

Inspection report

Melville Housing Association

April 2006

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1. Introduction

About this inspection

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

How we assessed performance

1.2 Our 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;
- 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 the 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.

* see glossary

The inspection team

1.5 The inspection was managed by Hilary Third, (Inspection Manager), supported by Ian Kerr (Inspector), Lynn Sweeney (Inspector), Elaine Whyte (Inspector) and Murray Smith (Financial Analyst). We were on site between 7 and 24 November 2005. We would like to thank everyone involved in the inspection 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 Melville Housing Association was registered with Scottish Homes (now Communities Scotland) in 1994. It is constituted as an Industrial and Provident Society* with charitable rules and its main purpose is to provide housing for the benefit of the community.
- 2.2 Melville Housing Association, based in Dalkeith, Midlothian, became a landlord in October 1995 when it acquired 2,023 properties from Scottish Homes through the Large Scale Voluntary Transfer (LSVT) process. In 2002, it acquired a further 52 properties in Forth, South Lanarkshire from Scottish Homes as a result of an LSVT. Melville currently owns 1,576 properties in Midlothian, and 48 in South Lanarkshire.
- 2.3 Melville is governed by a voluntary committee elected annually at its annual general meeting. It currently has 13 committee members, 3 of whom are tenants.
- 2.4 Unemployment rates* for Midlothian and South Lanarkshire are 2.6% and 3.8% respectively, both lower than the Scottish average* of 4.0%.
- 2.5 Two-thirds of Melville's properties are houses (1054) and the rest are flats (570). The vast majority of properties were constructed between 1945 and 1982. However, the Association has introduced a small but active development programme. To date, 25 properties have been completed with a further 17 in the current development programme. In addition, a small number of properties have been acquired through the Communities Scotland Mortgage to Rent scheme.
- 2.6 A challenge for the Association has been the number of different construction types of its properties. The varying methods of construction and materials used have a significant bearing on Melville's ability to deliver some aspects of the Scottish Housing Quality Standard (SHQS)*. Just over 500 of its properties are of traditional construction using cavity brick or block walls or of modern

* see glossary

construction using external brick or block walls with an internal timber frame. However, difficulties have arisen, particularly in respect of energy efficiency, with in excess of 1,100 properties of non-traditional construction using materials such as concrete, steel and timber.

Key facts

2.7 The table below presents a summary of key information for Melville showing trends over the last three financial years.

	2002-2003	2003-2004	2004-2005
Houses owned	1674	1645	1616
Employees	29	30	28.7
Annual turnover* (£'000)	4405	4537	4582
Total possible rental income (£'000)	4265	4284	4406
Rental income from housing benefit	58%	50.2%	55%
Average weekly rent	£47.82	£49.67	£51.49
Average rent increase	1.7%	3.9%	3.8%
Houses re-let*	106	94	88
Responsive repairs carried out	5,181	4463	5,531
Maintenance spend per house	£1727.88	£2082.16	£1792.23
Right To Buy* sales	59	42	31

Source: APSR and RSL Annual Accounts

* see glossary

3. Housing management

3.1 The grade awarded for housing management 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

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

- 3.2 Melville operates an open housing list that anyone aged 16 and over can join at anytime. The number of applicants on its list has increased by 13% over the last 2 years and currently stands at 1077. The Association publicises access to its housing in its office reception, through both its own and Midlothian Council's website and in libraries and public offices throughout Midlothian. There is no Common Housing Register* in operation in either Midlothian or South Lanarkshire but Melville is working with the respective councils to develop them.
- 3.3 Melville has established nomination agreements with both Midlothian and South Lanarkshire councils and these are working well. The Association is currently in discussion with City of Edinburgh Council about future vacancies in its mortgage to rent properties in Edinburgh. Melville also accepts referrals from a number of agencies which work with people with different needs to maximise access to housing. In 2004/05 Melville housed 38 council nominees and 7 applicants referred by other agencies, which accounted for 46% of all lets.
- 3.4 The Association provides good information about how to make an application for housing. People who apply for housing are given written information about Melville's stock and on turnover in each area to help them make informed choices. In addition the Association offers applicants an office interview at any time, without prior notice, to discuss their applications.

* see glossary

- 3.5 Melville conducts a postal survey of all applicants to measure their satisfaction with the service provided by the Association. In September 2005 over 30% of the surveys were returned and 95% of respondents were satisfied or very satisfied with the service they had received. The Association sends individual replies to those who make individual comments and we saw that Melville uses this information to improve its services.
- 3.6 Melville aims to assess applications and write to applicants within 10 working days; at the time of our inspection, the Association was processing applications within 4 days. The Association monitors and regularly reports this performance to the housing and development services sub committee. We saw that Melville points applications in line with its allocations policy and all are double checked for accuracy by a second member of staff.
- 3.7 Melville reviews all applications annually and tells applicants that they must respond within 21 days or their application will be cancelled. Melville sends one reminder letter and cancels the application if the applicant fails to respond to this second contact. The Association does not inform the applicant of the cancellation, or of the right to appeal, or about the steps to take to have the application reinstated. Melville does not formally monitor the level of cancellations so it cannot measure the impact of its current practice. This is a weakness.
- 3.8 Melville had suspended* 64 applicants from receiving offers at the time of our inspection. This represents 5.9% of applicants and is high in comparison with peers. We found that Melville generally handles suspensions well. Although the Association's policy is out of date, current practice is compliant with legislation. The Association writes to applicants explaining the reason for, and where appropriate, the length of the suspension and informs them about their right of appeal. Melville monitors and reports all suspensions to the sub committee on a regular basis.
- 3.9 Nearly all suspensions are for current or former tenant arrears or tenancy debt where the applicant has not made and maintained a repayment agreement for

* see glossary

three months. Whilst this is permissible in law, there are some weaknesses in Melville's approach to dealing with applicants with arrears:

- the letter sent to applicants with arrears is not sufficiently clear about how they can have the suspension lifted; and
- the tenancy reference form which Melville sends to landlords does not ask for enough information to allow the Association to take into account individual circumstances.

Melville staff accepted our observations and took immediate action to amend both the standard letter to applicants and the tenancy reference form while we were on site.

3.10 Melville collects information on the ethnicity of applicants and their households as part of the application process and reports this information regularly to the sub committee. The Association makes efforts to promote access to its housing within Black and Minority Ethnic (BME) groups by providing information in several languages in both its application form and Housing Information leaflet. In addition Melville has recently distributed an 'access to housing' leaflet in Cantonese, Urdu and Hindi to libraries and doctor's surgeries throughout Midlothian and Forth. In order to improve access, the Association has commenced discussions with Positive Action in Housing (PAiH) to establish a referral agreement.

3.11 Melville provides open access to its housing list and is good at managing applications. Although we saw some weaknesses in its approach to cancelling applications and to suspensions, Melville has shown a willingness and capacity to address these.

Meeting need and maximising choice

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

3.12 Melville's allocation policy is based on housing need and clearly prioritises those applicants within the statutory reasonable preference categories*. The Association is making a positive contribution to tackling homelessness. It has a Section 5 protocol in place with Midlothian Council - and is finalising one with

* see glossary

South Lanarkshire Council - to help each of the parties meet their duties to homeless people. Melville makes all lets to applicants in housing need and in 2004/05 58% of its allocations were made to applicants with no permanent home.

- 3.13 Melville ensures that all allocations are checked and authorised by a senior member of staff. We saw excellent audit trails and records, and we could plainly see why a let had been made to a particular applicant.
- 3.14 Melville allocates its houses on a quota basis between three categories: its own list, its transfer list and council nominations. It sets targets for these lets and monitors and reports on the outcomes to the sub committee but has no guidance on which of these categories of applicant should be considered for individual lets. However, the Association monitors and reports on the types of housing need being met through allocations and we saw that the outcomes are good.
- 3.15 Melville requests landlord references at the point of application and carries out a rolling programme of applicant visits. It will not normally consider applicants for an offer until references are received and a home visit has been carried out. However, the Association does not have a firm target for carrying out these visits. In a number of allocations we looked at, applicants with a high level of points had been bypassed either because they had not been visited or because Melville was awaiting references.
- 3.16 The Association's policy allows it to use discretion when allocating a property to an applicant from its own housing list. In the year to October 2005 we found that this discretion had been used in 15% of lets. Melville does this where there have been problems with anti social behaviour or other management problems, or to accommodate applicants in exceptional and urgent housing need. Whilst the allocations we looked at were appropriate, this means that a significant proportion of lets are made in circumstances which are not covered specifically by the published policy. This was raised in our performance audit carried out in 2000.
- 3.17 The Housing (Scotland) Act 1987, as amended, prohibits landlords from taking an applicant's age into account when allocating general needs housing. Melville

did not comply with legislation when allocating a new build development where all lets were made to applicants on the basis of their age.

- 3.18 Melville aims to maximise choice by imposing no restrictions on the number of areas to which applicants can apply. Its policy allows for applicants to be suspended for refusing two offers, but it rarely applies this: only one applicant was suspended for this reason in 2004/05. The Association also seeks to maximise choice by:
- active promotion of mobility through the national HOMES mobility scheme* and Homeswap; and
 - an effective and well advertised mutual exchange scheme. In 2004/05, 25 mutual exchanges took place.
- 3.19 The Association has a good approach to meeting the needs of applicants with medical and other special needs. Melville's in-house occupational therapist (OT) verifies all medical assessments and also ensures that any offers are suitable. Furthermore, she assesses the needs of all transfer applicants and progresses adaptations to allow them to stay in their own home where possible. The OT has also been heavily involved in the design stage of new build developments to ensure that special needs properties fully meet the needs of the future tenants.
- 3.20 Melville is good at meeting housing need and contributes to alleviating homelessness. The Association generally manages allocations well and provides a good service to applicants, although its policy does not transparently cover all of the needs of people who apply for its houses. The use of age restrictions in the allocation of a new build development is a weakness.

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.

- 3.21 All Melville tenants have a Scottish Secure Tenancy (SST)* agreement. Until recently the Association had granted a significant number of short SSTs as probationary tenancies. Although these tenancies were managed well, the

* see glossary

Association realised that its approach was not compliant with legislation and has recently revised its policy and procedures on granting SSSTs*.

- 3.22 The provision of good information and access to appropriate support are important ways in which landlords can help people sustain their tenancies. Melville works proactively to get the tenancy off to a good start and uses sign up interviews to give new tenants an extensive range of helpful information about managing their tenancy. It also gives all new tenants a 'Welcome to your new home' card, and a 'Welcome pack' consisting of basic cleaning materials and tea and coffee.
- 3.23 The Association's housing officers visit all new tenants within six weeks of the tenancy start. Melville uses these visits to reiterate tenancy conditions and identify any potential problems. Melville monitors its performance in carrying out these visits and reports outcomes to the sub committee. In the period April to October 2005, 93% of visits were carried out within target.
- 3.24 Melville is committed to helping people get the support they need to stay in their homes. This was confirmed by some of the agencies Melville works with and we saw examples where housing officers were liaising with a wide range of support agencies to ensure that tenants can get appropriate services and support.
- 3.25 The Association's in house Welfare Benefits Officer (WBO), assists tenants with welfare benefit claims and appeals. Tenants can contact the WBO directly and we saw that housing officers and other staff regularly refer tenants to the service. Melville carries out ongoing surveys of this service which consistently indicate very high satisfaction levels and good outcomes for tenants. However, Melville is not doing everything possible to ensure that all tenants who need help and assistance are aware of and can access the service:
- 8 of the 21 respondents to a recent rent arrears service survey were not aware of WB service;
 - the service is not highlighted to tenants in standard arrears letters; and
 - housing officers do not routinely ask for WBO involvement when legal action is being instigated.

- 3.26 Melville routinely issues Notices of Proceedings* (NOPs) at an early stage to tenants in arrears if they fail to respond to two letters. It issued 411 NOPs in 2004/05 and raised court action in 72 of these cases (17.5%). We saw evidence that Melville is beginning to use NOPs less frequently and in a more targeted way, but it still uses NOPs as a tool for getting tenants to contact the Association rather than where there is a clear intention to take court action.
- 3.27 Melville's eviction rate is roughly in line with the national average of 0.24%. In the year since October 2004, Melville was granted 16 eviction decrees. Two tenants were evicted and a further three terminated their tenancy after the decree was granted. Of the remaining eleven tenants, seven cleared their arrear and were granted a new tenancy and four sought independent legal advice and had their cases recalled to court. Although this is a positive outcome for the tenants involved, we found that the Association does not always fully consider alternatives to court action.
- 3.28 Melville gives its tenants the opportunity to agree repayment arrangements before it starts legal action and provides them with information on advice agencies. However, we saw that staff do not maintain contact with tenants once court action is raised, and that the Association's guidance requires staff to make no arrangements to clear arrears where a court date has been fixed, without prior discussion with the housing manager. The tenant must go to court and, as a result, become liable for court costs. We saw examples where , having been granted a decree, Melville informed tenants that it would carry out the eviction unless arrears are paid in full. The Association's procedure allows flexibility for repayment options at this stage, but we saw no evidence of this happening in practice.
- 3.29 Seven of Melville's tenants abandoned their tenancies in 2004/05. This represents 0.43% of its properties. Although the number of properties abandoned has increased from three in both the previous years, this figure still compares well with the national median* and Melville's peer* group of 0.56% and 0.92% respectively. No properties have been abandoned in the period from April to October 2005.

* see glossary

3.30 Melville is an active participant in Communities Scotland's mortgage to rent scheme which allows owners, who are in danger of having their home repossessed, to remain in their home as tenants. To date Melville has granted eight tenancies under this scheme and is actively working on four other applications for assistance. This is a positive contribution to the prevention of homelessness.

3.31 Melville is good at maximising security of tenure for its residents and works well with other agencies to help people establish and sustain their tenancies. However, there are a number of weaknesses in how the Association uses legal action against its tenants.

Quality of neighbourhoods

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

3.32 Melville's estates include a mixture of high demand main door stock and predominantly flatted areas which are more difficult to let. Melville maintains the majority of its estates to a good standard, although some areas have problems with graffiti, vandalism and litter. Melville has a good awareness of these issues and has worked innovatively with tenants and other agencies to bring about improvements in these areas. For example, following a survey of tenants in Mayfield, Melville carried out environmental and security improvements and introduced a stair cleaning service. This was linked to a Young People's outreach project, funded by Communities Scotland's Wider Action* fund, aimed at reducing the problems caused by young people congregating in the area. The Association carried out a follow up survey of residents which indicated an increased satisfaction with the environment and of personal safety. Melville has also worked with the local community business to provide a Security Options Scheme for elderly tenants. Tenants can choose from a selection of security items (door chains, enhanced lighting etc) to the value of £68 at no cost to themselves.

* see glossary

- 3.33 With the exception of these special initiatives much of Melville's work in the management of estates is reactive and relies on tenants reporting problems. We saw that staff follow up estate management issues such as unkempt gardens and dumped rubbish effectively and are good at making face to face contact with tenants to deal with problems. Melville does not have a framework in place to monitor the outcomes and impact of actions taken, nor does it formally monitor the work carried out on its behalf by contractors.
- 3.34 Melville takes a firm approach to neighbour nuisance and antisocial behaviour (ASB) and seeks to ensure that tenants are clear about what is expected of them. The Association has developed a good neighbour charter which new tenants are expected to sign at the start of their tenancy. This covers issues such as care of common areas and being considerate to neighbours. The Association further underlines this approach by:
- using settling in visits to discuss its expectations of acceptable behaviour;
 - giving a high profile to ASB in newsletters; and
 - making clear information available from reception and on the website explaining how complaints are dealt with.
- 3.35 Melville has played a key role in the development of Midlothian Council's antisocial behaviour strategy and was actively involved in the development of the under 16 ASB protocol, the adult ASB protocol, and the introduction of neighbourhood wardens and good neighbour agreements in Gorebridge. The Association has worked effectively with the Council in dealing with more serious antisocial behaviour cases and has successfully obtained seven Antisocial Behaviour Orders (ASBOs) since 2003. It is currently in discussion with South Lanarkshire Council to establish a protocol with its ASB team.
- 3.36 Melville responds quickly when disputes arise and uses the good links it has established with the police, the Council's ASB team and other agencies to try and resolve the matter. The Association categorises complaints according to severity and has corresponding target timescales which it generally meets.
- 3.37 Melville has recorded a marked increase in reported incidences of neighbour nuisance and ASB in the last year. It received 109 complaints in the whole of

- 2003/04 but in the period April – October 2005, it received 150 complaints. Most of these were minor neighbour disputes. Melville has attributed this increase to greater media coverage and a recent campaign by Midlothian Council. We reviewed a number of antisocial cases reported over the last year and could see that Melville takes a proactive approach, although it does not provide staff with clear guidance about what the Association is trying to achieve and when it is appropriate to involve other agencies.
- 3.38 Melville’s approach to neighbour nuisance concentrates on trying to respond to resolve issues within the target time and relies heavily on enforcement techniques such as warning letters, NOPs and interim interdicts. Although many of the complaints are the result of disagreements between neighbours, Melville rarely uses mediation. Almost half of the 191 complaints received in the year up to October 2005 were repeat complaints involving only 31 tenants. When we discussed this with the Association it accepted that this level of repeated complaints may indicate that its current approach is not always effective, and it is now investigating ways of accessing mediation services.
- 3.39 Melville monitors performance in meeting targets for response and resolution of antisocial behaviour and neighbour nuisance complaints, but reports to committee consist only of a running total of reports received, broken down by category. Melville does not monitor trends and outcomes and carries out no assessment of the effectiveness of its intervention. Melville has accepted that this is an area where improvements are needed and is already looking at how it can improve performance monitoring and reporting.
- 3.40 Melville has taken a proactive approach to addressing the problems affecting some of its estates and we saw examples of where it has engaged effectively with residents and other agencies to resolve these problems. However, generally the Association’s approach to the management of the physical quality of its estates is reactive. Melville has no firm guidelines and targets in place and does not effectively monitor outcomes. Melville takes a firm approach to tackling antisocial behaviour and neighbour nuisance and works well with the Council and other agencies in more serious cases. However, the Association does not provide sufficient guidance for staff and does not monitor the effectiveness of its

approach. Although we saw some strengths, Melville's overall performance in this area is fair.

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.

- 3.41 Melville's comprehensive survey of its tenants in 2003 found that 91% of respondents were satisfied or very satisfied with Melville as a landlord. Only 2% of respondents expressed any dissatisfaction with the Association; 86% of respondents thought that Melville was good at taking account of their views and 97% thought that the Association kept them well informed. This is a significant improvement from its 1999 survey when the figures were 66% and 92% respectively. Tenants we spoke with generally confirmed this position.
- 3.42 Melville uses a good variety of methods to publicise and promote its services and provide advice to service users, including its website and a wide range of informative leaflets.
- 3.43 Melville has taken steps to ensure that its housing management services are available to all those who want to use them:
- its office is accessible, centrally located, welcoming and attractive;
 - it holds regular surgeries for tenants in Forth;
 - its offices have induction loops;
 - it can provide access to translation services; and
 - it can provide key documents in alternative formats.
- 3.44 Melville provides a good service to tenants or applicants calling in to, or telephoning its offices. Its reception staff are friendly and have a good basic understanding of housing management issues. Applicants or tenants who call at the office are always able to see a specialised member of staff to discuss their application, their rent or any other housing management issue.
- 3.45 Generally, Melville has a positive approach to seeking tenants' views on service delivery. The Association routinely seeks service users' views on the lettings, arrears, and welfare benefits services. The Association reviews all returns and replies individually to those who make individual comments. We saw examples

of where these comments have been used to improve service delivery. In addition Melville recently asked its internal auditors to carry out one off surveys to measure satisfaction and gather comments on the lettings service and on rents and arrears management. Melville intends to draw up action plans in response to the findings. One key service area where Melville does not collect tenants' views is neighbour nuisance and anti- social behaviour.

- 3.46 Melville has a tenant participation strategy which clearly reflects its commitment to consulting and involving its tenants. The Association is striving to involve tenants in a meaningful way. However, much of Melville's tenant participation work is carried out on an ad hoc basis. Melville's strategy is backed up with an action plan, however this does not set out clear targets and objectives. As a result the Association is not monitoring its achievements and not assessing the effectiveness of its approach to tenant participation.
- 3.47 The Association has found it difficult to stimulate broader tenant involvement. The 2003 tenant survey indicated that 96% of tenants were not interested in becoming involved with the Association, an increase of 8% from 1999. Melville has no Registered Tenants Organisations, despite engaging external consultants to stimulate interest on more than one occasion. However, the Association has had some success in getting tenants involved in decision-making at a local level and in single issue working groups. For instance, tenants were involved in the decision to introduce stair cleaning in Mayfield, and more recently Melville sought tenants' views about siting of a telephone mast in Penicuik. Melville also worked with tenants to develop the tenant's reward scheme introduced in April 2005. The Association has recently established a tenants forum which it anticipates will provide flexible opportunities to allow tenants to become involved in issues that interest them, in a way that suits them. Through the forum, tenants will be offered the opportunity to become involved in workshops and discussions but can also choose to participate and contribute their views through questionnaires, phone surveys or email.
- 3.48 The Housing (Scotland Act) 2001 requires landlords to consult tenants before imposing rent increases and to involve them in policy review. To date Melville

- has had a basic approach to this legislative requirement but the Association intends to develop this by using the newly established tenants' forum.
- 3.49 Melville has a positive approach to dealing with all formal and informal complaints and welcomes them as a form of feedback which can help it improve its services to tenants. The Association records any comments made on survey forms and all formal complaints are recorded and monitored centrally before being passed over to the relevant manager for action and response. We saw several examples where Melville has amended its policy and procedures in response to complaints and comments. A regular monitoring report is presented to committee, detailing all complaints, comments and compliments, although the Association does not report on satisfaction results for individual service areas.
- 3.50 The Association informs tenants of their right to complain in a variety of ways. It provides clear guidance on how to make a complaint in the Tenants Information Pack as well as in an informative booklet. In addition Melville also makes tenants aware of their right of appeal to the Scottish Public Services Ombudsman^{*} by printing details in all correspondence and in each newsletter. The Association deals with formal complaints and appeals appropriately and in line with its published policy.
- 3.51 Melville has standards for customer care which are set out in its tenant handbook and customer care leaflet. These give service users a good indication of the level of service they can expect to receive over a wide range of the Association's activities. Melville monitors and reports to sub committee on customer care standards in the core housing management services. In addition Melville provides accessible information to its service users on how well it is performing against standards and targets.
- 3.52 Melville is striving to be a responsive landlord. It has a good approach to gathering and using the views of its service users and deals positively with complaints. The Association intends to use its newly established tenants forum to encourage the increased involvement of tenants in how it delivers its housing management services.

^{*} see glossary

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.

3.53 Melville offers tenants a wide range of accessible and easy-to-use methods to pay rent. The Association is committed to widening this choice by introducing direct debit electronic payments by spring 2006. Melville's 2003 customer satisfaction survey found that 94% of respondents were satisfied with the methods they had for paying rent.

3.54 The table below summarises Melville's reported performance in collecting rent arrears.

	At March 2003	At March 2004	At March 2005			At October 2005
	Melville	Melville	Melville	Peer group*	National median	Melville
Total arrears as % of total gross rental income	5.6%	7.1%	6.5%	6.7%	5.5%	6.2%
Total current arrears as % of total gross rental income	3.7%	5.3%	5.2%	4.7%	4.3%	5.0%
Current arrears (non technical) as % of total gross rental income	3.2%	2.6%	2.5%	3.3%	6.6%	3.2%
Current arrears (technical)* as % of total gross rental income	0.5%	2.6%	2.7%	1.4%	0.8%	1.8%
% of current tenants in serious arrears**	2.2%	2.6%	2.8%	5.0%	4.6%	n/a
Total former tenant arrears	£78365	£79059	£58778	n/a-	n/a-	£52451
As % of total gross rental income	1.8%	1.8%	1.3%	1.9%	1.0%	1.1%
Rent arrears written off	£5801	£26983	£41333	n/a	n/a-	£10978

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

3.55 Melville's total arrears as a percentage of its total rental income increased to 7.1% in March 2004 and has reduced since then; it is now roughly in line with the figure for its peer group. In 2004/05 Melville's performance ranked 19th in its peer group of 29 RSLs. The Association has improved its performance since our

* see glossary

performance audit in 2000 when arrears figures were twice those of national benchmarks. At the time of inspection, Melville's total current tenant non technical arrears were increasing. Melville is aware of this upward trend and has firm plans to carry out an analysis of arrears cases to determine reasons for this increase, and to review current policy and procedures.

3.56 Melville has developed a range of approaches to arrears management which have contributed to improved performance over the last five years. Particular strengths are:

- accessibility of information for tenants experiencing difficulties with paying their rent and a well advertised arrears hotline;
- an emphasis on early intervention, whereby tenants are contacted promptly after payments are missed;
- clear and straightforward escalation procedures for staff to follow;
- good record keeping of actions taken and arrangements made;
- provision of good advice about and assistance with housing benefit claims;
- good links with the Council on housing benefit; and
- regular monitoring of all arrears cases by managers and monthly supervision meetings with staff to discuss arrears cases.

3.57 Although its ongoing customer survey on its frontline arrears service indicates consistently high satisfaction levels, Melville is committed to improving the customer focus of its rent arrears service. Melville has recently commissioned a survey by its internal auditor into the rent arrears service overall. This survey indicated some areas where improvements could be made and the Association intends drawing up an action plan to deal with these.

3.58 We found some weaknesses in the customer focus of Melville's management of arrears:

- its approach puts more emphasis on letters rather than personal contact with tenants;
- the Association often serves Notices of Proceedings at an early stage, without the tenant being interviewed and without taking into account personal circumstances; and
- repayment arrangements do not always take affordability* into account.

3.59 The level of arrears owed to Melville by former tenants has decreased by 28% since 2003/04. At October 2005 it represented 1.1% of the annual rent charge. This significant decrease was partly the result of significant write off. Melville has also improved performance by reviewing its recovery process and introducing a range of measures:

- clear information and advice for tenants who are ending their tenancy;
- one member of staff responsible for pursuing debts;
- monthly monitoring of former tenant arrears;
- robust procedures with clear escalation of action and clear guidelines for referral to a debt recovery agency and for write offs; and
- incentives for former tenants to repay their debt- former tenants who make payment in full within 30 days receive a 30% discount.

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

	At April 2003	At April 2004	At April 2005			At October 2005
	Melville	Melville	Melville	Peer Group	National Median	Melville
Rental income lost due to empty houses	£32773	£23209	£22948	n/a	n/a	£10383
As % of total rental income	0.8%	0.5%	0.5%	1.8%	0.9%	0.4%
Total no. of re-lets	106	94	88	n/a	n/a	29
% re-let in <2 weeks	40.6%	67%	63.6%	16.2%	32.1%	88.9%
% re-let in 2-4 weeks	47.2%	29.8%	29.5%	28.1%	22.1%	11.1%
% re-let in >4 weeks	12.3%	3%	6.8%	55.7%	35.6%	-
Average time to relet (days)	17	12	10	50.8	26.0	8

Source: APSR 2002/05

3.61 Melville relets its empty houses quickly and its performance in this area is excellent. In 2004/05, the Association took an average of 10 days to relet its properties and was ranked 27th out of 177 RSLs in Scotland. At the time of our inspection the average time to relet had reduced to 8 days. This is a marked improvement since the last performance audit in 2000, when Melville's relet time was twice that of the national benchmark. In 2004/05 it lost only 0.52% of its rental income which is significantly lower than both the peer group figure and national median.

- 3.62 Melville has achieved this significant improvement in performance by introducing a range of practices to minimise the time its houses are empty:
- improved internal communication and management of empty houses;
 - good communication with outgoing tenants about their obligations and pre-termination visits to agree repairs;
 - starting the allocations process as soon as notice of termination is given and pre-allocating the property whenever possible; and
 - the recently introduced reward scheme for tenants who meet all their termination obligations, which offers a 'Golden Goodbye' in the form of a cheque to the value of one month's rent.
- 3.63 Melville's cost for managing its houses in 2004/05 was £739 per unit. This is high in comparison with both the peer group figure and national median of £533 and £530 respectively. Melville has plans to develop time recording to allow a more accurate reflection of costs, and in addition intends to benchmark* housing management costs with a number of other RSLs. Two thirds of tenants responding to the 2003 tenant survey thought that the rent represented value for money, up from less than a third in 1999.
- 3.64 Over the last five years Melville has significantly improved its performance in minimising rent arrears and reletting empty houses, and overall its performance in resource management and efficiency is good. The Association is already planning improvements to its customer focus in arrears management.

Performance management

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

- 3.65 Melville sets out its strategic objectives in its Internal Management Plan* (IMP). The IMP includes a range of activity plans which form the basis of planning service delivery and incorporate service objectives for housing management services. However, few of these objectives are SMART*, making it difficult for the Association to monitor progress against them.

* see glossary

- 3.66 Melville holds workplan meetings with individual staff members on a monthly basis. These are a useful way for managers to keep aware of staff workload and to provide supervision and support. However, these are not always clearly linked to service objectives and targets which staff are working to achieve. The Association's monthly housing management team meetings are a useful opportunity for providing information to staff, but these do not currently focus on performance.
- 3.67 Melville has a wide range of policies and procedures to support service delivery. The Association has put in place a timetable for regular review and has identified where tenants will be invited to become involved in the process. However, there are some areas where there is a lack of detailed guidance around certain activities. We saw examples where lack of clear procedures resulted in inconsistent approaches and lack of staff clarity about their role. We also saw examples of policies and procedures which were out of date and did not reflect Melville's current practice, and which are not in line with current published good practice guidelines.
- 3.68 Bi-monthly reports to the Association's Housing and Development Services sub committee give a realistic overview of performance in housing management; however, reports do not cover all areas of service delivery; there is little analysis of trends, and there is no peer benchmarking*. Melville is aware of the shortcomings of the current performance management system. It is currently investigating ways of improving this and is actively working to establish a benchmarking group with other RSLs.
- 3.69 Melville is committed to improving its service delivery and generally has a good awareness of its strengths and of areas where improvement is needed. The Association has shown capacity for improvement in performance as is evidenced in its successes in arrears and void management. However there are some weaknesses in performance monitoring and reporting and the lack of clear guidance to staff in some areas is a weakness.

* see glossary

Grade and overall assessment of housing management

- 3.70 Our overall assessment is that Melville's housing management is good. We found many strengths along with some areas where improvement is needed. We set out below the factors we have taken account of in coming to our assessment.
- 3.71 Many of Melville's strengths in housing management impact directly on tenants and applicants. Melville is a responsive landlord. It actively seeks service users views and uses these to improve service delivery. It is meeting housing need through its allocations, is maximising security of tenure and is working to help people sustain their tenancies. Melville is also performing very well in letting houses quickly and in maximising rental income.
- 3.72 Melville's key weaknesses which directly impact on service users are:
- its approach to cancelling and bypassing applications; and
 - it still relies overly on the use of NOPs and legal action in its management of arrears.
- 3.73 We also found that Melville's monitoring and reporting of performance is underdeveloped and it has gaps in guidance for staff in key areas.
- 3.74 Melville is committed to achieving continuous improvement. We found that the Association is generally aware of the areas where improvement is needed and shows willingness and capacity to address these quickly.

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.

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 Melville tenants can report repairs by telephone, in person, by e-mail, through its website or to the out of hours service provided through its repairs contractors. The Association provides a very useful repairs diagnostic tool on its website which helps tenants identify the repair they need. In its 2003 tenant survey, 98% of respondents found it easy, or very easy, to report a repair. Tenants we spoke to confirmed that it was easy to report repairs both during the day and when the office was closed.
- 4.3 Melville publicises details of the repairs service and how to report a repair in its office, its newsletters, tenant handbook, on its website and in a calendar issued to all tenants. We found that staff are willing and able to provide useful advice and information on the repairs service. Melville makes information on repairs available in other languages and formats as publicised in leaflets and the tenant handbook.
- 4.4 Melville provides good information to each tenant who reports a repair. This includes a confirmation letter giving information on the contractor who will be carrying out the repair, the target completion date and a satisfaction survey form for completion.
- 4.5 The Association does not operate a formal appointments system for response repairs*, but tenants can request a morning or afternoon call; it makes every effort to meet the wishes of tenants for a more definite time. A member of Melville's staff operates from the main contractor's depot and contacts tenants to

* see glossary

confirm that a time for carrying out the repair is suitable. Tenants we spoke to appreciated this approach. We also saw evidence that this has reduced the number of failed attempts by the contractor to gain access to houses to complete repairs.

- 4.6 Melville has adopted a proactive approach by asking all tenants over the age of 50 whether they consider they would benefit from adaptations to their home. As noted earlier, the Association provides an in-house occupational therapist (OT) service in partnership with Midlothian Council; this has allowed the Association to speed up the process of assessing applications for adaptations and adaptations are being carried out more quickly.
- 4.7 Melville provides excellent arrangements for accessing its responsive repairs service.

Speed and quality of response repairs service

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

- 4.8 The Association's target timescale for the completion of emergency repairs is more challenging than the national median of 6 hours, and its urgent repairs target of 3 working days is in line with the national median. The Association's routine repairs target of 8 working days is shorter than the national median of 10 working days. Melville's target for carrying out pre inspections* is 3 working days so, in some cases, the overall target will be 11 working days.
- 4.9 Melville's performance in completing emergency and urgent repairs has been above both the national medians and peer group figures for these categories for the last two years. Its performance in completing routine repairs was substantially below the national median. Overall, in 2004/05 Melville completed 94.8% of its repairs on time placing it below the national median, and 100th out of 179 RSLs nationally.
- 4.10 In comparison with its peer group of small scale transfer RSLs, the Association's reported performance for all repairs placed it 17th out of the 29 landlords in the group. Completion of repairs against its target timescales has remained at

* see glossary

relatively consistent levels across the priority categories over the last three years. The table below outlines its reported performance for completing response repairs.

	Melville's target response time	Performance				
		Melville			National median 2004/05	RSL peer group 2004/05
		2002/03	2003/04	2004/05		
Emergency Repairs	2 hours	100%	100%	100%	98.9%	98.3%
Urgent Repairs	3 days	94%	97%	97%	95.0%	92.7%
Routine Repairs	8 days	90%	91%	91%	95.1%	91.9%

- 4.11 We found weaknesses in the way information about repairs completions was previously recorded and managed which mean that the figures in the above table may not accurately reflect the service that tenants were receiving. Melville did not always record the specific time when an emergency repair was completed so it did not have an accurate picture of its performance against its targets. In addition, the Association does not include the time taken to carry out a pre-inspection when calculating how long it takes to complete a routine repair. This means that the performance reported above will be better than that achieved in reality.
- 4.12 Melville is aware of the issues relating to the accuracy of its reported performance and the steps it has taken from April 2005 have resulted in a more accurate picture of its performance. Melville completed 80% of emergency repairs within target from April to October 2005. On those occasions where the contractor omits to include the time of completion, Melville is recording the repair as falling outwith target time. As a result, actual performance for 2005/06 is now likely to be better than that which Melville is reporting. However, its performance in completing routine repairs has also deteriorated during 2005/06 to 85% and is likely to be poorer because it does not include the time taken to pre inspect these repairs. Melville is working closely with its main contractor to resolve this situation and it has recently introduced weekly monitoring of performance to establish the reasons behind this decline.

- 4.13 Pre and post inspections* are important tools for ensuring repairs are targeted accurately and carried out to a high standard. Melville has an internal target of 10% for pre inspections. In 2004/05 it inspected 31% of repairs and to date during 2005/06 15% of repairs are being pre inspected. Melville does not provide staff with guidance or criteria for selecting those repairs to be inspected. It acknowledges the need for this and is planning to include this in its review of its procedures.
- 4.14 The Association has a target to post inspect 15% of completed repairs. In 2004/05 it post inspected 11.5% of repairs and during 2005/06 this was up to 15.7%. Around half of post inspections are randomly selected by Melville's computer system and it includes jobs costing in excess of £500. The Association provides staff with no guidance on the selection of additional repairs to be post inspected. Melville records the outcome of each inspection, most of which show that the repairs were of a good quality, but recognises that it needs to improve the way it records and uses post inspection outcomes to monitor the quality of work carried out.
- 4.15 Melville operates a Right to Repair scheme* which it advertises annually through its newsletter and in the tenant handbook. The Association performs well in meeting the statutory requirements. Its figures show that in 2004/05 only 5 out of 557 qualifying repairs were not completed on time, and to date only 4 out of 243 qualifying repairs during 2005/06 failed to be completed on time. Where there are no valid reasons for the repair not being completed on time, Melville automatically arranges for compensation to be paid to the tenant. We found that staff categorise repairs correctly and tenants reporting qualifying repairs receive detailed information on how their repair will be handled, including details of alternative contractors.
- 4.16 Melville's tenants survey in 2003 showed that 92% were satisfied or very satisfied with the repairs service overall. Results from the Association's ongoing tenant satisfaction survey show that for the year ending August 2005, 99% of respondents were satisfied with the responsive repairs service.

* see glossary

- 4.17 Melville provides a response repairs service that tenants are happy with. The Association is taking steps to address areas of weakness, including the time taken to complete emergency and routine repairs and the provision of staff guidance on its use of pre and post inspections.

Physical quality of houses

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

- 4.18 Scottish Ministers have set a target that all social landlords' houses should meet the new Scottish Housing Quality Standard (SHQS) by 2015. Landlords were required to prepare a plan for submission to Communities Scotland by April 2005, showing how they will achieve this. Melville achieved this target and is confident that its proposed future maintenance programmes will ensure that all of its houses will comply with the SHQS by 2015. The Association opted to carry out a self-assessment and awaits Communities Scotland's verification of its submission.
- 4.19 The vast majority of Melville's houses were built between 1945-1982 with 68% being of non traditional construction. This presents the Association with challenges in maintaining and improving these houses particularly in the area of energy efficiency. However, following a major maintenance and improvement programme, the Association's houses are in good condition and meet the safety requirements of the SHQS. All of its houses have either battery operated or hard wired smoke detectors and Melville has an ongoing programme to upgrade remaining battery operated detectors. Around half of its houses with gas appliances have hard wired carbon monoxide detectors fitted, with a programme to have them installed in all of its houses by April 2008. Secure door entry systems have been installed to 35 of its common entrances to properties. Melville told us that it plans to continue negotiations with owner occupiers with a view to having door entry systems installed in a further 21 properties.
- 4.20 The Association has good information on the condition of its properties through its annual planned maintenance* inspections supported by an independent house condition survey every five years. It uses this information to prepare its

planned and cyclical maintenance programmes*. The Association's financial planning framework draws effectively on its house condition and life cycle costing* information. Melville, therefore, knows how much it needs to spend, and within what timescales, to maintain its houses effectively.

- 4.21 Melville has introduced a Maintenance Outlook Test (MOT) which ensures that every house is visited every three years to assess its condition. This allows the information obtained to be used in the development of long term maintenance plans. This approach also allows the Association to pick up on any issues of concern for the tenant relating to tenancy or welfare issues. Following the visit, tenants are regularly referred to Housing Officers, Welfare Advice Officer or Occupational Therapist as appropriate. Tenants we spoke with were very positive about this scheme.
- 4.22 Melville has started to build new houses and has completed 19 flats in 2 projects over the last 2 years. The new homes have been designed to good standards and:
- are built in line with Secured by Design standards to create safe homes that minimise the risk of crime and antisocial behaviour;
 - have good levels of energy efficiency; and
 - are designed to Housing for Varying Needs standard to accommodate the range of housing needs that people have through their lifetime.
- 4.23 Social landlords are required to carry out safety checks every 12 months on all gas appliances and flues which they provide for tenants' use. We found that Melville has fully met its statutory duty in this regard. During the on-site phase of the inspection we found that all properties had their appliances and flues checked within the previous 12 months. The table below summarises Melville's excellent performance in this area.

* see glossary

	November 2005	
	Number of houses	%
Houses with gas appliances*	1481	100
Houses with current gas safety certificates	1476	99.7
Houses where safety check was carried out within 12 months of previous check	1476	100
Houses where safety check was up to 1 month late	0	0
Houses where safety check was between 1 and 3 months late	0	0
Houses where safety check was more than 3 months late	0	0

* includes 5 properties where gas appliances have been made safe

- 4.24 Melville previously had difficulties in completing gas safety inspections resulting from problems in gaining access to some of its houses. In response to weaknesses it had identified in its management of gas safety, it established a 10 month cycle of gas safety inspections and now starts the process 19 weeks before the due date of an inspection where it has had previous difficulty getting access. Its committee approved legal action to obtain access to houses where the contractor has been unable to gain entry. Melville employs an independent gas inspection company to inspect new installations and carry out quality control visits on around 10% of completed annual services.
- 4.25 From May 2004, social landlords have had a statutory duty to manage asbestos in the common areas of their properties. Melville's committee did not approve an asbestos management and action plan until August 2005. The results of a survey of common areas of flats will be known by December 2005. The Association holds details of the type and location of asbestos in 436 of its properties and will shortly complete a survey of all of its houses. As a result Melville will have comprehensive information on the presence of asbestos in all of its houses and common areas by July 2006.
- 4.26 Melville has a clear, written relet standard which aims to ensure that the houses it lets are safe and in a good condition. It asks new tenants how satisfied they are with their new homes and responses show high levels of satisfaction. It analyses reasons for refusing offers, although the number of these is relatively low and none has related to the condition of the property.

4.27 Overall, Melville's performance in maintaining the physical quality of its housing stock is good. Its properties are in good condition and there is an effective approach to developing its planned and cyclical maintenance programmes. The Association has a good approach to ensuring its empty houses are relet to a consistently good standard. It has taken steps to address weaknesses it recognised regarding meeting gas safety requirements and now has an excellent performance. Although the deadline for preparation of an asbestos management plan was missed, Melville is making good progress in compiling a comprehensive database on the presence of asbestos in all of its houses and 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.

4.28 Melville's last full satisfaction survey was carried out in 2003 in which 92% of respondents indicated their satisfaction with the repairs service overall. The Association has a good picture of tenant satisfaction across the service through its use of a questionnaire to collect feedback from tenants on each completed repair; this confirms that the high level of satisfaction identified in 2003 is being maintained. It also sends satisfaction survey forms to all tenants whose house has undergone planned or cyclical maintenance work, a medical adaptation or servicing of gas appliances; each of these surveys show high levels of satisfaction. Melville reports this information to the Housing Services and Development Sub-Committee on a bimonthly basis, although no meaningful analysis of this information is provided for the committee as only global figures are reported.

4.29 Melville has a good approach to publicising its complaints procedure, and to assisting tenants to make complaints. We looked at a range of complaints about the property maintenance service, and these demonstrated that the Association generally has a positive approach to dealing with complaints. Melville also records positive feedback made by tenants about its service and passes this on to the appropriate contractor or member of staff.

4.30 Melville has tried to encourage its tenants to become involved in consultation or participation activities but has had limited success. Nevertheless, we saw some

good examples of tenant participation and involvement in the property maintenance service. For example, during the kitchen replacement programme, tenants have been given the opportunity to plan the layout of their kitchen with the help of an Architect; tenants told the Association that this was greatly appreciated.

- 4.31 Melville's performance in engaging with and responding to tenants on its property maintenance service overall is good. It has shown a commitment to seeking tenants' views on most aspects of the property maintenance service. It is developing its approach to tenant participation and there are some early positive signs.

Is the service managed for improvement?

Resource management and efficiency

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

- 4.32 Melville's management cost for delivering its property maintenance service was £142 in 2004/05 for each of its properties. This is a decrease of 31% on the figure for 2003/04. The 2004/05 figure was 37% below the figure for Melville's peer group. The Association recognises that these figures may not be accurate and it is developing a time recording framework to ensure that staff time and costs can be accurately allocated in future.
- 4.33 Melville has entered into a number of partnering* arrangements for both reactive maintenance and planned maintenance contracts. We examined the arrangements relating to reactive maintenance, gas maintenance and servicing and cyclical maintenance painterwork. In the case of the first two contracts, the Association did not set out a clear rationale for entering into a partnership agreement nor could it show that it achieved value for money. Melville recognised the weaknesses in its approach and the most recent agreement relating to maintenance painterwork had undergone a more robust process with the balancing of quality and price having been taken into account. Melville will use this approach for future agreements.

* see glossary

- 4.34 Melville's approach to awarding other contracts is not always open and accountable. In two cases we saw contracts which had been awarded without clear reasons for the selection of the successful contractor. The Association's policy allows for contracts to be negotiated in some instances, although it states that it must be clear that there are benefits with regard to cost and quality. In another case, only two contractors had been invited to tender where the policy requires a minimum of three and Melville did not record the reason for this deviation from its policy. We attended a meeting of the Sub-Committee at which it agreed the Association's list of approved contractors; however the Sub-Committee took its decision without any information on contractors' performance or the views of tenants.
- 4.35 Melville invoices tenants for all rechargeable repairs* unless there is a valid reason for not doing so. In 2004/05 it recovered 21% of the £29,979 tenants owed the Association, compared with 37% the previous year. The Association recognised that its performance in recovering rechargeable repairs costs could be improved, and has substantially revised and improved its policy and operating procedures. For example, where safety is not an issue, Melville will no longer automatically carry out a rechargeable repair where the tenant has made no attempt to settle an earlier account.
- 4.36 Melville's approach to raising and recovering rechargeable repairs has been improved and is now operating effectively. However, its arrangements for procuring responsive repairs, planned and cyclical maintenance work is not always open and accountable or demonstrates that it achieves value for money.

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.

- 4.37 We found similar strengths and weaknesses in Melville's planning and management of performance in property maintenance as we identified for housing management. The Association's weekly maintenance team meetings

* see glossary

allow staff to discuss workloads and share information on current issues, but do not focus on performance.

- 4.38 Melville has a range of policies and procedures available to guide staff delivering property maintenance services. However, there are some gaps, for example in relation to pre and post inspections.
- 4.39 Melville's approach to performance management is fair and there are some weaknesses which limit its ability to continuously improve its services. The Association has, however, shown a willingness to tackle such weaknesses. Regular reports to the Association's Housing Services and Development Sub Committee give a good range of performance information as well as highlighting tenant feedback through surveys and complaints. In addition to the weaknesses identified under housing management, Melville does not always provide its Sub-Committee with sufficient information to enable it to make fully considered decisions. The Association does not provide its staff with comprehensive guidance on how the property maintenance service is to be delivered.

Grade and overall assessment of property maintenance

- 4.40 Our overall assessment of Melville is that its 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 the strengths and areas for improvement across the service. An important factor in our assessment is that a number of Melville's areas of strength impact directly on its tenants, such as:
- the accessibility of its repairs service;
 - the good physical quality of its houses;
 - excellent performance in gas safety inspections;
 - a commitment to seeking tenants' views and acting on feedback;
 - proactive approach to identifying, and responding to, those tenants who would benefit from adaptations to their homes; and
 - a satisfaction level of more than 90% for most of the key elements of the repairs service.

4.42 Alongside these strengths, we found some areas for improvement in Melville's management of property maintenance:

- performance in completion of emergency and routine repairs;
- its compliance with its duty to manage asbestos;
- its performance management framework including the provision of guidance for its staff; and
- weaknesses in its procurement* of contractors.

* see glossary

5. Governance and financial management

Governance

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 Melville sets out its vision for the organisation's future in its corporate strategy. The current strategy, covering the period 2005 – 2008, was developed in consultation with staff, management and external partners. The Corporate Strategy includes an Internal Management Plan which comprises 30 Activity Plans grouped into 5 sections reflecting the Association's key operational functions. Melville reports its performance against the objectives and targets set in the IMP to the Management Committee on an annual basis. It monitors its progress against activity plans through bi-monthly reports to the Housing and Development services sub committee.
- 5.2 The Corporate Strategy identifies the Association's seven key objectives for the next three years, and these are then supported by five aims and objectives which are cross referenced into the relevant Activity Plans contained in the IMP. In April 2005 Melville's internal auditors reported that these key objectives do not directly correlate to the aims and objectives and suggested to the Association that consideration should be given to addressing this at the next review. The objectives cover the Association's work on development planning and wider action initiatives.
- 5.3 The Association's Activity Plans set out what the organisation will do in practice to achieve these aims and objectives but some of these departmental objectives do not meet SMART* criteria, making it difficult for the Association to measure or quantify progress against them.
- 5.4 The Association gives its staff individual work plans, which they discuss and update on a regular basis with managers. These plans reflect the ongoing work that staff undertake on a daily basis and provide useful information for managers on progress in service delivery.

* see glossary

5.5 Melville's approach to forward planning was identified as a significant weakness in its last performance audit in 2000 and although the Association has gone some way to address this it is aware that further work is required to improve in this area.

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.

5.6 Melville's Committee is aware of its role, as a governing body, in determining the organisation's strategic direction, in setting policy and in exercising ultimate control over all areas of activity. The Committee works well with staff.

5.7 The Committee receives regular reports on the Association's performance in most key service areas. Regular reports to the Association's Housing Services and Development Sub Committee give a good range of performance information as well as highlighting tenant feedback through surveys and complaints.

However, we found that:

- reports did not include performance against targets or comparisons with similar organisations;
- the results from satisfaction surveys are combined which has the effect of hiding changes in performance of any element of its service; and
- the Sub-Committee was asked to approve the list of approved contractors without any information on contractors' performance or the views of tenants.

5.8 As part of its recent internal governance review, Melville's committee members indicated that they would welcome the opportunity to consider alternative options in committee reports. The Association's staff are also aware that the quality of its performance reports could be improved upon, and the Association is currently looking at ways of achieving this, in consultation with other organisations.

Developing capacity

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

5.9 Melville's Committee members have a wide range of skills and experience in different areas which they use effectively to guide and control the activities of the Association at a strategic level.

5.10 Melville's lack of a formalised approach to evaluating committee members' skills and performance against criteria for effectiveness and the consequent identification of tailored training were highlighted as weaknesses in our performance audit in 2000. Melville has taken a number of steps to address this, culminating in a comprehensive review of many of its governance functions, which it has recently completed. The review highlighted some development needs in relation to the management committee, including equipping members to make effective and constructive challenge during meetings. Melville is currently working to implement a comprehensive training programme to address these development needs, but it has not yet set timescales for this to be implemented.

Accountability

Engaging stakeholders, public reporting and making accountability real.

5.11 A strong membership and good levels of participation at AGMs are important ways for a landlord to demonstrate accountability. Melville has made some efforts to improve and widen its accountability. Its Committee currently has 3 tenant members, up from 2 in 2003/04.

5.12 Fifty two percent of the Association's broader membership are tenants (currently 80 out of 154 members). However, this means that less than 5% of Melville's tenants are members, entitled to take part in electing the Committee and influencing decisions. Melville's most recent AGM was attended by 11% of its members. This is consistent with previous years' attendance which has generally been below both peer and national averages. In response to this the Association has made attempts to stimulate interest from its members in attending its AGM, including prize draws and offers of transport.

5.13 Melville promotes tenant membership in a variety of ways:

- staff use settling-in visits to encourage new tenants to join the Association;
- through information in its publication Voice;
- in the tenants handbook; and
- on the Association's website.

5.14 Melville's survey of tenants in 2003 indicated that 91% of respondents were satisfied or very satisfied with Melville as a landlord. Only 2% of respondents

- expressed any dissatisfaction. Eighty-six percent of respondents thought that Melville was good at taking account of their views and 97% thought that the association kept them well informed about housing matters. This is a significant improvement from the 1999 survey when the figures were 66% and 92% respectively.
- 5.15 Melville also makes good use of tenant feedback to improve its services and, as noted earlier, the Association has recently established a tenants' forum which aims to be flexible enough to allow tenants to become involved in issues that interest them and in a way that suits them. The Association will offer tenants the opportunity to become involved in workshops and discussions, and they can also choose to participate and contribute their views through questionnaires, phone surveys or email.
- 5.16 People approaching the Association receive a high standard of customer care from the first point of contact. Melville's staff are well-trained, managed and supported in their work and they are friendly, helpful and informative to callers, both on the telephone and in person.
- 5.17 Melville keeps its tenants and other interested parties informed about what it is doing, through its website, annual report and regular newsletters, and by making Committee papers and minutes available in the reception area and are more generally available on request. Its Management Committee meetings are also open to the public and a schedule of planned meetings is on display in the Association's reception area and these are also publicised in the press and on the website.
- 5.18 Melville also uses its annual report and the Voice newsletter to tell people about how well it is performing. Performance information is also on display in its reception area. However, it does less well at reporting to its tenants its performance against targets, whether its performance is improving over time and how the Association compares with other landlords.

Ethical standards

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

- 5.19 The Association's approach to maintaining good ethical standards was identified as a weakness in our performance audit in 2000. In addition a recent internal audit review of strategic control arrangements, highlighted significant gaps in Melville's approach to recording and reporting declarations of interest. The Association has taken appropriate action to address this issue and all Committee members and staff completed declaration of interest forms in spring 2005. Melville reported the outcome of this exercise to the Management Committee and will review this on a regular basis.
- 5.20 We found one instance where the Association did not appropriately record or report information covered by the requirements of Schedule 7 of the Housing (Scotland) Act 2001^{*}, which restricts the circumstances in which staff, Committee members and their relatives can be granted benefits. Melville is aware that it did not comply with the reporting requirements set out in Communities Scotland's guidance on special exceptions and has put procedures in place that should ensure that in future such reporting is completed accurately.

Managing risk

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

- 5.21 Melville's approach to risk management was identified as a weakness in our performance audit in 2000, and the Association recently put good processes in place to monitor, review and report on the risks it faces. As part of its IMP process, Melville assessed a range of areas where risks may arise, along with the impact and likelihood of risk events occurring. It discussed this assessment with staff and reported the outcomes to the Committee. This process gives the Association an overview of the financial, strategic and operational risks facing the organisation. The Association has recently introduced a new Audit sub committee which has delegated responsibility for risk management.
- 5.22 Melville provides its internal auditors with an assessment of risk to use to identify areas to be included in its internal audit programme. The Association's internal audit reports include management action plans which the new sub committee will monitor until all the recommendations in the plans have been completed.

^{*} see glossary

5.23 Although good progress has been made within the last year, Melville is aware that it has some further work to do to raise awareness of risk management across the Association and to refine its approach to identifying and categorising the risks it faces.

5.24 Melville has some strengths in governance including its experienced and dedicated committee members and staff. A number of improvements particularly in relation to planning, risk management and ethical standards have now been achieved, although most of this progress has been very recent. The Association is doing a significant amount of ongoing work to complete the full implementation and adoption of the principles of the governance review, and to bring about a number of further improvements in this area.

Financial viability and management

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

5.25 The Association has prepared medium term financial plans that link with its longer term planning. Its thirty year financial plans incorporate the most up to date stock condition survey and valuation and any necessary requirements for compliance with the Scottish Housing Quality Standard. Melville reviews its plans annually.

5.26 Melville's financial performance is satisfactory. Its recent results and forecasts show continuing growth in turnover, although it does not expect to maintain surpluses throughout the next five years due to expected increases in planned maintenance expenditure.

Financial performance	2001/02 (Actual)	2002/03 (Actual)	2003/04 (Actual)	2004/05 (Actual)	2005/06 (Budget)
Turnover (£000s)	4,283	4,405	4,537	4,582	4,715
Operating Surplus/(Deficit) (%)	14.5	24.0	14.4	22.6	26.9
Net Surplus/(Deficit) (%)	(2.3)	11.6	4.0	13.6	14.0

5.27 The Association's budget setting process has many strengths. It starts the process with a mid year review and discusses proposals with staff, tenants and committee. It approves the budget in advance of the start of the financial year.

- 5.28 The Association monitors its actual performance against budget through bi-monthly reports to its committee. These reports provide a good level of detailed information on key financial performance, although Melville is aware that it can improve the reports by including a wider range of statistics to allow the committee to better evaluate its financial status and performance.
- 5.29 Melville's financial projections show that the Association is financially viable in the medium term. It has a good financial management framework.

6. Areas 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.

Across all of its activities Melville should:

- translate organisational objectives in its IMP into measurable service and individual SMART objectives and targets;
- ensure that its policies and procedures cover all the critical areas of decision making across all areas of service delivery and that those policies and procedures are compliant with legislation and best practice;
- refine and develop its performance management and reporting framework; and
- develop a SMART action plan for its tenant participation activities and ensure they are given an appropriate level of priority throughout the organisation.

In housing management Melville should:

- improve its management of the cancellation and bypassing of applicants;
- review its use of discretionary lets;
- continue to reduce the use of NOPs and legal action;
- manage its neighbourhoods more actively and monitor its activities against formalised targets;
- develop a clearer approach for dealing with neighbour nuisance and antisocial behaviour, and improve the way it monitors actions and outcomes.

In property maintenance Melville should:

- strengthen its procurement process by developing clear criteria to measure the value for money it obtains in its procurement of contractors and ensure that the placing of contracts is always open and accountable;
- improve upon its emergency and routine repairs response times and revise the information on repairs targets it provides to tenants to ensure it accurately reflects practice;
- ensure it complies with its statutory duty to manage asbestos in the common areas of its properties; and

- prepare staff guidance on the selection of repairs to be pre and post inspected and improve its approach to recording and analysing the results of such inspections.

In governance and financial management Melville should:

- build on the evaluation of committee members' skills and experience by delivering an effective training programme to address the development needs;
- improve the information provided in its performance reports in order to enable identification of weaker areas of performance and assist in decision making;
- raise awareness of risk throughout the organisation and refine its approach to identifying and categorising the risks it faces;
- strengthen its recording and reporting of information covered by the requirements of Schedule 7 of the Housing (Scotland) Act 2001;
- provide its tenants with information relating to its performance against targets, trends in performance and comparison with other landlords; and
- incorporate a wider range of statistics in order that financial status and performance can be further evaluated.

7. Next Steps

- 7.1 This report highlights our findings following this housing inspection. We expect all organisations to respond effectively to our recommendations using their own improvement planning processes. We ask organisations that receive fair or poor assessments overall in their housing management, property maintenance or governance and financial management to submit an improvement plan to us within eight weeks of the publication of this report. The plan should show how the organisation intends to respond to our findings. We will inspect once every five years and follow up improvement plans after two years.
- 7.2 Melville should produce an improvement plan to show how it intends to respond to our findings in governance because its plans for improvement are at an early stage. The plan will be agreed with us.
- 7.3 If you would like to see Melville's improvement plan you should contact:

Melville Housing Association Ltd
7 Eskdail Court
Dalkeith
Midlothian
EH22 1AG

Telephone: 0131 654 2733
E-mail: info@melville.org.uk
Website: www.melville.org.uk

Sources of Evidence

Groups and third parties consulted

- Scottish Public Service Ombudsman
- HomePoint*
- Communities Scotland Area Investment Teams (Edinburgh and Hamilton)
- Communities Scotland Investment and Performance Team
- South Lanarkshire Council
- MFH Services (Gas inspection company)

Interviews / meetings

- Acting Chief Executive
- Director of Housing Services
- Director of Technical Services
- Members of the Association's Committee
- Housing Manager
- Planned Maintenance Manager
- Maintenance Manager
- Maintenance Officers
- Housing Officers
- Arrears Officer
- Welfare Advice Officer
- Allocations Officer
- Occupational Therapist
- Repairs Officer
- Finance Officers
- Administrative Assistants
- Discussions with a range of tenants

Reality checks

- Review of arrears cases
- Review of legal actions against tenants
- Review of antisocial behaviour cases
- Review of complaints
- Review of reported repairs
- Review of housing list applications and allocations
- Review of empty house management records
- Review of information for applicants and tenants
- Shadowing arrears interview
- Estate visits
- Empty property visits
- MOT visit
- Pre inspection visit
- Post inspection visit
- Observation of information and advice to service users
- Observation of Management Committee meeting
- Observation of Housing Management and Development Sub-Committee meeting
- Observation of Finance and Corporate Services Sub-Committee meeting

* see glossary

- Observation of Tenant Forum meeting
- Observation of Technical Services staff meeting

Key documents reviewed

- Inspection submission*
- Allocations policy
- Section 5 Protocol and Nominations Agreement
- Tenant participation strategy and Action Plan
- Tenant satisfaction survey
- Procedures for consulting tenants on the proposed rent increase
- Procedures for consultation with tenants and other users on policy reviews
- Equal opportunities policy
- Estate management policy
- Arrears management policy
- Committee and sub-committee minutes
- Staff training plans
- A range of written communication with tenants and service users
- Annual Reports
- Internal Management Plan
- Internal Audit Reports
- Internal Audit Plan
- Maintenance Policy
- Gas annual servicing policy
- Right to repair policy
- Tendering procedures
- Rechargeable repair policy and staff guidance
- Performance reports
- Contractor Reviews
- Empty house standards
- Newsletters

* see glossary

Examples of Positive Practice

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

As a key element of its partnering arrangements, a member of Melville's staff is based in the depot of the main responsive repairs contractor. This has had a positive effect on communication between Melville and the contractor with any minor problems being able to be resolved at source. It has also reduced the number of no accesses experienced by the contractor. The staff member contacts tenants directly to ensure that the planned time for carrying out the repair is suitable for them.

Melville has an arrangement with Midlothian Council whereby the salary costs of providing an in-house occupational therapist (OT) service are shared. The OT is based in Melville's office in the mornings and the Council's office in the afternoons. Melville staff find it beneficial to have direct access to the OT and this has resulted in the speeding up of medically assessing applicants and the subsequent carrying out of adaptations.

Melville has, over the last four years, asked all tenants over the age of 50 whether they consider they would benefit from adaptations to their home. This approach can have the dual benefit of improving tenants' quality of life and helping them to continue living in their current home.

Melville has introduced a Maintenance Outlook Test (MOT) with every house being visited every three years so that its condition can be assessed. This allows repairs to be identified and can also contribute to the preparation of long term maintenance plans. A valuable aspect of this visit is the opportunity it gives tenants to raise any concerns they may have with a member of staff.

Glossary

Affordability	An Assessment of what a tenant can pay towards an arrear after living costs and other debts have been taken account off.
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.
Benchmarking	A process used by organisations to systematically compare service processes and performance to identify best practice.
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.
HomePoint	<p>A department of Communities Scotland that supports providers of housing information and advice services.</p> <p>HomePoint has broken down advice activities into three types:</p> <ul style="list-style-type: none">• Type I active information, sign-posting.• Type II casework.• Type III advocacy, representation and mediation.
Housing list	A list of applicants for housing which is used by the RSL to allocate its housing stock.
Industrial and Provident Society	An organisation conducting its business, either as a co-operative or for the benefit of the community, and which is registered under the Industrial and Provident Societies Act 1965.
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.
Internal Management Plan (IMP)	Strategic plan which sets out what the organisation aims and objectives are as well as outlining how it will achieve them.
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.
Non Technical Arrears	Rental charges owed to a landlord after any outstanding Housing Benefit claims or payments have been taken account of.
Notice of proceedings (NOP)	Documentation required to be served by a landlord advising the tenant(s) of the landlords intention to raise an action in the courts to end the tenancy.
Partnering	A structured contract management approach to improve efficiency and reduce confrontation between the RSL and its consultants and contractors. Partnering requires formalised objectives, agreed problem solving methods and an active search for continued measurable improvements.
Peer group	A group of organisations facing similar tasks and challenges with which comparisons can be made. RSLs choose which peer group they belong to when they submit their APSRs.
Performance Standards	Housing standards for all social landlords in Scotland.
Planned maintenance	The planned renewal or maintenance of key property components.
Post Inspection	Inspection by a member of the landlords staff to check the on the quality or deal with a complaint concerning a response repair.
Pre inspection	Inspection by a member of the landlords staff to check the on the exact nature of the work required before ordering a response repair.
Procurement	The way an organisation obtains services or materials from other organisations or agents.
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.
Response repairs	Day to day repairs carried out on a reactive basis, distinguishable from planned, capital or cyclical maintenance.

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	Statutory scheme which sets out timescales for some repairs and actions which can be taken if timescales exceeded.
Schedule of Rates	List of costs for repair items ,usually organised by trade.
Scottish Public Services Ombudsman	The independent body appointed to investigate individual complaints against public service bodies including Registered Social Landlords (RSL).
Scottish Housing Quality Standard (SHQS)	Was brought into to ensure minimum quality standards across all of Scotland's homes and is to be achieved by 2015.
Scottish Secure Tenancy (SST)	The Housing (Scotland) Act 2001 establishes the as the tenancy for all tenants of social landlords in Scotland.
Short Scottish Secure Tenancy (SSST)	Section 34 and schedule 6 of the Housing (Scotland) Act 2001 establish the basic conditions when a Short Scottish Secure Tenancy can apply to some tenants of social landlords in Scotland in place of a full SST.
Schedule 7 of The Housing (Scotland) Act 2001	Defines how those involved with RSLs (governing body members and staff) do not benefit in an inappropriate fashion.
Serious arrears	Where a tenant owes more than 13 weeks rent payments and this is more than £250.
Service level agreement (SLA)	An agreement between departments within an organisation or between partner organisations that defines the type and level of service they will provide.
Shadowing	An inspection technique that involves accompanying and observing staff while they carried out their day-to-day tasks.
SMART	The setting of targets which are specific, measurable, achievable, relevant and timed.
Stakeholder(s)	Any person organisation who obtains a service from the landlord or is effected by the landlords actions.
Standard Arrears letters	A series of general letters held by a landlord to be sent out to tenants in arrears.

Statutory reasonable preference categories	People who have one of these housing needs: homelessness, overcrowding, large families, living in below tolerable standard housing or unsatisfactory living conditions.
Stock transfer RSL	An RSL where the majority of its houses were acquired as a result of a transfer of local Authority or Scottish Homes houses to it.
Suspension or Suspension Policy	Policy by which a landlord may temporarily suspend an applicant from receiving offers from its housing list as defined in the 1987 Housing (Scotland) Act and amended in the 2001 Housing (Scotland) Act.
Technical Arrears	Rental charges owed to a landlord as a result of an outstanding Housing Benefit claim or payment.
Turnover (empty houses)	The number of houses that are vacated in a year expressed as a percentage of the landlords housing stock.
Wider Action	Actions taken by a landlord outside of its normal landlord role to promote social inclusion in the communities it serves.

Regulation & Inspection

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