performance reports to the relevant committees we have highlighted in the housing management and property maintenance sections of this report.

Developing capacity

Social landlords should ensure that their governing body has access to all the skills and experience needed to manage the organisation effectively and make decisions that are in the best interests of the organisation.

- 5.7 The members of Langstane's Committee of Management recently undertook a skills audit which concluded that there was an adequate range of appropriate skills represented on the Committee. We also found that members take a questioning and participative approach to managing the business of the Association.
- 5.8 The Committee of Management ensures that its skills are maintained by agreeing an annual training programme for members, which this year has been informed by the outcome of the skills audit. Training is generally delivered by senior staff although specialist advice and expertise, for example on legal matters, is sought as required.
- 5.9 Langstane has good support arrangements in place for new members joining the Committee of management, including an induction pack and a mentoring system which pairs new recruits with more experienced Committee of Management members.

Group structures

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

- 5.10 Langstane Housing Association is part of a formal group structure, consisting of Langstane and its wholly owned subsidiary Langstane SP. Langstane is a charitable housing association registered with Communities Scotland. Langstane SP is also a housing association registered with Communities Scotland which is non-charitable. The group structure has been effective in many ways, allowing the two organisations to complement one another's activities. They are each able to access different forms of grant funding and serve distinct client groups, with Langstane SP developing shared ownership properties while Langstane Housing Association focuses on providing social rented housing.
- 5.11 The Association has not had to deal with any conflicts of interest between itself and its subsidiary to date but recognises that the potential for such situations to arise is likely to increase as Langstane SP expands its activities. 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 issues such as conflicts of interest are appropriately managed.
- 5.12 Langstane Housing Association provides a full management service to Langstane SP. The arrangements for delivery of this service, including the charges to the subsidiary, are set out in a written agreement and are reviewed annually. The document requires some minor amendments but the arrangements work well in practice.

Accountability

Engaging stakeholders, public reporting and making accountability real.

- 5.13 A strong membership and good levels of participation at AGMs are important ways for a landlord to demonstrate accountability. Membership levels for Langstane are relatively low; at September 2004 there were 76 members, of whom 21 are tenants of the Association. Participation at AGMs is also limited. Although the Association achieved a 17% attendance for the 2004 AGM, this means that there were only 13 members at the meeting. A quorum at the AGM could be achieved by attendance of the members of the Committee of Management alone.
- 5.14 Langstane's Committee of Management has 12 members including two tenants. The most recent tenant to join the Committee did so as a direct result of the Tenant Participation Strategy. The Committee of

- Management also includes three co-optees from the local authorities operating in Langstane's area. Membership of the Committee of Management is fairly stable but the Association does little to promote access to the Committee to either its tenants or to representatives of the broader communities in which it operates. Individuals are identified through personal contacts rather than by a managed approach to the recruitment of new members.
- 5.15 Social landlords should place the people they serve at the heart of their work and be responsive to their views and priorities. Langstane is aware that it needs to do more to actively involve tenants in the business of the Association, particularly given the largely single person households it houses and the wide area it covers. It has made some progress in broadening the opportunities for tenants and residents to influence its activities in new ways, beyond membership of the Association. Langstane is encouraging tenants to engage on a range of levels through the work of the dedicated Tenant Participation Officer, the new database of tenants' interests and the introduction of the Tenant Participation Working Group.
- 5.16 Langstane does a lot to keep its tenants, and other interested parties, informed about what it is doing, though its website, annual report and regular newsletters. The newsletter, which is also available on the Association's website, is a particularly good source of information; keeping tenants up to date with the work of the Association, its staff and its future plans.
- 5.17 Although Langstane reports some performance information through the newsletter and annual report, it is not good at telling people about how well it is performing against its targets, whether its performance is improving over time or how the Association compares with other landlords. So Langstane's tenants do not get as much information as they need to be able to see if they are getting a good service from their landlord.

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 Langstane provide copies of the SFHA Committee Members' Handbook to the members of its Committee of Management and the Code of Governance for Governing Body members was adopted by the Committee in June 2003. Members of the Committee of Management and staff are asked to identify any potential conflicts of interest which might arise from their involvement with the Association. The Association keeps a register of declared interests at its Aberdeen office but the information is

significantly out of date. However, we saw evidence that identified conflicts are dealt with appropriately at meetings of the Committee.

- 5.19 Langstane does not currently have robust enough arrangements in place to ensure that it is able to fully comply with guidance and good practice on schedule 7 of the Housing (Scotland) Act 2001, which restricts the circumstances in which staff, committee members or their relatives can be granted benefits. Langstane does not collect information from applicants about any connections they have with staff or members of its Committee of Management. We saw evidence of one case covered by this legislation where the Association had not complied with its statutory requirements, but the Association's knowledge is incomplete on how many cases it deals with that may be covered by schedule 7.

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.

- 5.20 Langstane is aware that its current risk management strategy is one of the Association's weaknesses and that its approach to risk is underdeveloped. It plans to address this through a forthcoming review of the strategy.
- 5.21 Langstane has not carried out contingency planning for the most serious of the risks currently facing the Association; which are the on-going consequences of the legal case against a contractor and the future of the common housing register.
- 5.22 The Association has a programme of internal audits; reports are followed up with action plans which identify appropriate staff to take responsibility for implementing the recommendations. However we saw an internal audit report that identified the lack of a minute of agreement with Homechoice as a high risk to the Association and recommended speedy action. This has not yet been implemented.
- 5.23 Langstane has some strengths in governance including its experienced and participative Committee of Management. It also has the basis of a good planning framework in place. We identified areas for improvement in the control over performance at Committee level, in direct accountability levels and the limited information the Association makes public about its performance in key service areas. The lack of robust arrangements to ensure good ethical standards is the most significant weakness in Langstane's governance arrangements.

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.

- 5.24 Langstane's financial performance has been good for many years. However, as a result of an exceptional event in 2002, the collapse of a building under refurbishment, the Association took the decision to write off £3 million in March 2004. One of the consequences of this event has been a significant impact on Langstane's cash reserves. Langstane has the financial strength to absorb the impact of this event.
- 5.25 The Association has a good budget setting process involving all of the budget holders. This is good practice as responsibility is shared by management throughout the organisation for implementing and monitoring the budgets that they have agreed. The budget for the forthcoming year is reviewed by the Finance Sub-committee before being presented to the Committee of Management to approve.
- 5.26 Financial monitoring reports are prepared quarterly to review actual performance against the budget. These reports are timely and well presented and provide the Finance Sub-committee with a good level of information to monitor progress during the financial year.
- 5.27 Langstane has a good approach to financial planning and reporting and uses the budget as the base year for longer-term forecasts. Five year projections are included within the Association's Business Plan and 30-year projections are updated annually. However, the Association has not yet adjusted its long-term projections to demonstrate how the exceptional event in 2002 has impacted on its sustainability.
- 5.28 Langstane's financial results for the past four years, and its approved budget for the current year, see continuing growth in financial turnover although the cost of interest on increasing debt has caused a reduction in net surpluses. The significant deficit in 2003/04 is as a result of the Association's decision to write off £3m in relation to the exceptional event in 2002.

Financial performance	£000's 2000/01 (Actual)	£000's 2001/02 (Actual)	£000's 2002/03 (Actual)	£000's 2003/04 (Actual)	£000's 2004/05 (Budget)
Turnover	3918	4560	5471	5484	5801
Operating Surplus/ (Deficit)	895	903	791	(1509)	1267
Net Surplus/(Deficit)	517	377	236	(2288)	273

- 5.29 The projected position for the current year as reported to the governing body is a return to operating surplus.
- 5.30 Langstane Housing Association has reasonable exposure to financial risk as a result of the impact of the exceptional event in 2002, but it is financially viable in the medium term.

6. Recommendations for improvement action

- 6.1 These are the key areas that need to be targeted for improvement action. They are broadly in order of priority.
- 6.2 Across all of its activities, Langstane should:
- extend its monitoring systems to enable it to assess the quality of outcomes for service users.
- 6.3 In housing management, Langstane should take immediate action to:
- ensure that all eligible applicants have fair and open access to its housing list;
 - revise its approach to letting houses to ensure all houses are let in a fair and transparent way;
 - carry out a comprehensive review of its housing list;
 - finalise and implement the minute of agreement with Homechoice;
 - make substantial improvements to the information it provides to applicants, particularly about their status and their right to appeal decisions taken by the Association;
 - amend its application form to exclude information that is not required as part of the letting process; and
 - improve its management of situations where a decree for recovery of possession has been obtained, especially where occupancy of the property continues.
- 6.4 In property maintenance, Langstane should:
- ensure it complies with its legislative duties in relation to gas safety;
 - meet all of its statutory duties on asbestos management and the Right to Repair;
 - improve its arrangements for recording and updating information on the condition of its houses; and
 - improve the contractual arrangements it has with external contractors who carry out response repairs and assess the value for money that it is receiving for this part of the service.
- 6.5 In governance and financial management, Langstane should:
- ensure that it has all the information it needs to comply with the requirements of schedule 7 of the Housing (Scotland) Act 2001 and that appropriate reports are provided to the Committee of Management when relevant instances occur;
 - work to increase tenant membership of the Association and the number of tenants attending the AGM;
 - update its long-term projections to reflect the impact of the exceptional event experienced in 2002 on the Association's financial position;

- ensure that comprehensive contingency plans are in place to manage all the key risks facing the Association;
- improve the quality of performance reporting to the Committee of Management and sub committees to ensure members have all the information they need to exercise control over key areas of service delivery;
- develop more comprehensive arrangements for managing the constitutional relationship with its subsidiary organisation; and
- make more information about its performance publicly available.

6.6 The Association should set out in the Improvement Plan it gives us, the actions it intends to take to respond to all of the housing management recommendations listed above along with the first four recommendations under 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 require Langstane to submit an improvement plan, for housing management and governance and financial management, 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 will inspect once every five years and follow up improvement plans after two years. We will re-inspect Langstane's housing management service in about two years time.

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

Langstane Housing Association Ltd.
680 King Street
Aberdeen
AB24 1SL

Telephone: 01224 423000
E-mail: info@langstane-ha.co.uk
Website: www.langstane-ha.co.uk

Sources of evidence

Groups and third parties consulted

- Moray Council
- Aberdeen City Council
- Aberdeenshire Council
- Communities Scotland Area Team
- Communities Scotland Tenant Participation Team
- Citizens Advice Bureau
- Grampian Racial Equality Council
- Grampian Police
- Aberdeen Cyrenians

Interviews / meetings

- Committee of Management
- Tenancy Services Sub-Committee
- Chairman
- Chief Executive
- Director of Customer Services
- Director of Corporate Services
- Director of Business Development
- Housing manager
- Property services manager
- Senior account management officer
- Senior property services officer
- Senior neighbourhood services officer
- HR officer
- Community participation officer
- Frontline staff

Reality checks

- Review of arrears cases
- Review of legal actions against tenants
- Review of anti-social behaviour cases
- Review of gas servicing documents
- Review of complaints
- Review of repairs information

- Review of housing list applications and allocations
- Review of void management records
- Review of information for applicants and tenants
- Review of contract documents
- Shadowing tenancy sign-up
- Estate visits

Key documents reviewed

- Inspection submission
- Annual accounts for year ending 31 March 2004
- Budget 2004/05
- Management accounts (Quarter ending 30 June 2004)
- Risk management strategy
- Register of benefits to committee members (schedule 7 Register)
- Business Plan 2004-07
- Internal Management Plan 2004-05
- Internal audit reports
- Tenant participation strategy
- Complaints policy
- Allocations policy and letting information sheet
- Maintenance policy
- Procurement Guidance
- Arrears policy & procedure
- Anti-social behaviour policy & procedure
- Annual Report 2003-04
- Annual performance and statistical returns to Communities Scotland
- Performance monitoring reports for arrears, allocation and repairs response times
- Adjudication report
- Tenant Satisfaction Questionnaire Database
- Tenancy Sign Up Pack
- Rent Equalisation Report
- Rent Arrears Leaflets
- Report on Asbestos Register
- Repair Acknowledgement Letter/Customer Satisfaction Survey
- Contractors Application Form

Examples of positive practice

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

Maintenance tenant satisfaction surveys

The satisfaction surveys provide feedback on a broad range of criteria including, access to the service, quality and standard of workmanship, information given before and after the repair/upgrade or new build project and design specification. This information is used effectively in response repairs to monitor and actively manage any complaints and as an invaluable source of data in preparing future budgets and upgrading programmes.

Liaison with external agencies

Langstane has a positive and proactive links with a wide range of agencies and organisations across the North East. Links have been established with local councils in developing services and strategies on all aspects of Housing from the Local Housing Strategies, CHR's, Community Wardens and Housing Benefit. It has a Service Level Agreement with GREC in assisting clients with incidents of racial harassment. In helping support tenants with money management problems with a monitored referral procedure to agencies such as the Cyrenians and CAB.

Langstane News

Langstane's tenant newsletter gives tenants useful information on the services the Association provides and includes news about the organisation and its staff. Previous issues have included information on range of topics such as, how to report repairs, helpful maintenance tips, staffing, and debt advice. It has also provided news about the Association's major developments and the results of satisfaction surveys. The newsletter is a very useful means of communicating with tenants in an informal and informative way.

Glossary

Annual Statistical and Performance Return (APSR)	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.
Average	The arithmetic mean – the sum of all the values divided by the number of values.
Common housing register	A register of all applicants for social housing used by two or more landlords within an area.
Cyclical maintenance	Planned programme of work to deal with predictable deterioration of building components, for example regular painting of window frames.
Focus group	A group of people brought together to have a structured discussion on a specific subject or set of subjects, facilitated by an independent person.
Housing list	A list of applicants for housing which is used by the RSL to allocate its housing stock.
Inspection submission	Documents submitted by the landlord at the start of the inspection to provide information to on its performance, context and how it is structured.
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 indicator	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.
Performance Standards	Housing standards for all social landlords in Scotland.

Planned maintenance	The planned renewal or maintenance of key property components.
Quartile	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.
Serious arrears	Where a tenant owes more than 13 weeks rent payments and this is more than £250.
Rechargeable repairs	Work that is the responsibility of the tenant but has been done by the landlord.
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 Buy	Many Scottish secure tenants have the right to buy their property at a discounted price subject to length of tenancy.
Right to Repair	A scheme which gives tenants legal rights to have certain repairs in defined times.
Scottish secure tenancy (SST)	The Housing (Scotland) Act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.
Shadowing	An inspection technique that involves accompanying and observing staff while they carry out their day-to-day tasks.

Regulation & Inspection

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