

Pathfinder Inspection Report

September 2004

Link Group Ltd



Summary

1. Communities Scotland is responsible for the regulation and inspection of all Registered Social Landlords (RSLs). We inspected Link Group Ltd in August 2004. This summary report sets out the main findings from our inspection.

LINK GROUP LTD

2. Link Housing Association was formed in 1962 and registered with the Housing Corporation in June 1975. Over time, Link's organisational structure has developed into a group of related companies. In 1985 it established a subsidiary company, Link Homes Ltd, to provide low-cost housing for sale and for market rent. In 1995 another subsidiary, Inverlink Ltd, was established to develop projects with other housing associations and local authorities including general needs housing for rent, low-cost housing for sale and projects for community care.
3. In 2001, the group was restructured to create a parent company with six subsidiaries. The parent organisation and registered social landlord is Link Group Ltd. It is an Industrial and Provident Society and a Scottish Charity. Link Group Ltd owns all the housing stock and provides core services to the subsidiaries, such as finance, human resource management, information systems support and planned maintenance. Link Group Ltd wholly owns each of its subsidiaries and appoints the boards or committees of each of the subsidiaries.
4. As a group, Link provides a range of housing for rent but also delivers housing support services, provides houses for sale, offers factoring services and develops community regeneration initiatives. Link currently has a stock of just over 5000 self-contained properties for rent that is diverse in terms of age, type and location.

Inspection Grades

5. These are the inspection grades achieved by Link Group Ltd:

Overall Performance	B	Link is a good performer with many strengths and some areas where improvement is required. The prospects for improvement overall are promising.
Governance and Financial Management	B	Link is a good performer in governance and financial management with many strengths and some areas where improvement is needed.

		The prospects for improvement in governance and financial management are promising.
Housing Management	C	Link delivers a fair housing management service with some strengths but with significant areas where improvement is required. The prospects for improvement in housing management are promising.
Property Management	B	Link delivers a good property management service with some strengths and some areas where improvement is required. The prospects for improvement in property management are uncertain.
Property Development	A	Link delivers an excellent property development service with major strengths. The prospects for improvement in property development are promising.

6. Link provides a good quality service to its tenants. It has been one of the first RSLs in Scotland to introduce greater choice for people who want to rent a house and is going well beyond the traditional role of a landlord in considering a wider range of community, support and advice needs for tenants. Due to its size and geographical spread, some tenants are not getting access to the same quality of service or information as others.

Overall Performance

7. This section describes how good Link's services are overall and how well they are managed.
8. These areas are working well overall:
- ✓ The quality of service delivery is good overall.
 - ✓ Tenant participation and influence are being extended.
 - ✓ Complaints are dealt with effectively.
 - ✓ Good opportunities are provided for Link's tenants to participate in the development of services.
 - ✓ Link provides excellent new and improved homes.
 - ✓ Sustainability issues are being actively promoted.
9. These areas could be working better overall:

- Link's approach to strategic planning and performance management is not fully developed.
- Service and quality standards are unclear and inconsistently delivered.
- There is little regular reporting to tenants on Link's performance and how it plans to improve.
- The quality of the information provided to service users is poor.
- Link does not have action plans to implement its policies on equal opportunities.
- Policies and procedures are not comprehensive enough to fully support staff.
- Procurement is poor for some areas of goods and services.

10. These are our key overall recommendations. Link should:

- ❖ Ensure its strategic planning is used to guide activities throughout the management and delivery of housing services.
- ❖ Extend its performance management activities and ensure that standards are consistent between service points.
- ❖ Develop clear service standards, make these publicly available and publish details of its performance against the standards.
- ❖ Ensure that all service users receive good-quality relevant information on a regular basis.
- ❖ Develop clear action plans outlining how it will fully implement its equal opportunities policies.
- ❖ Review its approach to procurement to ensure it is always applying good practice and achieving value for money.

Governance and Financial Management

11. This section describes how well Link's governing body of volunteer members control the organisation, and examines the wider opportunities for tenants and other members to become involved in managing Link. It also looks at Link's financial health and how it manages its finances.

12. These are the areas that are working well in governance and financial management:

- ✓ Board members have the skills and experience to control and run the organisation well.
- ✓ The finance team is long-standing and experienced in providing financial services to the Link Group Ltd and its subsidiaries.
- ✓ The relationship between the parent, Link Group Ltd, and its subsidiaries is clearly laid out in appropriate standing orders, independence agreements and by some service level agreements.

- ✓ Link operates within its constitution and works well in partnership with others, while retaining its independence.
- ✓ Loans have been refinanced and interest savings have been made.

13. These are the areas that could work better in governance and financial management:

- Risks are not always prioritised or managed adequately at an organisational level.
- The performance information reported to the RSL board could be strengthened to enable it to exercise better control over the quality of services to its tenants.
- The current operation of the group structure is limiting Link's ability to show it meets all its statutory duties.
- The standard of services to be provided by the subsidiaries on behalf of the parent is not clearly defined.
- Financial information provided to the board could be clearer and more transparent.
- Setting, reviewing and monitoring financial performance targets could be improved.
- Long term and medium term financial plans are not consistent.
- The treasury management policy needs to be updated.
- Membership levels are very low.

14. These are our key recommendations in governance and financial management:

- ❖ Formal risk identification, appraisal, monitoring and control should be completed and built into the Link Group's activities.
- ❖ The way Link operates within the group structure should be reviewed to clearly show how it is meeting its statutory duties.
- ❖ Long term financial projections should be updated to reflect the medium term forecasts prepared as part of the budget.
- ❖ Quarterly group management accounts should be prepared and reviewed by the board.
- ❖ Performance against key financial targets should be reviewed and reported to the board.

Housing Management

15. This section summarises how well Link controls access to its houses and rents levels, and deals with empty houses and rent arrears. It also describes how Link manages its estates and deals with antisocial behaviour.

16. These are the areas that are working well in housing management:

- ✓ Link's average relet times are good, and improving, and rental income lost through empty houses is low.
- ✓ The choice based lettings pilot carried out by Link is reducing relet times for houses in some of its areas of low demand.
- ✓ The Welfare Rights service has achieved good outcomes for tenants.
- ✓ Link maintains its estates to a good standard and takes tenants' view into account on ways to improve estate management.
- ✓ Link has a clear and effective structure for setting its rents and has worked well to achieve harmonisation of rent increases across its stock.

17. These are the areas that could work better in housing management:

- The quality of information provided to applicants and tenants is poor and inconsistent.
- Link's rent arrears are high and have been increasing in recent years.
- The monitoring of the outcomes of the allocation policy is poor.
- Some features of the allocations policy need to be reviewed to ensure it complies with legislative requirements.
- Some features of the way it operates homehunt® need to be reviewed.
- Although at some offices Link's process for signing up new tenants is very thorough, this is not consistent across the organisation.
- Link's understanding of the problems of antisocial behaviour in its areas is not based on reliable evidence.

18. These are our key recommendations for housing management. Link should:

- ❖ Take action to improve its monitoring and performance on rent arrears.
- ❖ Ensure that all applicants and tenants are provided with good quality information about services.
- ❖ Review its allocation policy and procedures to make sure it complies with its statutory duties.
- ❖ Extend its monitoring of the outcomes of its allocation policy.
- ❖ Operate guidelines for the suspension of housing applications.
- ❖ Review some features of its operation of the Homehunt® system.
- ❖ Make sure that all new tenants are given good quality information and advice at the time of signing their tenancy agreements.
- ❖ Develop its new antisocial behaviour policy to respond to residents' priorities and monitor outcomes.

Property Management

19. This section summarises how well Link maintains the fabric of its houses. It describes the quality of repairs that are done when they are needed ("responsive repairs") as well as maintenance and improvements planned in

advance. It also looks at how Link adapts houses so that tenants can stay in their homes when their needs change.

20. These are the areas that are working well in property management:

- ✓ Link's houses are maintained to a good standard through effective cyclical and planned maintenance programmes.
- ✓ Link responds well to requests from tenants for reactive repairs.
- ✓ Link collects good information on tenant satisfaction and can demonstrate high levels of tenant satisfaction.
- ✓ Link has good information on the condition of its housing stock and uses this effectively to plan for future maintenance.
- ✓ Link's financial plans show that it will be able to fund future major repairs.

21. These are the areas that could work better in property management:

- There are serious weaknesses in gas safety, and Link is not meeting its legal requirements.
- Link does not have a sound procurement process for the selection of the response repairs contractors, and does not show whether value for money is being achieved.
- Link's response repair performance monitoring and reporting framework has weaknesses.
- Link does not regularly provide its tenants with feedback on its performance or satisfaction levels.
- Link does not provide the Right to Repair to all its tenants.

22. These are our key recommendations for property management:

- ❖ Link must make arrangements to ensure it meets legal requirements relating to gas safety.
- ❖ Link should consider how it measures value for money from contractors delivering the responsive repairs service.
- ❖ Tenant feedback should be used to better effect to improve the repair service.
- ❖ Performance monitoring and reporting systems should be revised to give full information on the repairs service to committee members and tenants.
- ❖ Link should fully implement its Right to Repair system.

Property Development

23. This section summarises how good Link's newly built houses are. It also looks at how Link managed the construction of these houses.

24. These are the areas that are working well in property development:

- ✓ Link works successfully with a range of strategic partners.
- ✓ Link builds new houses to a very high standard.
- ✓ Link's new houses make a significant contribution to environmental sustainability.
- ✓ There are high levels of tenant satisfaction with the new houses that Link builds.
- ✓ Link is enthusiastic about, and committed to, innovation in construction and procurement.
- ✓ Tenants can, and do, participate in the development process.

25. These are the areas that could work better in property development:

- Reporting to Link's board on performance within each development project.
- Link's management of its projects is good, but it may need to refocus on this activity to ensure that it maintains its good performance.

26. This is our key recommendation for property development:

- ❖ Link should review its approach to reporting to its board to ensure that it provides members with a rounded picture of its performance in the management of its development projects.

Services to Owners

27. This section summarises how well Link is providing services to owners. It includes the arrangements for sales of houses under the right to buy and factoring services provided to owners.

28. These are the areas that are working well in services to owners:

- ✓ Link provides owners and sharing owners with good information about the services it provides through its newsletter.

29. These are the areas that could work better in services to owners:

- The information given to tenants wishing to exercise their Right to Buy is limited.
- Link does not always meet statutory targets in making offers and completing sales.
- Link is subsidising services to owners with funds from its other activities.

30. These are our key recommendations for services to owners:

- ❖ Link should improve the quality of information on Right to Buy.

- ❖ Link should review its sales process to ensure that it meets its statutory duty.
- ❖ Link should carry out a review of the cost of services to owners.

Wider Action

31. This section summarises how well Link undertakes activities over and above housing, which help to improve the economic, social and environmental conditions of individuals and communities.

32. These are the areas that are working well in wider action:

- ✓ Link's Welfare Rights Service.
- ✓ The redevelopment of Petersburn Park.
- ✓ The provision of training places and apprenticeships through Linkwide as part of its redevelopment programmes.
- ✓ The provision of opportunities for young people to receive IT training.

33. These are the areas that could work better in wider action:

- Tenant involvement in development of Link's wider action strategy could be improved.
- Link does not give information to tenants about the funding of its wider role activities.
- The board of Link Group needs to be more involved in the development and monitoring of its wider action activities.

34. This is our key recommendation for wider action:

- ❖ Link should ensure that all tenants are consulted about its wider action strategy and the funding of activities.

35. Anyone can ask for a copy of the full inspection report. All reports are on the Communities Scotland website at <http://www.communitiesscotland.gov.uk>

36. This summary can also be made available on tape, in Braille, MOON, large print and community languages. For information please contact Janette Campbell on 0131 479 5162 or email campbellj@communitiesscotland.gov.uk.

37. We have asked Link Group Ltd to produce an improvement plan within eight weeks of publishing the inspection report to show how it intends to respond to all our recommendations. We will agree the plan with the organisation. We will re-inspect Link Group Ltd in five years' time.