

# Inspection report

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## Lister Housing Co-operative

May 2005

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## Summary

The inspection of Lister Housing Co-operative took place in January 2005.

### Inspection Findings

Lister is based in the Old Town of Edinburgh where its 184 flats for rent are located. Lister tenants reflect a cross-section of the community demonstrating the Co-op's positive approach to equal opportunities. Lister was registered in 1976 and is a fully mutual housing co-operative.

Lister is run by a Committee who are all tenants, and who take an active role in both Lister and community issues. The organisation is financially viable and has low exposure to financial risk. Deficits in recent years have been due to planned, significant maintenance spend to maintain the standard of its property which is predominantly pre 1919 tenemental.

Services to tenants are provided in-house with financial services procured through an agency agreement with another RSL. Lister staff and Committee are fully committed to providing a responsive service, encouraging tenant involvement and providing safe and attractive housing. Its management systems are generally sound with some scope for improving transparency in the administration of lettings and improving the application of Right to Repair. Overall performance shows many strengths with a few areas where improvement is needed.

Strengths in Lister's services:

- it lets to people in housing need;
- the quality of its neighbourhood;
- tenant satisfaction with the repairs service;
- its approach to anti-social behaviour;
- its involvement of tenants in the review of services;
- its management of rent arrears;
- the level of rent loss through empty properties;
- its management of gas safety.

Key areas for improvement in Lister's services:

- its management of tenancies following decree for repossession;
- its management of Right to Repair;
- its quality control over the processing of applications.

Lister will implement an improvement plan to address the areas for improvement we have identified. We are not asking Lister to agree its plan with us.

## How to get more information and contact details

You can contact Lister at:

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

## 1. Introduction

### About this inspection

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

### How we assessed performance

1.2 Our inspectors asked two key questions:

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

1.3 In order to answer these questions the inspector:

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

## **The inspection team**

- 1.4 The lead inspector on the Partnership inspection was Carol Paton (Associate Inspector) supported by Lynne Bell (Financial Analyst). We were on site on 27 January 2005. We would like to thank everyone involved in the inspection, particularly the governing body and staff for their time and co-operation.

## **Responding to this inspection**

- 1.5 We expect all inspected bodies to make the summary of this report available to anyone who 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 Lister Housing Co-operative is based in the Old Town Conservation Area of Edinburgh. Its 184 homes for rent are situated on two sites in close proximity, the majority are renovated Georgian and Victorian tenement flats with 14 new build flats completed in 1982. Most of the stock is family housing with some flats designed for older people, people with disabilities, and for single people sharing.
- 2.2 Lister was registered in 1976 and is a fully-mutual housing co-operative. The members of the Co-operative are its tenants who have no right to buy. Lister's 4 (full time equivalent) staff provide all core services and there is an agreement with another RSL for the provision of financial and planned maintenance services. Lister has no current or planned development programme.
- 2.3 The Annual Performance and Statistical Return asks RSLs to select a peer group which best describes their organisation. Lister selected the group described as urban with fewer than 250 units. This is the group we use to compare Lister's performance.

### **Key Facts**

- 2.4 The table below gives background information about Lister and shows trends over the last three financial years.

	2002-2003	2003-2004	2004-2005*
Houses owned	184	184	184
Employees	4	4	4
Annual turnover (£'000's)	457	484	497
Total possible rental income (£'000's)	437	460	479
Rental income from housing benefit (%)	35.7	33.7	33.7
Average weekly rent (£)	43.55	46.43	49.09
Average rent increase (%)	6.1	6.8	5.7
Houses re-let	17	17	14
Responsive repairs carried out	457	416	-
Maintenance spend per house (£) (Direct cost excluding overheads)	1,816	1,936	-
Right To Buy sales	n/a	n/a	n/a

Source (APSR / Annual Accounts) except for (\*) 2004-2005 which reflects the position during the current financial year as stated in the RSL's inspection submission.

### 3. How Good is the Service?

#### Housing Management

##### **Access**

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

- 3.1 Lister aims to maximise access by being a partner in Edindex, Edinburgh's Common Housing Register, and provides open access to its housing list to anyone over the age of 16. No applicant has been suspended from the list. There is a Section 5 Homelessness Protocol and a nominations agreement in place with the City of Edinburgh Council.
- 3.2 Statistics available regarding access to people from black and minority ethnic (BME) communities have been limited since joining Edindex and this needs to be addressed. The information up to 2003/04 shows that Lister collects information on the ethnicity and physical ability of applicant households and can demonstrate that its housing is accessible and let to all groups.
- 3.3 The application process is administered centrally by Edindex and was not tested as part of this inspection for fairness, efficiency, or the standard of communication with applicants. Lister should satisfy itself of the standard of administration for processing applications.

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

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

- 3.4 Edindex is designed to maximise choice for applicants seeking housing in Edinburgh. Lister's allocation policy is based on prioritising those in housing need and in all the cases we reviewed, there was evidence of housing need. Lister has recently introduced a needs group points system to ensure a range of housing need is addressed. This involves manually adjusting the list as provided by Edindex. This is operating in accordance with Lister's policy but would benefit from being incorporated into Edindex to improve efficiency and demonstrate transparency more effectively.
- 3.5 Lister's administration of allocations is very well managed. The membership information provided to applicants is clear, detailed, and informative. The membership process is efficient and works appropriately in line with the allocations policy.

### **Sustaining tenancies and preventing homelessness**

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

- 3.6 Progress in signing up tenants to the new Scottish Secure Tenancy (SST) agreement was slower than other RSLs but the majority of Lister's tenants (87.7%) had signed up by December 2004 and Lister is increasing its personal approach to the remaining tenants. No Short SST's are in place.
- 3.7 Lister's delivery of its housing management service is designed to sustain tenancies. There is high demand and relatively low annual turnover (9%), and only 1 eviction in the last 3 years. Our review of these cases, and a sample of those where notices of proceedings were issued, confirmed that Lister has made sustained efforts to establish arrangements to reduce the arrears, and eviction is used only as a last resort.
- 3.8 Lister has not always evicted a tenant once a decree ending the tenancy has been granted by the court and, when that has occurred, has not created a new tenancy. There are risks in allowing a tenant to remain when the tenancy has ended, for example, in further non-payment of rent. The decision to evict is made by the Committee. It would be better practice, and more efficient, to have the procedure clearly articulated in policy and applied by staff to ensure no perception of differential treatment. Lister should review and clarify its procedures regarding

following-through legal action to ensure that risk is minimised and that its practice is fair, consistent and complies with the law.

### **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.*

- 3.9 Lister's neighbourhood is most attractive and maintained to an excellent standard. This is achieved by involving tenants in decisions about improvements to the communal and landscaped areas, frequent monitoring of the estate, in-house gardening and litter management, and being responsive to any problems highlighted.
- 3.10 There have been 10 complaints about anti-social behaviour since April 2004. Lister has responded to each case, taken appropriate action, involved other statutory bodies where appropriate, and monitored progress. In a recent case it has used the innovative approach of holding a case conference, including the tenant, their lawyer and social worker, which resulted in an action plan for improvement.
- 3.11 Lister views its neighbourhood as extending beyond the boundaries of the land in its ownership and has been active in working in partnership with tenants and other community stakeholders to achieve several improvements in safety and amenity. A recent example of this is the redevelopment of the Royal Infirmary site. Tenants and Lister working jointly, mounted a well researched and organised campaign and achieved a successful outcome in the form of substantial changes to the developer's plans to the benefit of the Lister tenants.

### **Property Maintenance**

#### **Access to the repairs service**

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

- 3.12 Repairs can be reported by telephone, email, by letter, or in person. An out-of-hours service is available. Access is arranged to suit the needs of the tenant. The proximity of the staff means that assistance or pre-inspection in person can be quickly and easily arranged.
- 3.13 Tenants have been informed of their Right to Repair but this does not happen at the time of reporting particular repairs. There are no alternative

contractors identified for tenants to contact directly and both these points should be remedied.

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

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

3.14 Lister sets targets for dealing with responsive repairs that are comparable with other RLSs. The table below shows that performance is good when compared to its peers and RSLs generally. Tenant satisfaction with the repairs service is very high.

	Lister target response time	Performance				
		Lister			National median 2003/04	RSL peer average 2003/04
		2001/02	2002/03	2003/04		
<b>Emergency Repairs</b>	24 hours	100	100	100	97%	97.4%
<b>Urgent Repairs</b>	3 days	97	93	98%	93%	94.2%
<b>Routine Repairs</b>	10 days	98	88	92%	95%	90.7%

Source: APSR and inspection submission

### **Physical quality of houses**

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

3.15 Lister has life cycle costing information in place to ensure future maintenance is planned for. This exercise involved consulting tenants and getting agreement to increase rents for the flats in the first phase of renovation to ensure work would be done within an acceptable timescale. The costing exercise was completed in 1999 and is due for review to ensure the financial plan is realistic.

3.16 Lister has completed its initial assessment of compliance with the Scottish Housing Quality Standard. Information about energy ratings is currently outstanding and the delivery plan, due by April 2005, has yet to be finalised.

3.17 Lister takes good account of home safety needs. Properties are lead-free, all properties are protected by smoke detectors, and CO detectors are fitted in higher risk properties. All common stairs have the security of an entryphone. The 6 shared properties all have up-to-date registration certificates as houses in multiple occupancy. There is an asbestos management plan in place.

3.18 Lister’s performance in carrying out gas safety checks is excellent as illustrated in the table below. At the time of the inspection all properties had valid certificates, only one of which had previously been overdue by less than one month.

	December 2004	
	Number of houses	% of houses with gas
<b>Houses with gas appliances</b>	184	100%
<b>Houses with current gas safety certificates</b>	183	99.5%
<b>Houses where safety check was carried out within 12 months of previous check</b>	183	99.5%
<b>Houses where safety check was up to 1 month late</b>	1	0.5%
<b>Houses where safety check was between 1 and 3 months late</b>	-	-
<b>Houses where safety check was more than 3 months late</b>	-	-

### **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.*

3.19 Lister collects regular information about tenant satisfaction with the repairs service and surveys tenants following planned maintenance programmes. There is little up-to-date hard evidence of tenant satisfaction with other services since views were last surveyed formally, 5 years ago. Lister should put in place measures to demonstrate the level of satisfaction tenants have with the full range of its services.

3.20 Lister is active in seeking the views and direct involvement of tenants before decisions are made and uses a range of methods to fit the circumstances. Representations and feedback are done as a matter of course and there are several examples of changes having been made to plans or practices as a result of this feedback. Consultation exercises carried out have included: the future maintenance of the stock; an allocation policy review; a rent review; back green improvements; local developments; office alterations. The methods of consultation are varied and include using the newsletter; questionnaires; improvement working groups; and open evenings.

3.21 There have been few complaints about Lister’s service generally and those complaints received have been responded to appropriately.

## 4. Is the Service managed for improvement?

### Resource management and efficiency

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

- 4.1 Lister's rents are comparable with peer RSLs. Tenants can pay rent through a variety of methods and Lister can fast-track housing benefit claims.
- 4.2 Lister's performance in collecting rent is good overall in comparison with other RSLs and very good in collecting non-technical arrears, as the table below shows. Our review of a sample of arrears cases demonstrated further room for improvement in making earlier and more frequent contact with tenants in arrears. In response to an internal audit report, Lister will be issuing legal notices one month earlier than current practice.

	At March 2003	At March 2004			At Dec. 2004
	Lister	Lister	Peer Average	National Median	Lister
Total arrears as % of total gross rental income	4.17	5.75	6.40	6.38	5.3
Total current arrears as % of total gross rental income	4.2	5.7	5.36	4.56	5.3
Current arrears (non technical) as % of total gross rental income	1.9	2.4	3.29	3.43	1.9
Current arrears (technical) as % of total gross rental income	2.3	3.3	2.06	1.13	3.4
Total former tenant arrears	39	116	-	-	0
As % of total gross rental income	0.01	0.03	1.04	1.81	0
Rent arrears written off	248	1,088	-	-	657

- 4.3 Lister's performance in minimising the loss of rental income through empty houses is excellent compared with other RSLs as the table below illustrates. The time taken to relet is efficient despite having to arrange a membership interview with each prospective tenant and 2 Committee members.

	At March 2003	At March 2004			At Dec. 2004/05
	Lister	Lister	Peer Average	National Median	Lister
Rental income lost due to empty houses (£)	502	1,059	-	-	1,837
As % of total rental income	0.1	0.2	0.6	3.0	0.4
% of empty houses re-let in less than 2 weeks	70.6	64.7	42.4	27	71.4
% of empty houses re-let in 2-4 weeks	23.5	35.3	30.4	27.3	28.6
% of empty houses re-let in more than 4 weeks	5.9	0	27.2	45.7	0
Average time to re-let (days)	13	10	31	34	8

\* For the period April to December 2004

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

- 4.4 The cost of providing its service is 11% higher than the average for its peer group. This needs to be seen in the context of efficient management of income collection and its highly responsive service. Lister's explanation, that the higher than average cost of management and maintenance relates to the nature of the maintenance contracts, would benefit from further benchmarking and analysis with a view to critically assessing whether, or how, improvements could be made.

2003/04 per unit costs	Lister	Peer Group Average
Management costs (£)	501.09	600.07
Maintenance overheads (£)	380.43	191.36

Source APSR / appendix 2 operating cost statement financial year 2002/03

- 4.5 Lister considers both quality and price in awarding contracts an example being the re-tendering for external audit services. Lister chose their previous auditor who submitted the 2<sup>nd</sup> highest price. The tendering and selection process was reasonably thorough, but a process aimed at balancing quality and price should be more formalised and transparent to demonstrate added value.

### **Performance management**

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

- 4.6 Lister plans ahead and reviews progress against objectives. The Internal Management Plan is adequate for its purpose but, as Lister has frequently not met its annual objectives, the planning process would benefit from a clearer allocation of responsibilities and the setting of realistic milestones.
- 4.7 Targets are set for key performance areas and the Committee receives regular reports on performance against targets. There is room for the following improvements in this framework in order to provide more meaningful measurement of achievement:
- the outcomes from the allocation policy should be demonstrated;
  - information on equal opportunities outcomes should be included in regular reports;
  - further work could be done on benchmarking, by working more closely with relevant organisations to get a deeper level of analysis;
  - property management reports would benefit from an overview and analysis, particularly when performance is shown as reducing;
  - more use should be made of trend information rather than month by month comparisons, for example in rent arrears reporting;
  - information on individual contractor performance should be provided to inform the procurement process.

## **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 The Board is made up exclusively of tenants, all meetings are quorate and attendance is good. There is evidently a culture of planning ahead, monitoring performance, responding to tenants' needs and seeking to involve tenants wherever possible. Committee members have an excellent knowledge of local issues and there is a very good working relationship with staff. The Committee demonstrates a commitment to continually improving its performance with an annual effectiveness review. Decisions made by office bearers outwith meetings are made in accordance with standing orders and reported to the Committee appropriately.
- 5.2 An acceptable risk management framework is in place and has been enhanced recently in accordance with good practice and the advice of internal auditors. A business continuity plan has also been developed. The framework could be further improved with more specific control action and responsibility allocated. The 2 office bearers who were interviewed as

part of this inspection, demonstrated a sound awareness of the business, its strengths and weaknesses, risks and the needs of its tenants.

- 5.3 Despite the efforts of Lister there are no formal tenant participation structures. As one of the key risks identified is falling numbers of Committee members, this is something which Lister will continue to promote.
- 5.4 At the time of the inspection there were no conflicts of interest regarding tenant Committee members in rent arrears, but given the level of tenant involvement, the Committee should establish a protocol to guide staff and to assist members to deal with such conflicts of interest should they arise.

### **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.*

- 5.5 Lister has low exposure to financial risk and is financially viable in the medium term.
- 5.6 Historically, financial performance has been good although this has deteriorated slightly with operating deficits over the last few years due to significant maintenance expenditure. However, the Co-op has been planning for this expenditure and reserves had been set aside. Medium term forecasts show a move back to surpluses.

<b>Financial performance</b>	<b>2000/01 (Actual)</b>	<b>2001/02 (Actual)</b>	<b>2002/03 (Actual)</b>	<b>2003/04 (Actual)</b>	<b>2004/05 (Budget)</b>
Turnover	394,569	433,430	456,930	488,867	496,798
Operating Surplus/(Deficit)	129,632	(135,009)	(68,323)	(79,581)	96,396
Net Surplus/(Deficit)	137,488	(125,295)	(58,439)	(70,777)	80,396

- 5.7 Lister does not have charitable status but as a fully mutual Co-operative, corporation tax is only charged against non-housing activities. Lister benefits from this tax status as the principal activity of the Co-operative is the provision of good quality affordable rented housing for those in need.
- 5.8 Lister is in the fortunate position of having no debt and should the need arise, has an estimated value of £9.8m in its stock with which to raise significant finance.
- 5.9 Lister has a good financial management framework in place with 3-year budget, quarterly financial monitoring reports and 10-year financial projections prepared by Dunedin Housing Association under an agency agreement. The information prepared is very detailed and provides both

senior management and the management committee with sufficient information for medium term decision making purposes. However, the information could be improved by providing a more detailed narrative with the budget package and providing a forecast out-turn and cashflow information with the quarterly financial reports.

- 5.10 The 10-year financial projections are updated every 5 years unless significant changes have occurred. To assist the management committee in longer-term decision making, these projections should be reviewed annually.

## **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 within each of the key service areas.
- 6.2 Across all of its areas of activity, Lister should:
- measure tenant satisfaction with all aspects of its service.
- 6.3 In housing management, Lister should:
- introduce better quality control over the processing of applications;
  - in partnership with Edindex, demonstrate that equal opportunities applies in the access to its housing;
  - ensure the administration of lettings is updated in line with its revised allocations policy;
  - ensure that the procedure for taking legal action minimises the risk in tenancy management and is transparent;
  - ensure all tenants have signed an SST.
- 6.4 In property maintenance, Lister should:
- review its life cycle costing information and feed this into a review of its 10 year financial plan
  - ensure that tenants understand when a repair qualifies under Right to Repairs legislation and what action they can take.
- 6.5 In governance and financial management, Lister should:
- review its longer-term financial projections annually.

## **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 will inspect Lister again in five years.

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