

Shetland Islands Council

inspection report

DECEMBER 2007



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1. Introduction

About this inspection

1.1 This inspection was carried out by Communities Scotland under section 72 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, service users, staff and elected members of the council;
- asked other partner organisations for their views;
- visited homes and local areas;
- saw and tested first hand how well services were being delivered;
- examined key policies, publications, information and the organisation's self-assessment submitted for this inspection; and
- analysed published performance and financial information.

1.4 We have awarded grades for the housing management, asset management and delivery of repairs and homelessness services. The grades and judgements are based on evidence. The grades summarise performance in the following ways:

- Grade A = Excellent
- Grade B = Good
- Grade C = Fair
- Grade = Poor

1.5 When we provide a summarised assessment and award a grade, we take various factors into account. These factors are:

- outcomes for service users;
- how far the service or organisation meets Performance Standards;
- performance against key indicators in comparison with others;
- compliance with legislation;
- how good the leadership and accountability are;
- how far good practice is followed;
- the organisation's level of self-awareness;
- how well value for money is being achieved;
- local context and legitimate local priorities; and
- commitment to, and track record of, improvement.

The inspection team

1.6 Kirsty Anderson (Inspection Manager) led the team, the team included Jonathan Grant, Jean Harper, Elaine Rosie, Elaine Whyte (Inspectors), Diane McKiernan (Inspection Officer), Stuart Fair (Associate Inspector) and Bill Chapman (Tenant Assessor). Linsay Fyvie and Claire Ramsay (Tenant Assessors) carried out a desktop review of some of the Council's publications. We were on site between 3 September and 14 September 2007. We would like to thank everyone involved in the inspection, particularly the councillors, staff, service users and tenants for their time and co-operation.

Responding to this inspection

1.7 We expect all inspected bodies to make the inspection grades and overview section 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 Shetland Islands Council is the most northerly authority in the UK. The Shetland Islands lie 200 miles north of Aberdeen and comprise more than 100 islands, 15 of which are inhabited. Out-with the capital Lerwick, Shetland is characterised by a high proportion of separate and scattered communities, some of which are experiencing depopulation and decreasing economic opportunity. Shetland's isolated location and dispersed communities' presents particular challenges in delivering services.
- 2.2 Shetland Islands Council has 22 members all of whom are independent. The Council operates a committee structure with 2 main operational committees – the Services Committee and the Infrastructure Committee. All 22 elected members serve on both operational committees. Housing falls within the remit of the Services Committee with all committee decisions ratified by the full Council.
- 2.3 The Council delivers its services through three main service groupings comprising of Executive Services, Education & Social Care and Infrastructure Services. Housing functions fall within the remit of the Executive Services Department.
- 2.4 The Council had the third highest weekly rent levels in Scotland in 2006/07 - £52.80 compared to a Scottish average of £46.65. There was an unsuccessful attempt at stock transfer in 2001. Since then the housing service has undergone a series of restructures and efficiency drives to reduce overall costs.
- 2.5 The public office for the housing service is in the centre of Lerwick at Fort Road. There are separate offices in Lerwick for the repairs service and the DLO/capital projects team. The DLO also has bases in the North Islands and North mainland.
- 2.6 The Council has houses in neighbourhoods or estates in Lerwick and in rural villages on the mainland and on seven other islands. Some of the neighbourhoods are a mix of the Council's houses and owner-occupied properties. Most of the larger estates were built during the 1970's to house incoming oil workers and are located in both urban and rural settings.

Due to the widespread distribution of tenants, properties and applicants throughout Shetland, estate management staff – housing and technical officers - are organised

on an area team basis, with regular visits made to all areas of the islands. Housing officers are generic while Finance staff deal with arrears and Environmental Services staff take the lead on anti-social behaviour.

About its current and future tenants

- 2.7 The unemployment rate for the area is 2.4%, which is lower than the national figure of 3.97%. Overall 71% of the population are either self employed or employed in full or part time employment. This compares to a national figure of approximately 58%. Average earnings for the area are higher than the Scottish average. However, a local research project, carried out in 2006 found that deprivation exists on Shetland although not in a form that would be recognised by national information gathering methods. 28% of the Council's tenants are in receipt of Housing Benefit.
- 2.8 The latest census figures indicate that the population of Shetland is 21,988 with approximately a third living in Lerwick. The population has been falling but there are signs that this trend may be reversing. There has been a trend of depopulation from the more remote areas and migration towards more central areas, particularly Lerwick, which has had an effect on housing demand.
- 2.9 Shetland has a relatively small proportion of ethnic minority households. The area's black and minority ethnic (BME) population at 1.06% is lower than the Scottish figure of 2.05%. The largest ethnic group is 'White Scottish' which accounts for 85.17% of the total population.
- 2.10 The number of migrants to Shetland from the EU accession and EEA states is growing. Although this is a largely transient population employed in the fishing, service and construction industries there is anecdotal evidence that some workers plan to stay in the longer term.
- 2.11 Since 1991, Shetland's population aged over 65 has risen by 31% and this trend looks set to continue, with the population of over 50's increasing by 1.9% in the last year.

About its housing stock

- 2.12 The tenure profile in Shetland is similar to the rest of Scotland. Owner occupation is the dominant tenure at 63%, which is slightly above the national average. In the social rented sector 23% rent their home from the Council while around 3% rent from the one local housing association operating on Shetland. The number of properties available for private let is 7.3%
- 2.13 The population has shifted towards the more central areas of the mainland of Shetland. Housing demand in these areas has increased significantly, particularly in Lerwick, where there is unmet demand for social housing. However, as the scale of oil production has declined, there have been large reductions in demand in areas of housing built in the 1970s, specifically to house oil workers. The Council has experienced some housing management issues in these areas.
- 2.14 The Council owns just over 2,000 properties and at 31 March 2007 had a housing list of 908. In 2006/07 the Council re-let 179 properties. There is a significant mismatch between the Council's stock and the profile of the applicants on its housing list.

Key facts	2004-05	2005-06	2006-07
Houses owned	2,076	2,024	2,014
No. of applicants on housing list as at 31 March	782	1155	908
Employees	101	99	89
HRA Gross Capital Expenditure (incl. Capital Funded from Revenue (CFCR))	£2.2m	£2.4m	£2.8m
Total possible rental income (£)	5,817,762	5,910,911	5,936,473
% of Rental income from Housing Benefit (HB)	35.02%	36.78%	37.10%
% of tenants in receipt of HB	27.64%	27.15%	28.08%
% of rent arrears	6.8%	4.5%	4.5%
Average weekly rent	£50.75	£51.76	£52.80
Average rent increase	2.5%	2%	2%
Houses relet*	207	159	179
Responsive repairs carried out	6,607	7,070	8,410
Maintenance spend per house inc cost of service	£1,077	£1,090	£1,291
Supervision and management spend per house	£211	£208	£243
Right To Buy sales	37	49	38
No. of homeless applications	162	188	236
No. of evictions	1	3	2

Sources: Shetland Island Council's inspection submission and Scottish Executive Statistical Bulletins

* Information provided by the Council relates to numbers of offers accepted each year, which differs slightly from the number of re-lets detailed at 4.49 due to the time delay between an applicant accepting an offer and signing up for their tenancy.

3 Inspection grades and overview

In this section we set out our overall assessment of Shetland's performance. We detail the inspection grades and we summarise our inspection findings.

Grades

- 3.1 The inspection of Shetland Islands Council's housing service took place between 3 September and 14 September 2007. We awarded the following grades:

Shetland Island Council has achieved a **C** grade for housing management. This is a **fair** performance.

Shetland Island Council has achieved a **C** grade for asset management and repairs. This is a **fair** performance.

Shetland Island Council has achieved a **C** grade for services to homeless people. This is a **fair** performance.

How well is Shetland delivering its services?

- 3.2 Our assessment is that Shetland's housing service has some strengths in the delivery of its services.

In housing management:

- the Council is good at helping tenants to establish and sustain their tenancies;
- it has a good tenant focused approach to rent collection and the recovery of arrears;
- it maintains its estates well and tenants are largely happy with the quality of their neighbourhoods;
- it provides good information on accessing housing using a good range of methods;
- it has a good approach to working with its tenants forum; and
- it is developing a good approach to collecting and using the feedback from tenants and applicants to improve service delivery.

In asset management and repairs:

- the Council has a tenant focused approach to revenue repairs;
- tenants are generally satisfied with the repairs service;

- it has a good approach to dealing with tenants during improvement works;
- it has worked well to deliver its asset management objectives and has introduced a new re-let standard and asbestos management plan;
- it is carrying out a response repairs review with the focus of service improvement; and
- it is developing modern procurement practice at a corporate level with the intention to roll this out to the housing service.

In delivering services for homelessness people:

- the Council has a good record of sustaining tenancies of those it found to be in priority need;
- the council works well to provide effective support to vulnerable people at risk of homelessness;
- its homelessness assessment interviews are of good quality and client focussed; and
- it provides quick access to temporary accommodation.

3.3 The Council does, however, have a number of weaknesses in the delivery of its services and some are significant.

In housing management:

- the Council has an underdeveloped framework for planning and managing the performance of the housing service;
- it is poor at re-letting empty houses;
- it does not monitor its service standards; and
- its approach to assessing and suspending applications for housing contains some significant weaknesses that directly impact on applicants' prospects of being re-housed.

In asset management and repairs:

- the Council's reported performance in delivering response repairs is poor;
- its planning and performance framework is undeveloped;
- it does not plan its investment programmes effectively;
- it does not have accurate performance information for parts of its repairs service;

- it does not yet have a strong focus on value for money in its procurement activities;
- it has gaps in its stock information that affect some of its assumptions about its ability to achieve the Scottish Housing Quality Standard (SHQS):
- it has gaps in its approach to meeting asbestos legislation; and
- it does not have a comprehensive understanding of its context for asset management.

In delivering services to homeless people:

- the Council takes too long to make decisions on applications from homeless people;
- people are staying in temporary accommodation for very long periods;
- although it is improving its performance it continues to let a low proportion of its available houses to homeless people;
- the number of people the Council places in Bed and Breakfast accommodation is increasing; and
- it has some weaknesses in planning and monitoring its performance.

Is Shetland managed for improvement?

3.4 The Council has some strengths in its approach to managing improvements in its services. The Council is working well to develop housing service plans. Service plans have clear links to objectives and targets in the corporate plans and the Local Housing Strategy. The Councils approach to public reporting is good and transparent. The Council is committed to giving tenants and service users a strong influence in the housing service: it has a good tenant participation strategy; actively supports tenants groups; consults the tenants' forum on policy and practice; and, uses tenants views to inform decision making.

3.5 We found a number of areas where the Council needs to make improvements. The Council's performance management framework is underdeveloped; the Council recognise this and is working on improvements. It does not promote its Service

Standards sufficiently and its targets and monitoring are not fully developed. The Council has worked hard to set a good framework for equalities but still needs to mainstream equalities monitoring throughout the housing service. The Council needs to consult with tenants on rent increases and will do this for the 2008/09 increase. Although the Council has introduced a good complaints procedure the housing service does not yet have firm plans for monitoring and reporting complaints. The Council is not able to demonstrate that the housing service is value for money. The Council does not have a sufficient focus on value for money in the property maintenance/asset management services and is not managing the capital programme efficiently.

Key recommendations

3.6 Our inspection report covers a wide range of issues. Shetland must respond effectively to them. These are our most important recommendations.

Across all of its landlord and homelessness activities the Council should:

- develop and implement an improved performance management framework;
- analyse its cost information to allow it to demonstrate value for money and the cost of an effective housing service;
- consult on rent increases;
- ensure it continues to promote equalities issues and mainstreams equalities throughout its activities; and
- continue to develop proposals for improved office accommodation for housing service customers.

In housing management the Council should:

- improve its performance in re-letting empty houses;
- improve its approach to assessing, suspending and bypassing applications for housing;
- continue to develop a strategy to manage the mis-match between its housing stock and the profile of applicants;
- tackle the increase in the number of tenants in serious arrears;
- review its procedures for by passing applications; and
- further develop its lettings policy to increase flexibility and choice for applicants.

In asset management and the repairs service the Council should:

- further improve the management of its investment programmes and capital budget;
- improve its performance in completing repairs on time;
- develop its strategic approach to asset management and consult on this;
- improve its focus on value for money in its procurement; and
- develop its stock information to demonstrate its ability to meet the Scottish Housing Quality Standard.

In delivering services for homeless people the Council should:

- further improve the time taken to make decisions on applications from homeless people;
- take steps to reduce the time people spend in temporary accommodation;
- improve its performance in letting to homeless people; and
- improve its monitoring and planning of the out of hours service.

4. How well is Shetland delivering housing management?

In this section we set out our assessment of the Council's performance in delivering its housing management service for tenants.

Grade

Shetland Island Council has achieved a **C** grade for housing management. This is a **fair** performance.

- 4.1 Our assessment is that Shetland Island Council's housing management service has some areas of strength, but set against these are a number of weaknesses, some significant. The Council is a remote island authority and this creates a challenging operating context. It also has issues of the mismatch of supply and demand in relation to both location of stock and stock type. The Council has shown a high level of self-awareness of its service performance and a willingness to tackle the areas of weakness we identified during the inspection.
- 4.2 The Council works well to help its tenants establish and sustain their tenancies, and it has an effective, tenant-focused approach to rent collection and the recovery of arrears. It maintains its estates well and its tenants are generally happy with the quality of their neighbourhoods. It has developed a multi-agency approach to dealing with antisocial behaviour that is working well, but needs to further develop how it manages antisocial behaviour complaints. The Council has a good approach to engaging with its tenants' forum although it is aware that it needs to widen opportunities for more tenants to become involved. It is developing a good approach to collecting and using the feedback from tenants and applicants to improve service delivery.
- 4.3 The Council has an underdeveloped framework for planning and managing the performance of its housing management service. This means that it is not able to effectively monitor how the service is operating or demonstrate that it is meeting its policy objectives. This is a significant weakness. Other areas of weakness which directly affect tenants and service users are:
- its poor performance in re-letting empty houses;
 - it does not monitor its service standards, and

- its approach to assessing and suspending applications for housing.

Tenant satisfaction

4.4 The Council's 2006 tenant satisfaction survey found that:

- 83% of tenants who responded were satisfied with their area (up 11% from the 2005 survey);
- 80% were satisfied or very satisfied with the standard of their accommodation and the housing services they received.

Access to housing

4.5 The main office for the Council's housing service is in the centre of Lerwick at Fort Road. This office offers a poor environment for service users. However the Council is making plans to develop improved office accommodation.

4.6 Since 2005, the Council has operated a common housing register with Hjattland Housing Association (HHA), the only other social housing provider in the Shetland Islands. It has also developed a joint mutual exchange scheme with HHA, which is working well and provides another means to help people find a solution to their housing needs and aspirations.

4.7 Given that its houses are scattered over a number of islands, the Council faces a major challenge in promoting access to its services. In response to this challenge it has developed a good range of ways to ensure that applicants and tenants are aware of the services it provides. In response to a recent survey that showed very high levels of internet use in Shetland, the Council makes good use of its website to provide information on housing. It is also aware of the high circulation levels of the local paper and uses this on a fortnightly basis to advertise its services.

4.8 The Council, in partnership with HHA, the Shetland Tenants Forum and Shetland Citizens Advice Bureau, provides a web-based housing options guide. This guide gives applicants access to a comprehensive range of advice and information on social rented housing and the private sector. It also provides information on voluntary and statutory organisations that provide advice and assistance. The Council provides

public access to this good resource at its Fort Road office and at the Ladies Drive bedsits.

- 4.9 Our tenant assessors found that the Council's website was good, provided a lot of useful information and that the housing options guide is an excellent resource. However they noted that some of the Council's publications did not signpost applicants to its website. The tenant assessors also found leaflets that the Council publishes for housing applicants are in plain English and are informative, but that the print size and amount of information on each page made them difficult to read.
- 4.10 The Council is trying to make housing information easy to access for applicants whose first language is not English or who have other communication needs. Staff from the housing service attended council run 'English as a second language' courses to provide advice and information on council housing and housing options in Shetland. In addition it has produced a web-based information leaflet in 15 languages that provides a range of information and contact details for council services. It can also arrange translation of its allocation policy, housing application form and applicant's guide into other languages or formats on request. However it does not clearly advise of this service on some key documents, including the application form and housing information and advice leaflet. It has clear procedures for staff on how to access these interpreting and translation services, but we found that not all frontline staff were aware of these. The Council told us that it intends to give these issues a higher profile.
- 4.11 The Council operates an open housing list. At 31 March 2007, it had 908 applicants on its housing list, 73% of which were new applicants in 2006/07. At the time of the inspection, it had 975 applicants on the list.
- 4.12 The Council acknowledges every application within a day and gives applicants contact details of the housing officer who will deal with their application. It tells people that it will inform them of the outcome of their application within two weeks, and works to a challenging internal target of five days to process applications. In 2006/07, and in the first quarter of 2007/08, it took 11 days to add applications to the housing list. In July and August 2007, the average length of time taken had increased to 13 days,

although it added 84% of applications to the list within two weeks. The Council recently introduced new procedures to streamline this process.

4.13 We found a number of weaknesses in the way the Council assesses applications that can directly affect individuals chances of re-housing:

- it does not check that applications have been accurately processed – we found several cases where applications were pointed incorrectly;
- it does not routinely contact applicants who do not complete their application correctly or fail to submit all necessary evidence – we saw several cases where the Council did not follow up apparent instances of homelessness or risk of homelessness;
- its letters advising applicants of the outcome of their application explain clearly how it allocates its properties, but do not give information on demand and turnover in their chosen lettings areas; and
- it does not routinely offer prospect interviews to applicants to help them understand how quickly they are likely to be offered a house, although we saw staff giving applicants good guidance on their housing options and advice on their areas of choice to maximise their chances of being housed.

When we discussed these issues with the Council during inspection, it accepted these as weaknesses and told us about the improvements it intends to make. It also intends to introduce personal housing plans this year, firstly for applicants who are homeless or threatened with homelessness, and then for all applicants.

4.14 The Council cancelled 106 applications in 2006/07. The circumstances in which it will cancel an application go beyond those permitted in law, and include where an applicant buys their house through Right to Buy or accepts an offer of a house from another landlord. During the inspection, the Council agreed that it will review its approach to cancellations.

4.15 The Council actively manages its approach to suspending applicants from offers of housing, regularly reviews all suspensions and tells applicants in writing of a suspension, when and how it can be lifted and of their right to appeal. At the time of the inspection it had suspended 48 applicants, or 4.9% of those on its list. The majority of these were suspended because they live outwith Shetland and do not

meet eligibility criteria set out in the Council's allocations policy. While the Council has no policy to avoid the suspension of applicants with no local connection – as suggested in good practice guidance – we saw that it gives these applicants clear information about how they can meet the eligibility criteria.

- 4.16 The Council's policy to suspend applicants for six months if they refuse two offers is overly restrictive, although none were suspended for this reason at the time of the inspection. We also found that it does not fully assess the needs of the majority of applicants it suspends.
- 4.17 The Council actively manages its housing list through a rolling review of applications at the anniversary of their application date.
- 4.18 The Council collects information on the ethnicity or disability of those who are applying to it for a house. It has recognised that it does not use this information to help understand the needs of people from BME communities or people with disabilities or how many it houses. It has firm plans in place to address this weakness.
- 4.19 In summary, the Council provides fair access to its housing list. It is working well with partners to make it easy for people to apply for housing. It gives good advice to applicants and plans to improve this further. We identified a number of significant weaknesses that impact directly on applicants' prospects of being housed. In particular the Council's approach to suspensions and how it assesses applications. The council responded positively to our findings and agreed to review all issues raised.

Lettings

- 4.20 The Council's allocations policy prioritises applications on a range of housing needs that reflect the statutory reasonable preference categories. All of the allocations we reviewed were to people with one or more of these needs.
- 4.21 The Council categorises applicants in three ways: tenants of Council or HHA seeking a transfer; homeless people it has a duty to secure permanent accommodation for; and, other applicants. It sets annual targets to maintain a balance of lets between

these categories. The targets are different for Lerwick and the rest of the stock ('landward') to reflect the differing levels of demand.

4.22 We discuss the Council's approach to making permanent lets to homeless people at 6.35. It recognised that it had been allocating a lower proportion of its overall lets to homeless households compared to other councils. However, it has taken steps to increase the proportion housed and has made significant improvements.

4.23 The Council faces a number of significant supply and demand challenges which make it difficult for it to achieve its targets. In particular:

- over 50% of homeless people want to be housed in Lerwick, but only 18% of all lets since April 2007 have been in Lerwick;
- 38% of these lets have been of sheltered and very sheltered properties;
- there is a significant mismatch between the Council's stock and the profile of the applicants on its housing list – 24% of its stock has one bedroom while 64% of applications are from single people or childless couples. It has 247 sheltered properties and only 27 applicants requesting this type of accommodation.

4.24 The Council has taken some positive steps to try to ease this situation by:

- converting larger properties into one bedroom flats;
- developing a programme for new build;
- allowing childless couples to apply for two bedroom properties – it is considering extending this to single people;
- letting low demand sheltered properties to applicants who would not normally qualify for them;
- planning a review of its sheltered provision; and
- making plans to provide more information to applicants about the landward areas to encourage them to think about living there.

However, the Council has not yet monitored the effectiveness of these initiatives or developed its strategies to take account of the impact of the initiatives.

4.25 Although the Council still lets a relatively low level of its houses to homeless people, the majority of applicants it does house have high levels of housing need. However, it

does not monitor the types of need it is meeting through its allocations – aside from its three broad categories. This is a weakness.

- 4.26 The Council allocates its houses in a transparent way. It allocates in accordance with its allocations policy, makes appropriate use of discretion and has good audit trails for its allocations decisions. We found that the Council does not monitor the impact of its use of bypassing of applicants to allocate to someone below them on the list. The Council accepted that this is a weakness and told us it would review its procedure for bypassing.
- 4.27 The Council uses local lettings policies, called “lettings profile areas” that are designated for specified types of applicants. It publishes details of these areas and reviews them annually, although it does not routinely monitor the outcomes being achieved. It has significantly reduced their number over the last two years because of increased demands on its stock, and these now cover only 32 properties in 5 areas of Lerwick.
- 4.28 Although the 32 properties are general needs houses the community regards the majority of this stock as sheltered. This is due to the layout of the accommodation and the profile of existing residents. We note that recent lets to these properties have been to older applicants. The Council has subsequently adapted the properties and provides the new tenants with the support of mobile wardens. However the Housing (Scotland) Act 1987, as amended prohibits landlords from taking age into account when allocating general needs housing. The council says that it can consider younger applicants with needs for this type of property but we saw that some people were bypassed and this is not made clear in any guidance for staff.
- 4.29 The Council allows all applicants to choose 4 lettings areas out of the 46 on the Islands, more than half of which contain less than 20 properties. This significantly limits applicants’ choice. The Council further restricts choice by:
- suspending applicants from being considered for housing for three months if they change their areas of choice; and
 - suspending applicants for six months if they refuse two offers of housing.
- The Council plans to investigate options to increase flexibility and choice and to stimulate demand.

- 4.30 The Council is working well with HHA on nominations and section 5 referrals; the level of successful nominations increased steadily over the last three years and since April 2007 HHA successfully re-housed all the Council nominated applicants. The Association increased the proportion of its lets it makes available to the Council from 25% in 2005/06 to 48% since April 2007. Under the revised agreement all properties available for nomination are advertised in line with HHA's choice based lettings system. The advert states which quota will be given preference and then the council prioritises applicants who express interest in line with the council's allocations policy. This approach gives applicants additional choice since they can apply for a property in any letting area.
- 4.31 In summary, the Council is meeting housing need through its allocations and lets its houses in a transparent way. It knows that it needs to do more to meet the needs of homeless people, and it does not effectively monitor the outcomes of its lettings process. It has introduced a range of initiatives to tackle the issue of demand and supply it faces but has no clear strategy for dealing with this.

Tenancies and neighbourhood management

- 4.32 By March 2007, the Council had signed up only 77% of its tenants to the Scottish Secure Tenancy (SST) agreement. It is aware of this weakness and has developed a plan to complete the SST sign-up. It is developing a policy and procedures for the use of short SSTs.
- 4.33 We saw that the Council gives useful information to new tenants at good sign-up interviews. It has recently developed a new tenant's handbook and has recently started to do settling-in visits with new tenants. It also runs a Housing Outreach service to help vulnerable and homeless people sustain tenancies, and works well with partners who provide mediation, advocacy and befriending services.
- 4.34 The Council has a relatively stable tenant population. During 2005/06, 147 or 7.3% of its houses became empty, compared to 9.3% for all Scottish councils. The Council's figure rose slightly in 2006/07 to 154 or 7.6%. The Council also has a low number of its houses abandoned by tenants: over the last two years only seven tenants abandoned houses.

- 4.35 The Council aims to prevent homelessness occurring and takes eviction action only as a last resort. It uses legal action against its tenants proportionately. It issued 51 Notices of Proceedings for Possession (NOPs) in 2005/6 and 25 in 2006/07, all for rent arrears. The Council evicted only two tenants in 2006/07 and its eviction rate is well below the average for Scottish councils. It has a good approach to managing arrears with a clear aim to sustain tenancies and prevent homelessness.
- 4.36 We set out above at 4.4 the key findings of the Council annual tenant satisfaction survey, including those about satisfaction with neighbourhood. Tenants and tenants' groups we spoke to were also positive about the areas they lived in and about the Council services they received.
- 4.37 The Council delivers its neighbourhood management services from its base in Lerwick, and also uses the Community House in Firth and Mossbank when dealing with issues that arise in these neighbourhoods. It has no clear standards for this service and, until recently, the Council had a reactive approach to managing its neighbourhoods. It has now started to do regular inspections of its houses and estates. We also found that:
- its neighbourhoods are well maintained with little litter, graffiti or vandalism;
 - it is responsive to service users' complaints;
 - it works well across different Council departments to resolve problems;
 - it consults with tenants on improvements to their neighbourhoods and to the service;
 - it has provided play areas in many of its neighbourhoods and maintains these in good condition; and
 - it is currently improving communal fences and paths.
- 4.38 The Council has a team of four neighbourhood support workers working in Lerwick on crime prevention, environmental improvement and public education. They carry out regular patrols to tackle a range of issues including; littering, dog fouling, graffiti and vandalism. The Council has good information on the achievements of this team and reports publicly on the overall outcomes of the service.

- 4.39 The Antisocial Behaviour etc. (Scotland) Act 2004, places a duty upon Local Authorities and Chief Constables to prepare a joint antisocial behaviour strategy. The Council's strategy, published in 2005, sets out a multi-agency approach to responding to incidents of antisocial behaviour. The Council receives a low level of complaints about antisocial behaviour and nuisance: 68 in 2005/06 and 70 in 2006/07. The Council works well across its departments and with partner agencies to resolve complaints. It makes good use of a range of measures, developed with its partners, to tackle anti-social behaviour including:
- a community mediation service;
 - referrals to support agencies and diversionary activities;
 - mobile CCTV;
 - noise enforcement powers; and
 - antisocial behaviour contracts.
- 4.40 The Council recognised that it needed to improve its approach to tackling serious antisocial behaviour and recently developed a new policy and procedures, in partnership with other agencies. The Council has resolved the majority of antisocial behaviour cases in the early stages and has not had to make use of Antisocial Behaviour Orders or evictions. The majority of serious cases have occurred in its temporary homeless accommodation and the Council is aware that it has to increase its level of supervision of this type of accommodation.
- 4.41 The Council has some weaknesses in the way it manages antisocial behaviour:
- it does not have published standards or target response times to make clear what service users can expect;
 - it does not categorise or prioritise antisocial behaviour complaints according to the level of seriousness;
 - it provides information about antisocial behaviour on its web-site only, and this is not easy to understand;
 - ICT limitations make it difficult for the Council to monitor progress on cases and maintain complete audit trails;
 - it has not given staff clear guidance on appropriate responses to antisocial behaviour;
 - it does not report the outcomes of antisocial behaviour complaints by area; and

- it has collected very little feedback from people affected by antisocial behaviour who use its services.

4.42 The Council agreed to look at these issues as part of its planned six-month review of the operation of the new procedures and through further training with its partners.

4.43 In summary, Shetland Islands Council is good at sustaining tenancies and supporting those at risk of losing their home. It provides good information to new tenants and supports vulnerable tenants. Its use of legal action is proportionate, it carries out few evictions and clearly aims to sustain tenancies and prevent homelessness. The quality of the Council's neighbourhoods is generally good. Until recently, it has had a reactive approach to managing its neighbourhoods, but it is starting to change this. It has improved its approach to dealing with antisocial behaviour, but still has some weaknesses to address.

Income maximisation

4.44 Shetland Islands Council offers tenants a good range of ways to pay their rent:

- in person at the finance office in Lerwick;
- by post;
- by the internet, where tenants can also view the balance on their rent account;
- by *Allpay* at post offices, several stores and service stations;
- by Direct Debit or Standing Order; and
- by debit or credit card.

4.45 The table below summarises Shetland Islands Council's performance in collecting rent.

	2004/05		2005/06		2006/07
	Shetland Islands Council	National	Shetland Islands Council	National	Shetland Islands Council
Current tenant arrears as % of net rent due	6.8%	7.4%	4.5%	7.4%	4.5%
% of current tenants in serious arrears	3.1%	4.5%	3.0%	4.9%	4.5%
Total former tenant arrears (£)	£104,961	n/a	£61,088	n/a	£68,455
Rent arrears written off (£)	£34,760	n/a	£37,089	n/a	£23,962

Source: Audit Scotland's published performance indicators & Shetland Islands Council's inspection submission

- 4.46 The level of rent arrears owed by the Council's tenants has decreased over the last two years and was well below the figure for all Scottish Councils in 2005/06 – 2.7% rent arrears as a percentage of 2005/06 standard rental income. The Council ranked as 7th best of authorities in Scotland. However, the percentage of tenants in serious arrears increased by 50% from 2005/06 to 2006/07. The Council has reduced the level of former tenant arrears by 35% over the last two years, partly by writing off around £61,000 as bad debt.
- 4.47 The Council told us it expects to maintain its performance in 2007/08 and has a target of 4.5% for this year.
- 4.48 The Council manages arrears cases well. Its policy emphasises the importance of personal contact and it has good monitoring information, including the number, method and outcomes of its contacts with tenants. It has introduced new processes, is further developing cross-departmental working, and has good links with advice and support agencies. Strengths in its approach include:
- regular and sustained contact with tenants in arrears;
 - good information about housing benefit, and help for people applying;
 - making affordable repayment arrangements;
 - providing details of independent advice agencies;
 - using alternatives to eviction, such as rent arrears direct and wages arrestment;
 - drop-in sessions at its bed sit accommodation in Ladies Drive, that have halved the level of arrears owed by residents;
 - working with the Citizens Advice Bureau to provide money, debt and benefits advice in the Council's offices; and

- clear and comprehensive procedures on managing rent arrears for staff.

4.49 The table below summarises Shetland Islands Council's reported performance in letting houses that have become empty.

	2004/05		2005/06		2006/07
	Shetland Islands Council	National	Shetland Islands Council	National*	Shetland Islands Council
Turnover (no. of new vacancies as % of total dwellings)	9.4%	10.6%	7.3%	9.3%	7.6%
Total no. of relets	200	n/a	154	n/a	154
% relet in <2 weeks	10%	14.7%	13.6%		12.9%
% relet in 2-4 weeks	7%	23.8%	8.4%		18.1%
% relet in >4 weeks	83%	61.5%	77.9%		68.8%
Average time to relet (days)	183	79	257		125
% of total annual rental due lost due to voids*	5.4%	2.5%	4.0%	2.3%	3.2%

Source: Audit Scotland's published performance indicators and Shetland Islands Council's inspection submission

* Audit Scotland no longer publish figures in this format

4.50 The Council's performance in letting empty houses has improved over the last three years, though it is still poor. Its reported figures for the amount of rent it loses and the time it takes to let empty houses both improved between 2004 and 2007 but are still higher than the figure for all Scottish councils.

4.51 The Council reviewed its voids performance in 2006 and identified improvements, which it has started to roll these out, including:

- developing strategies for stock that has been difficult to let because of its location or type;
- improving communication and joint working between housing and technical staff;
- and
- developing a performance culture and management framework.

4.52 The Council has also introduced a new policy and procedures for managing empty houses. This includes new measures to help minimise delays in letting empty houses:

- team working by housing and technical officers;
- pre-termination inspections to reduce the number of houses returned in poor condition;
- selecting new tenants before a house is empty;
- pre-termination viewings by prospective tenants;
- accompanied viewings;
- shortened timescales for repairs to empty houses; and
- repairs while the outgoing or incoming tenant is in residence.

4.53 We found some weaknesses in the Council's ability to further improve its performance. While it has set timescales for each stage of the process – within an overall target of 10 days – we found that staff were not clear on what the stage targets were. The Council does not separately monitor or report on performance in letting low demand stock, despite this being a requirement by Audit Scotland. This is a weakness given that the Council has significant variations in demand levels for its houses. Shetland's geography and the distribution of its stock means that the Council's staff that inspect empty houses can spend significant time travelling to remoter properties. It has set its target timescales to take this into account. However, the Council does not monitor empty house performance by area and has not considered setting more challenging timescales for its more accessible stock in or around Lerwick. The Council agreed to tackle these weaknesses when we discussed them during the inspection.

4.54 As part of the implementation of the new voids policy, and following consultation with the Shetland Tenants Forum, the Council is introducing a re-let standard. It will include the standard in the tenant's handbook and give new tenants a copy when they move into their home. Tenants we spoke to were happy with the condition of their home when it was let to them, and the houses we viewed were all in good condition.

4.55 In summary, the Council has performed well in managing arrears, although the number of tenants in serious arrears is increasing. It is aware that its performance in letting its empty houses has been poor, and is introducing a range of improvements to tackle this. It does not yet have a fully developed performance management framework for empty houses.

5 How well is Shetland managing its assets and delivering repairs?

5.1 In this section we set out our assessment of the Council's performance in managing its housing assets and in delivering a repairs service for tenants.

Grade

Shetland Island Council has achieved a **C** grade for asset management and repairs. This is a **fair** performance.

5.2 Our assessment is that Shetland Islands Council has areas of poor performance in its asset management and repairs, but also that it has acted to review significant areas of its services in an effort to address weaknesses that it had identified before our inspection. In particular, we saw that its response repairs review is well developed to address service improvement and the Council is committed to seeing this through. It is also working at linking its corporate improvements in procurement and the management of capital works into its housing service, although progress is at an early stage.

5.3 We found that the Council has a tenant-focussed approach, which is borne out in high levels of tenant satisfaction with revenue repairs, and a good approach in how it deals with tenants during the delivery of investment works. It has also worked well to deliver its asset management objectives and introduced a new re-let standard and asbestos management plan.

5.4 The Council does, however, have significant weaknesses that affect tenants in its performance in completing repairs on time. Other weaknesses are:

- its planning and performance management framework is under-developed;
- its does not plan its investment programmes effectively;
- it does not have accurate performance information for parts of its repairs service;
- it does not yet have a strong focus on value for money in its procurement activities;

- it has gaps in its stock information that affect some of its assumptions about its ability to achieve the Scottish Housing Quality Standard (SHQS);
- it has gaps in its approach to meeting asbestos legislation; and
- it does not have a comprehensive understanding of its context for asset management.

Tenant satisfaction

5.5 The Council's repairs satisfaction survey results shows that 95% of its tenants who responded to its survey rated its repairs service as good or very good. Tenants that we contacted throughout the inspection were also very positive about the Council's overall performance in managing its assets and delivering its repairs. There was, however, some dissatisfaction in the time taken to complete repairs both in the Council's survey and in our discussions with tenants. While tenants told us that they were satisfied with how they were treated during investment works, the Council has limited information on this activity but has plans to improve how it collects satisfaction information.

Asset management strategy and planning

5.6 The Council recognises the need to have a strategic approach to investment and the development of its assets. It has outlined strategic objectives for its housing assets in its Local Housing Strategy (LHS) and its Housing Service Plan. It aims to;

- increase its housing supply in areas of high demand through open market purchases and new build;
- convert existing stock to better meet identified housing need;
- work with a partner landlord to deliver land for development;
- support communities in Shetland under threat from de-population; and
- deliver its investment programmes to achieve the SHQS for all of its houses by 2015.

5.7 The Council has not used its available information to determine how much of its current stock is sustainable in the longer term and also how suitable its stock portfolio is for the changing needs of its current and future customers. While the Council has a gross level of high demand for its houses, there is some risk as it has a mis-match of supply and demand for property size, significant unmet need from

- people who are homeless and evidence of increasing migration away from more remote areas. The Council has not consulted tenants on its strategic objectives for its housing stock, nor has it set out objectives for people with diverse needs.
- 5.8 The Council uses SMART action plans to control the delivery of its asset management objectives. It has worked well in 2006/07 to achieve;
- the conversions of two larger houses into smaller flats more suited to identified needs;
 - refurbishment of non-traditional stock following consultation work with tenants;
 - used its reserves to purchase four properties on the open market;
 - proposals to trial a Tenant Incentive Scheme designed to free up its stock by offering financial incentives to its tenants to move into the private sector; and
 - the demolition of a small number of its properties that it identified as being financially unviable to maintain.
- 5.9 The Council has also recently agreed a £13m programme to buy land for development, buy houses on the open market, build new houses and convert some of its own properties to better meet housing need. It has decided to use its own resources, drawn from reserves, to fund this approach after having rejected other options, including transfer of its stock to other landlords. It plans to build 10 new houses and buy 5 in 2007/08.
- 5.10 The Council has a general understanding of current and future housing needs and demands for its stock. Its LHS and Local Housing Systems Analysis (LHSA) provide useful information and it also uses a range of indicators to complement these. The Council is aware that it has gaps in its information on low demand, the needs of infirm and disabled tenants, diversity needs, tenant aspirations and future customer needs. These gaps limit its ability to be fully effective in its planning. It financially modelled its stock in preparation for its aborted stock transfer in 2001, but has not fully reviewed this information or used it to assess the future costs and benefits of stock retention.
- 5.11 The Council is working to develop its understanding of the condition of its housing stock and is aware that it needs to improve how it stores and uses its stock information. It told us that its stock is generally in good condition as a result of

significant investment by the Council in the 1990's. The Council has full information on approximately 20% of its stock, gathered from a survey completed in 2001 and in-house survey work since then. However, there are gaps in important data including energy efficiency performance, the condition of common areas and in some aspects of modern facilities. This means it is difficult for the Council to demonstrate that its investment works are always targeted when and where they are most needed. The Council uses a database to consolidate its stock information in one place, but has not yet updated this with information on its investment works completed since its 2001 survey.

- 5.12 Scottish Ministers have set a target that all social landlords' houses should meet the new Scottish Housing Quality Standard by 2015. The Council has given Communities Scotland its Standard Delivery Plan (SDP) and it is being assessed. We saw that information in the SDP completed in 2005 is based primarily on its 2001 stock survey. This survey pre-dates the introduction of the SHQS and, therefore, does not cover all of the data needed to provide a baseline for planning the delivery of the SHQS. The Council has also not included data from investment works it has completed since 2001 in its SDP.
- 5.13 While the Council's SDP shows only an assumed 1.9% failure level over all of its stock in 2007, we found that some of the assumptions the Council has made are not supported by complete data. Examples include in energy efficiency assessments, secure entries and some aspects of modern facilities where the Council has assumed no failures but has gaps in its understanding of the condition of these. There is therefore a risk that if the Council's assumptions are incorrect, it has understated the levels of investment required to achieve the SHQS and it may have to adjust the order in which it intends to complete investment works. The Council told us that it does not expect its input of all of its available data to have a significant impact on its original assumptions on the required investment levels. Further risks in the Council's SDP are that it has not consulted tenants on standards to which it intends to improve their houses, nor has it developed a strategy for encouraging owners to participate in investment works.
- 5.14 In summary, the Council has set asset management objectives and worked well to deliver on these. However, it does not have a strategic overview of the sustainability

of its stock and the changing needs, including diversity needs, of its customers. While the Council is confident that it can resource both its new build plans and the achievement of the SHQS, its SDP includes assumptions not supported by data in some areas. It has a general understanding of needs, demand and stock condition with plans to improve, but the gaps in the Council's information base means that it does not have a comprehensive understanding of its context for asset management.

Investment and home safety

- 5.15 The Council has spent £18.5m on capital and planned revenue works to its houses since 2001; and its capital spending of £1,553 per house in 2006/07 places it 9th out of 28 Scottish local authorities. The Council has determined its investment approach using the investment profiles and "Shetland Standard" produced as part of its stock transfer proposal in 2001; more recently, it has begun to focus on the requirements set out in the SHQS.
- 5.16 The Council has not fully spent its annual housing capital budget since 2004; this includes a significant under-spend of £1.2m from a budget of £3m in 2005/06. Projects that were delayed or not started between 2004 and 2007 include refurbishment work, heating replacement and external insulation works. The Council told us that the inclement weather in Shetland and design issues in its renewal of some non-traditional stock has affected this performance. The Council has outlined a capital programme for 2007/08, but £0.5m of its budget is for SHQS works that it has not identified thereby risking further under-spend in 2007/08. We also saw no evidence of the Council planning ahead for 2008/9-2009/10 to detail works required beyond the current financial year. While the delays have affected relatively few tenants, the Council's planning and management of investment works is unlikely to achieve value for money.
- 5.17 We saw that the Council manages individual works well and records and reports progress to committee. However, we saw no evidence that it effectively monitors the programme performance or that it takes action to improve performance - for example it does not have projects in reserve that it can use to ensure full capital spending is achieved.

- 5.18 The Council recognises that its planning and performance management framework for housing investment is weak, and it has not developed a contracts management framework around performance outcomes. This is a significant factor in its inability to deliver all of its capital projects on time and fully spend its budgets. The Council is currently developing a corporate approach to managing performance in response to Audit Scotland's 2006 Best Value Review. It has established a Capital Programme Review Team that will decide investment priorities across the Council and then monitor and report on progress on all of the Council's capital projects. Its housing staff will manage the day-to-day delivery of housing investment while providing progress updates to the corporate review team. It has also introduced a new procedure for post-contract review through which it will assess contractor performance using a range of analysis tools and performance measures. This is a positive approach to improvement, but the Council has not outlined a timescale for the introduction of all of these improvements to the housing service.
- 5.19 Tenants that we spoke to were positive about how the Council deals with them during investment projects. The Council has only a limited understanding of tenant satisfaction with investment works. It has tenant satisfaction information for one project although it intends to make this a standard part of its assessment of all future investment work and contracts. The Council also has a good tenant focus when delivering and designing works: it gives tenants a range of choices on design and materials and can often tailor improvements to suit their needs. It also gives a good information and advice guide to tenants whose homes are being re-furnished.
- 5.20 From May 2004 social landlords have had a statutory duty to manage asbestos in the common areas of their properties. While the Council has few communal areas, it has not surveyed these or assessed the risks. This is a weakness. The regulations also require the Council to have produced an asbestos management plan by May 2004. The Council did not meet this timescale but it has now produced a good management plan as part of its on-going housing service review.
- 5.21 The Council has an asbestos register and five of its staff are qualified to survey asbestos. It is aware that its procedures for ensuring tenants and tradesman do not come into contact with asbestos are under-developed, and it intends to review these as part of its asbestos management plan development.

- 5.22 The Council has recently introduced a new re-let standard that it will give to tenants as part of the new tenant's handbook that it developed in consultation with its tenants' forum. It does not collect information from new tenants on satisfaction rates with their new home, but plans to start doing this. Empty properties we viewed were in good condition and only one tenant refused an offer based on the condition of the property in 2006/07.
- 5.23 In summary, the Council is aware that it has weaknesses in its planning and control of capital projects and is developing improvements. It is good at working with tenants during the delivery of investment works and has plans to develop its understanding of tenant satisfaction. While it has not fully met regulatory requirements on asbestos management it has now introduced a good management plan for this.

Response repairs

- 5.24 The Council's repairs service is accessible – tenants can report repairs by telephone, in person, in writing and by e-mail. The contractor delivers its out-of hours service – while the Council has had no recorded complaints about this approach it does not monitor satisfaction with this service.
- 5.25 The Council gives tenants information about the repairs services in leaflets, tenants' newsletters, and on the Council's web-site. These provide detailed information on repairs responsibilities, categories of repairs and target timescales. The Council also issues a receipt with all repairs confirming timescales and targets. The Council will improve the level of information available to tenants when it issues its new tenant's handbook later in 2007.
- 5.26 The Council does not operate a formal repairs appointment system. While it seeks to agree access times with tenants who report repairs, it is also aware that a formal appointment system would improve both customer service and its performance in completing repairs within its target times. The development of an appointments system is included as a priority within the Council's on-going review of the revenue repairs service. (see para. 5.30)

5.27 The Council's targets for completing repairs are 24 hours for emergencies, 3 working days for urgent repairs and 28 working days for routine repairs.

	Target response time	Performance (%)			
		2004/05	2005/06	2006/07	National median 2005/06
Emergency	24 hours	98.5%	97.5%	95.9%	93.8%
Urgent	3 working days	89.8%	86.1%	84.3%	90.2%
Routine	28 working days	76.8%	71.9%	73.6%	86.3%
% of repairs due to be completed within 24 hours completed within target		98.5%	97.5%	95.9%	93.5%
% of all repairs completed in target		83.6%	78.4%	80.9%	

Source: Audit Scotland's published performance indicators & Shetland Islands Council's inspection submission

5.28 The Council's reported performance in delivering response repairs is poor for the urgent and routine categories, better for emergencies, but has worsened over the three years in each of the categories. Its performance in Urgent and Routine repairs is below the national median and one in five repairs was not completed on time in 2006/07.

5.29 We found a number of weaknesses in the Council's management and recording of repairs performance information. It does not measure its contractor's performance correctly and when we used more accurate measures its urgent repairs performance dropped to 83% and its routine performance to 63%. We also found that it had not been including time for pre-inspections in its overall calculations. We saw cases that took up to 6 working days to pre-inspect, although the geography of Shetland means that some inspections involve significant travel time. Shetland completed 823 pre inspections in 2006/07. This will further reduce the level of repairs it reports as completed in target timescales.

5.30 The Council is aware that it needs to improve its performance in completing repairs on time. It recognises that it has weaknesses in its current approach and it is progressing well with a wide ranging review of its responsive repairs service begun in 2006. We saw that this has identified many areas for improvement and that the review is well developed to address the key issues identified by the Council. This is a positive approach. Shetland's geography presents challenges for delivering repairs quickly, but the current weaknesses in how the Council is operating its revenue

- repairs service means that it could not demonstrate that this is a significant factor in its performance.
- 5.31 Pre- and post-inspections are important tools for ensuring that repairs are targeted accurately and carried out to a high standard. The Council records the number of pre-inspections it completes but does not set targets for pre-and post-inspections and does not monitor or report its performance in completions or on inspection outcomes. The Council is aware that it has weaknesses in how it manages inspections and it does not use this information to manage or improve performance. This is also an area it is considering in the current repairs service review.
- 5.32 The Council collects satisfaction information from tenants who use the service. Tenants who responded to the survey reported 95% satisfaction with the quality of works and the overall service. Tenants we spoke to during the inspection were also generally satisfied with the service, although some were unhappy with the time taken to complete some repairs.
- 5.33 The Council has worked well to review its approach to ensuring tenants receive their Right to Repair. It has retrospectively paid tenants it identified as being owed compensation, which is a positive approach to improvement. The Council now provides information to tenants on alternative contractors and qualifying repairs. However, weaknesses in its ITC system mean that late qualifying repairs are not always identified quickly which limits the Council's ability to manage this service.
- 5.34 In summary, the Council is aware it needs to improve its performance in response repairs and its review process is well developed to address service improvement. Tenants report that they are generally satisfied with the repairs service. However, the Council's reported performance in completing repairs on time is poor and worsening. The Council has further weaknesses in its recording and monitoring of response repairs performance and its management of pre and post inspection information.

Value for money in procurement

- 5.35 The Council's budgeted resources within the Housing Revenue Account (HRA) for 2006/07 for repairs and maintenance property costs were £1,173 per unit. This is the fifth highest spend by councils in Scotland and well above the average of £1,013. We

also found that the Council's budgets for the repairs and maintenance service are not adjusted for stock loss – this means that the Council is effectively building in a resource increase each year.

- 5.36 The Council uses its in-house Direct Labour Organisation (DLO) to complete its revenue repairs and some cyclical and planned maintenance. The DLO was brought into its housing service in 2001 as part of the Council's preparations for its proposed stock transfer. This arrangement is based on a Schedule of Rates (SOR) originally established under Compulsory Competitive Tendering (CCT) in 1997 and has not been market-tested or reviewed for 10 years. While the rates have been increased to reflect annual inflation rises, the Council has not assessed whether they provide value for money. In addition, the Council incurs variations from these rates of nearly 50% (£300,000) of the annual value of repairs completed.
- 5.37 The Council recognises that it needs to improve in this area and it is currently reviewing its SOR as part of its wider review of the revenue repairs service. It is nearing completion of a benchmarking exercise against industry rates and plans to introduce an improved SOR with rates aligned with industry standards. This will also involve simplifying the rates to make them easier for its staff to use. Once this is completed, the Council also intends to benchmark against other organisations using the same rates to provide a more rounded assessment of the value being delivered from the contract. This will also enable the Council to improve its management of variations and determine how it can ensure its repairs service is best placed to deliver value for money in the future.
- 5.38 The Council uses traditional procurement methods, based on single project competitive tenders, for its housing investment programmes. It procures larger projects on a cost and value basis and it involves tenant representatives in the contractor selection process. While we saw examples where it had re-tendered works and achieved lower prices, the Council recognises that its overall approach to procurement is not focused on encouraging a competitive marketplace or achieving better value for money through procurement methods that generate efficiency savings.

- 5.39 The Council operates within a challenging environment for delivering modern procurement. It told us that the local market is not always competitive and that it is difficult to interest contractors who do not already operate in Shetland. While the Council's traditional approach to procurement for housing projects has not helped to increase competition, we also saw that other large capital contracts, including a new high school and the airport extension, also struggled to attract interest despite being widely advertised across the European Union.
- 5.40 In summary the Council is working at a corporate level to develop modern procurement methods with the intention to roll out this approach to its housing services contracts. It has developed a corporate procurement strategy and recent work on a new school project has shown that it is possible to deliver significant savings compared to its traditional approach. We also saw other examples of other service contracts that the Council had packaged to encourage competition and it expects to deliver savings. The Council recognises the limitations imposed by its standing orders on creating cost savings, and it intends to review these. While it has plans to develop a partnering approach for the construction of its new housing, it has no timescale for a similar approach to be tested on the housing investment programme.

6. How well is Shetland delivering services for homeless people?

6.1 In this section we set out our assessment of the Council's performance in delivering services for homeless people.

Grade

Shetland Island Council has achieved a **C** grade for services to homeless people. This is a **fair** performance.

6.2 Our overall assessment is that Shetland Island Council's homelessness service has some strengths, but also areas where improvement is needed which impact directly on the quality of services to people who are in housing need. Shetland does have a challenging operating context for homelessness, particularly given its geography and supply and demand problems. The Council showed a willingness to tackle the issues that we raised during the inspection. The award of a C grade takes into account the recent improvements in the service, the Council's willingness to improve and the challenging context

6.3 The Council has a positive approach to providing support to people who may be homeless, provides quick appointments and access to temporary accommodation. It works well to sustain tenancies and treats homeless applicants the same as other applicants when it allocates houses. The Council works constructively with its partners and is improving the options for homeless people through more effective joint working. However, there are also major areas of the service where the Council needs to improve, including:

- it takes too long to make decisions on people's homeless applications;
- people are having to stay in temporary accommodation for very long periods and it does not have a strategy for dealing with this;
- although it is improving its performance it continues to let a low proportion of its available houses to homeless people;
- the number of people the Council places in Bed and Breakfast accommodation is increasing; and
- it has some weaknesses planning and monitoring its performance in delivering services to homeless people including the quality of information.

Access to service

- 6.4 Shetland Island Council received 231 applications for assistance in 2006/7. This equates to 2.3% of all households in Shetland, compared to a national figure for the previous year of 2.5%. Applications increased on the previous year's figure by around 20%. Homelessness applications to the Council have increased steadily in the last three years, and this increase has been ahead of the national trend.
- 6.5 Since 2005, the Council has delivered its homeless service during office hours through its generic housing team based at its office in Fort Road in Lerwick. Prior to this, a specialist team based at Ladies Drive bed sits delivered the homelessness service. The Council made this change in response to the findings of an independent review of the homelessness service it had commissioned. A significant finding from the review was that people applying as homeless felt that the location of Ladies Drive was too far from the centre of town.
- 6.6 The Council's website provides information on how to access the homelessness service, and it advertises contact information every fortnight in the local paper. It circulates a homeless leaflet and a poster, which it is currently reviewing, to a wide range of local agencies. Until recently the Council did not regularly check that these posters were displayed, but it now has a policy to do this. We found that the Council's posters are displayed in prominent locations across the islands.
- 6.7 The Council has formal referral arrangements in place with a number of local agencies, although many of these refer homeless people by phone. The majority of applications from homeless people are self referrals.
- 6.8 The Council provides an out-of-hours service, through its Social Work department, to help homeless people when its offices are closed. It includes the contact details for this service in all its publicity material. The Council does record the details of requests for assistance made to the out-of-hours service and we found examples of homeless people getting the help they needed. However, the Council makes limited use of this information and is not clear about the outcomes for clients who use this service. Therefore, it cannot show that the service is meeting the needs of homeless people. This is a weakness.

- 6.9 The Council has only recently started recording initial approaches from people who contact it for assistance. Previously, it recorded the application for assistance only when the person was interviewed by a housing officer. As result, it is likely that the Council may have been under-reporting the level of people seeking assistance. We saw that the Council provides homelessness appointments quickly, usually on the same day, although it does not have a published standard for this nor does it monitor its performance.
- 6.10 The Council's interviews with people making homeless applications are always in private and are clearly focused on the client. It offers people the option of being interviewed by someone of the same sex and are given the opportunity to bring along a friend or advocate.
- 6.11 In summary, the Council publicises its homelessness services well, has a client focused approach and usually interviews homeless applicants on the day they first seek help. It is improving its recording of initial approach from those seeking assistance. However, it has limited information about its out-of-hours service and the outcomes for users

Advice and prevention

- 6.12 The Council published its homeless strategy in 2003 which includes its plans for preventing homelessness. The Council does not have an explicit information and advice strategy, but it has set up a group with external partners to develop this. As we identified earlier, it has done some good work around its housing options guide. The Council does not currently have a structured training programme to keep staff up to date in housing information and advice but told us that this will be included in the strategy.
- 6.13 The Council established a Housing Outreach Team in 2003. This team provides support to homeless people to prevent repeat homelessness, and to vulnerable people to help them keep their homes. The team accepts referrals from within the Council and from partner agencies.
- 6.14 We saw that 96% of people housed by the Council as homeless were still in their tenancies 12 months later. This is a higher tenancy sustainment level than for other

people housed by the Council, although this is also high at 88%. We found that the work of the Housing outreach Team has contributed to this. We also found that it works well with partners to help to sustain tenancies and prevent homelessness.

Examples of this include:

- a mediation service run by the Citizen's Advice Bureau;
- exploring the use of short SSTs to help looked after young people move to independent living;
- working jointly with social work to provide football and other sporting opportunities to homeless people;
- cooking lessons with a chef from the local college at the Ladies Drive hostel; and
- referrals to the Shetland Befriending Service.

6.15 As we discuss in the housing management section, the Council has a good and tenant-focused approach to dealing with rent arrears; this makes an important contribution to the prevention of homelessness amongst its tenants.

6.16 The Council has a good approach to preventing homelessness and the recurrence of homelessness, including some positive examples of partnership working. The Council is contributing to high levels of tenancy sustainment partly through its effective out reach service. The Council does not yet have a strategic approach to the provision of housing information and advice, but has started to work on this with its partners.

Assessment of homeless people

6.17 The Council has a duty to make all necessary inquiries to satisfy itself whether homeless applicants are homeless or threatened with homelessness, have a priority need, and became homeless or threatened with homelessness intentionally. The table below provides an overview of Shetland's assessment decisions for people who apply to it for assistance as reported by the Council to the Scottish Government.

	2004-05		2005-06		2006-07	
	Shetland Islands Council	Scotland	Shetland Islands Council	Scotland	Shetland Islands Council	Scotland
All applications assessed in period	166	56,709	188	57,831	231	58,663
% priority unintentional	42.2%	53%	42.7%	52%	31.6%	52%
% priority Intentional	0%	2%	0%	2%	0.9%	2%
% non-priority	7.8%	18%	8.3%	17%	19.9%	17%
% not homeless	12.7%	9%	17.2%	9%	21.6%	8%
% lost contact/withdrew before assessment	2.4%	12%	6.3%	13%	6.9%	13%
% resolved prior to assessment	34.9%	6%	25.5%	7%	19%	7%
Proportion of assessments completed within 28 days	50%		46%		57.3%	

Source: Scottish Government Housing Bulletins and the Council's inspection submission

- 6.18 The table shows the Council assessed 31.6% of applicants as unintentionally homeless and in priority need, a reduction of over 10% on the previous year. Over the last three years these figures show the percentage it assesses as non priority more than doubled. However the Council advised us during the Inspection that the published information was incorrect. For technical reasons the Council has been misreporting their homelessness figures. The Council recently resolved the reporting problems and gave us new figures for their assessment decisions for the part three years.
- 6.19 The new figures show the Council assessed 48.8% of applicants as unintentionally homeless and in priority need in 2006/07; this percentage has dipped slightly from the 2005/06 figure of 51.6%. This compares to the national figures of 52% for both years.
- 6.20 Over the last three years, the percentage of applicants it assessed as non-priority more than doubled. The Council were unable to tell us why there has been this increase.
- 6.21 The Council does not analyse the trends in its homelessness decisions, and so could not tell us why this is happening. This is a weakness and limits its ability to plan future services for homeless people. This is an important issue, particularly given that the Council should be working towards the targets set by Scottish ministers to

- reduce the proportion of homeless people assessed as non priority by 50% by 2009, and to abolish priority need by 2012. It has recognised that it needs to start analysing its homeless decisions and has drafted procedures for this. It has yet to agree a timescale for implementing this procedure.
- 6.22 The published figures show that the percentage of applicants the Council found to be not homeless in 2004/5 was 12.7% compared to a national figure of 9%. This rose to 21.6% in 2005/6 when the national figure remained static at 9%. The new figures show the percentage found to be not homeless was 24.7% in 2004/05 and 19.6% in 2006/07. The Council could not tell us why these figures are higher than the national figures.
- 6.23 The Council's homelessness assessment interviews are good and customer-focused. People we spoke to were pleased with the quality of their interview and felt the interviewer treated them with respect. We saw that the Council's staff gave applicants:
- good information on the homelessness assessment procedure;
 - details of section 40 of the Housing (Scotland) Act 1987, about false information and withholding information, in a non-threatening way;
 - adequate opportunity to discuss their housing circumstances and to ask any questions that they may have; and
 - the name and telephone number of the interviewing officer.
- 6.24 The Council has a duty to make all necessary inquiries to satisfy itself as to whether people who apply for accommodation, or for assistance in obtaining accommodation, are homeless or threatened with homelessness, have a priority need, and became homeless or threatened with homelessness intentionally. We found that the Council makes good decisions, and has improved how it records of applications in the last year. We also found that the Council is good at keeping in touch with people during the time it takes to deal with their applications.
- 6.25 The Code of Guidance recommends that councils should notify people of the outcome of their application as quickly as possible, and suggests a target of 28 days. The Council's made more decisions within 28 days in 2006/07 than it did the previous year, up 46% to 57%. The Council recognises that it needs to further

- improve its performance. It has introduced procedures to improve the quality of its decision-making: all decisions must now be signed off by a senior officer.
- 6.26 The Council's decision letters provide applicants with all the relevant information on its decisions and provide information on making an appeal. However, it does not give people information about appealing an allocation of temporary accommodation.
- 6.27 The Council operates an appeals scheme for people who are unhappy with its homeless decisions. It received six appeals last year. We found that the Council had dealt with these within target timescales and kept the appellants informed during the process.
- 6.28 In summary, the Council has a customer-focused approach to interviewing applicants and it makes good decisions and is increasing the percentage of decisions it makes within the recommended timescales. The Council is not adequately monitoring the trends in its decisions and this limits its ability to plan future services for homeless people and meet its targets.

Securing accommodation

- 6.29 Shetland Islands Council uses a range of temporary accommodation: self-contained furnished houses and flats; shared furnished accommodation; hostel accommodation and bed & breakfast (B&B). The majority of the Council's furnished accommodation is in Lerwick and mostly on the outskirts. The Council recognises that this is not good practice and is developing plans to change this.
- 6.30 The table below sets out key figures on the council's temporary accommodation.

	2004-05	2005-06	2006-07
	Shetland Islands Council	Shetland Islands Council	Shetland Islands Council
Number of homeless households provided with temporary hostel accommodation	50	52	44
Percentage accommodated in temporary hostel accommodation	39	32	31
Average length of stay for homeless households in temporary hostel accommodation (days)	102	104	87
Number accommodated in bed and breakfast accommodation	5	60	41
Percentage accommodated in bed and breakfast accommodation	4	36	27
Average length of stay in bed and breakfast accommodation (days)	1	6	21
No. of families with dependent children accommodated in bed and breakfast accommodation	0	2	6
Number accommodated in Council furnished accommodation	72	53	59
Percentage accommodated in Council furnished accommodation	57	32	42
Average length of stay in Council furnished accommodation (days)	117	139	98

Source: the Council's inspection submission

- 6.31 The Council currently uses 33 self-contained furnished bed sits at Ladies Drive as hostel accommodation for single people who need support. These units are in good condition and of reasonable size, but the physical layout makes it difficult for the Council to control access to the units and manage the accommodation as a hostel. The Council has decided stop operating Ladies Drive as a hostel from the beginning of 2008. This will include offering permanent tenancies for these units rather than using the units as temporary accommodation. It plans to give current occupants the option to stay or be re-housed elsewhere.
- 6.32 The Council's self-contained temporary accommodation varies in quality. It has 22 chalets at the Hoofield site in the north of Lerwick. These were built over 10 years ago and are of poor quality. The Council plans to re-develop the site by demolishing the chalets and building new social housing, starting in two to three years time.
- 6.33 The Council has increased its use of B&B accommodation significantly over the last three years – from five in 2004/05 to 41 in 2006/07. In 2006/7 the Council had

- potentially breached the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004 by placing six families with children in B&Bs. The Council does not monitor its B&B placements to ensure that it does not breach the Order; this is a weakness.
- 6.34 The Council accepts that B&B accommodation is not a good solution and aims to use it only when nothing else is available. The Council told us that it is looking at ways to increase the number of self-contained temporary accommodation units. However, it does not have a temporary accommodation strategy and has no clear plans about how to increase this type of temporary accommodation. This is a significant weakness, particularly given that it is planning to stop using its accommodation at Ladies Drive and Hoofield and demand is increasing. The Council told us that it will develop a strategy this year, but has not agreed a timescale for this. It has started to explore options for increasing access to temporary accommodation with HHA and private landlords.
- 6.35 We found that the Council meets its duties to secure temporary accommodation for people who need it. It recognised that the length of stay in its furnished temporary accommodation and Ladies Drive was too long and commissioned an independent review in 2006 to help it address these issues. Since then the length of stay in furnished temporary accommodation and Ladies Drive has reduced as shown in above table.
- 6.36 The Council takes a long time to make offers of permanent accommodation to homeless people: on average it took 526 days in 2005/06 and 469 days in 2006/07. This is, in part, due to the supply and demand challenges we discuss in the housing management section.
- 6.37 The council has recognised that it allocates a low proportion of its overall lets to homeless households compared to other councils. It is also concerned about the number of homeless people it has in temporary accommodation and the length of their stay. It commissioned an independent review in 2006 that showed that 38% of households in temporary accommodation had been there for more than a year, and 11% for more than two years.

- 6.38 In 2006/07, the Council set the following targets: in Lerwick – 45% of offers to homeless people, 20% to transfers and 35% to others; and in landward areas, 5% to homeless people, 15% to transfers and 80% to others. The Council failed to meet these targets in Lerwick where 30% of offers were made to homeless applicants, 25% to transfers and 45% to others. In the landward areas the figures were 7%, 17% and 76% respectively.
- 6.39 In response to its performance in 2006/07 and to the independent review the council set new challenging targets. The Council agreed in March 2007 to targets for 2007/08 of 80% of all offers in Lerwick to homeless people and 35% in landward areas. The Council did not reach these targets in the first quarter of 2007/08. But, it told us that 50% of offers in Lerwick and 6% in landward areas were made to homeless applicants, this is improved performance.
- 6.40 The Council uses the local housing association in an effort to increase options for homeless people. In 2005/6, HHA let 13% of its available houses to people referred to it by the Council under section 5. To improve this the Council re-negotiated its nominations agreement with Hjaltland and introduced this from 2007. This new approach is working well. In the first half of this year HHA let 50% of all its lets to Council nominations and two thirds of these went to homeless applicants Since April 2007 all of the Councils nominations resulted in a successful let.
- 6.41 The Council treats homeless people in the same way as other housing applicants. It makes two offers of permanent accommodation and allows applicants to note an interest in four lettings areas. We found that the Council takes account of the circumstances and needs of homeless applicants, and gives them the same quality of offers as it gives to other applicants.
- 6.42 In summary the Council treats homeless applicants the same as other applicants when it allocates houses. It is increasing the options for homeless people through improved working with HAA. It has some plans to reduce the number of people in temporary accommodation and the length of stay is reducing. However, the Council places people in temporary accommodation for long periods of time. Although it allocates a relatively low percentage of its houses to homeless people this is

improving, but on average it takes along time to do this. We also found it is not planning its temporary accommodation in a strategic way.

7. Is the housing service at Shetland Islands Council managed for improvement?

Leadership and strategic planning

- 7.1 The Council has a clear corporate planning structure. The Community Plan and the Corporate Plan outline its vision and objectives. The Corporate Improvement Plan 07/08 has an action plan and responsibilities assigned and a monitoring framework. Service planning forms an integral part of the planning structure. The planning framework and key documents are available on the Council's website.
- 7.2 The 2007/08 Service Plan for the Housing Service is linked to the corporate planning process and shows the housing service's contribution to the Council's objectives. The Council operates a challenge process in the production of service plans and we saw that this has resulted in improvements. The service plan sets out the strategic aims and objectives. The service plan has some service standard information but it does not detail in the plan how the Council monitors this and how it will feed back to tenants. The service plan reports performance across a number of indicators although there is no context given to this in the plan explaining the approach and the basis for the targets. The Council reports outcomes in the year end performance report and this is available on the website. There is a clear link between the Local Housing Strategy (LHS), the Corporate Plan and the service plan. The housing service has aligned the LHS objectives with the housing service objectives and targets for 07/08 in the annual delivery plan. However the targets are limited particularly in relation to access to housing. The annual delivery plan does contain SMART targets and the Council monitors these quarterly at the Scrutiny Committee and at management team meetings. The local housing systems analysis for Shetland is incomplete and this limits the council's ability to plan its housing service.
- 7.3 The Council has developed its homelessness strategy in co-operation with a range of internal and external partners. Its partnership approach is well developed and inclusive. Its Housing Strategies Steering Group includes a range of internal and external partners, meets quarterly and is responsible for monitoring all the Councils housing strategies, including homelessness. The partners we spoke to were positive

about working with the Council and some identified the Council's willingness to also work out-with the formal partnership arrangements as a strength.

Performance management, planning and reporting

- 7.4 The Council has worked to develop its corporate performance reporting in the last 18 months. It reports quarterly across a range of financial, performance and customer care indicators and the reports are available on the Council's website. In addition, the Council reports on its performance against its statutory performance indicators to the Scrutiny Committee. This report includes benchmarking with other similar local authorities. We saw that the Scrutiny Committee initiated an investigation report by the Council into void management performance. The outcomes/recommendations of this fed through to the priorities for the 2007/08 housing service plan.
- 7.5 The Council was not comprehensively monitoring the homelessness service. It recognised it needed to increase the level of monitoring and analysis of the service and the new homelessness procedures propose a more wide ranging monitoring framework. We found some of the homelessness information was inaccurate at the time of the inspection. This hampers the Council's ability to plan the homelessness service. .
- 7.6 The housing service's performance management framework is under-developed:
- there is no detailed benchmarking with other organisations;
 - in some areas performance reporting is weak – the majority of targets are unchallenging and there are no targets for estate management;
 - whilst it provides regular reports to committee on revenue repairs and performance and tenant satisfaction there are gaps in the information on quality control and costs;
 - the planning, monitoring and reporting of capital works is poor and this limits its ability to effectively control this activity or to demonstrate value for money; and
 - there is no link to operational targets for front line staff.

We raised this issue during the inspection. The housing services team is aware the system needs to be developed and has begun to look more closely at performance management options for the service.

Customer focus and influence

- 7.7 The Council uses postal satisfaction surveys to gather the views of people who have used its homelessness services and has undertaken three surveys. It had low returns from these surveys and introduced telephone surveys to improve response rates. It is also considering other ways to survey homeless people. The Housing Management Team gets reports on the survey findings and intends to use this to plan its services to homeless people.
- 7.8 We found that the Council's approach to public reporting of housing performance is generally good and transparent. The Council has a developed public performance reporting framework and the housing service has introduced a range of methods for public reporting in keeping with this framework. The Council uses a range of techniques that are appropriate for the context – its website, Shetland Times, the service plan and an annual report/calendar distributed to all households. The website is good although performance information is not always easy to locate. There is a variation in the type of performance information reported in the various documents and this would benefit from a more co-ordinated approach. The Council has consulted tenants on the content and effectiveness of only some of its performance reporting.
- 7.9 The housing service has recently introduced service standards. We saw part of the service standards document clearly displayed in the Lerwick office. We found the service standards on the website but the document is not easy to locate. The service standards need some development and the inclusion of SMART targets. The Council did not have a plan in place to monitor performance against the service standards. The Council agreed that it needed to do additional work on the Standards including a monitoring framework. In the Quality Manual we found a detailed Customer Service Charter. However we found that some of the information in the Service Charter was out of date and some staff we spoke to were not aware of its existence.
- 7.10 The reception for the Housing office at Fort Road does not provide visitors with any privacy. The Council is aware of the shortcomings of its present office, for staff and callers and has plans to build a new office for the housing department.

- 7.11 The Housing (Scotland) Act 2001 requires Shetland Islands Council to publish a tenant consultation strategy. The Act also requires landlords to inform and consult tenants about changes to its services and take tenants' views into account when making decisions that will affect them. Before the 2001 Act the Council already had a tenant participation strategy and active tenants' groups supported by the Shetland Tenants' Forum (STF). It further developed these structures to meet its statutory obligations. The Council has started the process of reviewing and updating the tenant participation strategy in partnership with its tenants. We found the Council has a good approach to engaging with tenants. It has a commitment to tenant participation, a well developed strategy, and provides good support to RTOs and tenants' groups.
- 7.12 We looked at the Council's approach to consulting tenants on proposed policy and service changes. We found that Shetland Islands Council has a range of structures in place for involving tenants in the development and delivery of housing management services. The Council has registered two tenants' and residents' organisations (RTOs), with five other associations also affiliated to its umbrella group Shetland Tenants Forum (STF). All the current groups are based on the mainland. The Council has promoted the formation of tenants' group in remoter islands but there was no take up. The Forum is the main representative body for tenants, members of associations and groups. The executive committee of the Forum has 12 members in its structure: of which nine are Council tenants, two Hjatland Housing Association tenants and one a tenant in the private rented sector. A representative from the Forum attends the Housing Strategies Steering Group and other key working and monitoring groups on housing and related areas. The Council involves members of the Forum executive in carrying out internal audits of policies and procedures and in procurement exercises and has provided them with training in order to do this. The Council has consulted the Forum and tenants' groups on new policies, service changes and the new Tenants' Handbook. The Council provides the Forum with funding for a part-time Tenant Participation (TP) worker and running costs, and an office at a peppercorn rent. In addition to supporting and promoting tenant involvement the TP worker offers advice and help to tenants with individual queries and problems.

- 7.13 We reviewed the decision papers presented to committee and found that the Council considered tenants views when it made decisions about changes to the service. The Act requires the Council to maintain a public register of tenants' organisations, and it is available for the public at the Council's housing office and on its web site and at the Forum's office. The Council contributes an article to the Shetland Tenants' Forum newsletter with some information about services but does not include information about performance. The Tenants' Forum is an independent organisation and the Council should consider ways of communicating with its tenants in addition to this and outside of the annual surveys and reports.
- 7.14 We met representatives of three tenants' associations during the inspection and one of our Tenant Assessors met with the executive of the Forum. The tenants were positive about the participation process, the quality of the housing management services tenants receive and the Council's willingness to listen and respond to their views, in particular on local issues.
- 7.15 Shetland Islands Council agrees a consultation plan with the Shetland Tenants' Forum every two years and this is set out in the Shetland Housing Charter. The Council carries out an annual satisfaction survey to find out tenants' views on services, advice and information, the condition of the home and value for money of the rent. It collates and analyses this information and publishes the results in a booklet, on its website, in its newsletter and Annual Report. In addition the Council carries out a rolling survey of housing applicants and publishes the results on its website annually. We saw many instances of tenants influencing the provision of services at a local level, the development of new policies and procedures and of publications.
- 7.16 The number of tenants the Council involves in consultation on its policies, strategies, service reviews and plans is low, and it focuses on the Forum executive. The Council should consider methods to widen the base of tenants who have the opportunity to influence how services are delivered.
- 7.17 The Council does not consult its tenants on the annual rent increase and this is a serious weakness. When we raised this with the Council it fully accepted that it

should be doing this and outlined its plans to consult with tenants on the rent proposals for 2008/09.

- 7.18 The Council recognised that it did not have a systematic approach to dealing with housing complaints and introduced a new complaints procedure in July 2007. Before this it dealt with complaints on an ad-hoc basis except for complaints received at the Town Hall - the Council deals with these under the corporate complaints procedure. The procedure introduced in July 2007 sets a target of 10 working days for providing a response. In the majority of complaints we reviewed this target was met. The procedure identifies three levels of complaints, however, the recording system the Council uses does not yet identify between the levels. The Housing department does not have firm plans for how it will monitor and report on this new system and this is an area that it needs to develop. There is information on how to complain on display in the main housing office and on the council's website. Standard letters highlight that complainants can appeal decisions and have recourse to the Ombudsman. From our case reviews we saw that the Council is recording MSP enquires and some requests for information as complaints. The Council states that it will use the complaints process to improve services and take corrective action where necessary. We saw an example of this where the Council changed its homeless application form following a complaint by a homeless applicant.

Equalities and diversity

- 7.19 In the last 18 months the Council has worked to promote equalities issues. This is evident in the development of the Equality and Diversity Strategy (October 2006), the commitment to guidance and development of an Equalities Impact Assessment and preparation of the Gender Equality Scheme (June 2007). The Impact Assessment for the housing service is complete and comprehensive. The service has information from the Impact Assessment about gaps in data and reporting and is preparing a population survey to help it gather equalities information. The Council carries out equalities monitoring and the housing service is planning to expand this using the population survey and other consultation methods including the internet questionnaire. It is too early to see the impact of this work and test whether equalities issues are mainstreamed across the housing service.

Efficiency and value for money

- 7.20 The Council charges its tenants the third highest rents in Scotland and has the highest outstanding housing loan debt of all local authorities. These factors have a direct impact on how the council manages its costs and rental income. Shetland housing service's estimated expenditure on supervision and management in 2006/07 is the lowest in Scotland, at an average cost of £243 per unit. The Council has made strenuous efforts to minimise supervision and management costs and to limit rent increases. The Council frequently faces challenges in recruitment due to the Islands' remoteness and this impacts on the housing service. We found no information assessing the impact of the level of supervision and management costs on efficiency and effectiveness of the service. The Council will need to assess this and the impact on resources of maintaining the service and implementing the improvements required in the housing service.
- 7.21 We found a lack of detail in some areas of the budgeting for the Housing Revenue Account and the housing related general fund activities and this limits the Council's ability to show how well it is delivering services. The Audit Scotland Best Value Report (2005) highlighted that although the council agreed a balanced budget for the previous three years it was only able to do this by drawing on financial reserves.
- 7.22 The Council's expenditure on the delivery of homelessness services increased from £802,000 in 2005/06 to £892,000 in 2006/07 and included an increase in gross costs for B&B accommodation from £11,000 to £27,000. The Council told us these increases are due to increasing numbers of people presenting as homeless and the changes it introduced in response to its review of the homelessness service in 2005.
- 7.23 Overall we found that the Council does not have a sufficient focus on achieving value for money in its property maintenance/asset management services. While its tenants are broadly satisfied with its services, and this is a significant strength, it has some important weaknesses. The Council does not comply with good practice in management of the repairs service and only carries out limited market testing and performance benchmarking. There is a lack of detail in the Council's three year capital programme. This is a weakness that limits the Council's ability to manage the programme operationally and financially and increases the risks in managing the programme. While the Council has only recently begun to address the poor

performance in delivering repairs, efficiencies gains in procurement and the weaknesses in the capital investment programme management. It is too early to see the impact of this work.

8. Next Steps

- 8.1 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, asset management and repairs service or homelessness service to submit an improvement plan to us within eight weeks of the publication of this report.
- 8.2 Shetland Islands Council's improvement plan should show how it intends to respond to our findings in housing management, asset management and repairs service and services for homeless people. The plan will be agreed with us. We follow up improvement plans at regular intervals.
- 8.3 If you would like to see Shetland Islands Council's improvement plans you should contact:

Allison Christie
Housing Service
Shetland Islands Council
Fort Road
Lerwick
Shetland
ZE1 0LW

Telephone: 01595 744360
Email: housing@sic.shetland.gov.uk
Website: www.shetland.gov.uk

Appendix 1 Sources of evidence

Groups and third parties consulted

- Tenants' and Residents groups
- The Council's external auditor
- Hjaltland Housing Association
- Communities Scotland Tenant Participation Team
- Homepoint
- Scottish Executive Homelessness Team
- Scottish Public Service Ombudsman
- Shetland Citizens Advice Bureau
- Advocacy Shetland
- Community Mental Health Team
- Relate Shetland
- HIE Shetland
- NHS Shetland
- Shetland Befriending Scheme
- Shetland Council of Social Service
- Support Training Limited
- Community Councils

Interviews/Meetings

- Betty Fullarton (Councillor)
- Gussie Angus (Councillor)
- Morgan Goodlad, Chief Executive
- Senior and front-line staff in Housing
- Staff in the corporate Policy Unit
- Officer from the Housing Services Policy and Information Team
- Equalities staff
- Head of Internal Audit
- Staff in the Finance Department
- Representatives from seven Tenant and Resident Groups, including the executive of the Tenants Forum

Reality checks

- Observation of information and advice to service users
- Observation of Hostel and Bed and Breakfast accommodation
- Shadowing of allocations
- Shadowing of tenancy sign up interview
- Shadowing of an accompanied viewing
- Shadowing of assessment and follow-up interviews with homeless people
- Shadowing of temporary accommodation visits
- Shadowing of repairs call handling
- Shadowing of repair pre and post-inspections
- Shadowing of void repairs visits Review of short SST's
- Review of housing list applications and allocations
- Review of information for applicants and tenants

- Review of homeless assessments and appeals
- Review of complaints
- Review of antisocial behaviour cases
- Review of arrears cases
- Review of legal actions against tenants
- Review of reported repairs
- Review of planned maintenance and improvement projects
- Empty property visits
- Estate visits

Key documents reviewed

- Shetland Islands Council's Inspection Submission
- Housing management performance reports
- Repairs and maintenance performance reports
- Relevant policy and procedures
- Minutes of meetings and associated reports
- Tenants' newsletters
- Council's website
- Outcome reports for housing management, property maintenance and homelessness
- Protocols with other agencies
- Local Housing Strategy
- Homelessness Strategy
- Scottish Housing Quality Standard Delivery Plan

Appendix 2 Examples of Positive Practice

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

Joint and partnership working to sustain tenancies and prevent homelessness

Shetland Islands Council has a good approach to managing arrears with a clear aim to sustain tenancies and prevent homelessness. Its particular strengths are as follows:

- arrears recovery and housing staff hold regular meetings to discuss and agree joint approaches to tackling tenants' arrears;
- arrears staff hold a regular drop-in session at Ladies Drive Bed sits for tenants to discuss difficulties with rent payments;
- arrears staff can offer tenants help with benefits and debt;
- working with the Citizens Advice Bureau to provide money, debt and benefits advice in the Council's offices; and
- holding case conferences with tenants before starting legal action for arrears.

The Council's eviction rate is well below the average for Scottish councils.

Providing information

Given the remoteness of many of Shetland's communities, the Council relies heavily on the internet to provide information. A recent survey showed that a high percentage of Shetland residents have access to the internet- 81% of respondents had a computer and broadband connection at home and 71% had accessed the council's website. The council provides public access PCs at its Fort Road office and at its bed sit accommodation in Ladies Drive to facilitate internet access for those who do not have their own computers.

One example of a good use of the internet is the Council's computer based housing options guide. The Council developed this guide worked in partnership with HHA, as well as the Shetland Tenants Forum and Shetland Citizens Advice Bureau. Shetland developed the model and Homepoint endorsed it as an example of good practice. Subsequently 20 local authorities used the model in developing their housing option

guides. The guide gives applicants and staff access to a comprehensive range of housing advice and information on social rented housing as well as options within the private sector. It also provides information on voluntary and statutory organisations in Shetland that are able to provide applicants with advice and assistance.

Glossary

Anti Social Behaviour Order (ASBO)	ASBOs are preventative orders designed to protect individuals from further anti-social behaviour that causes or is likely to cause alarm or distress. Breach of an order is a criminal offence, punishable by a fine or imprisonment.
Asset management	Ensuring that current and future assets (houses, land, etc) fully support the organisation's objectives – working towards having the right assets, of the right quality, in the right place at the right time.
Benchmarking	A process used by organisations to systematically compare service processes and performance to identify best practice.
Capital Programme	Major repair schemes funded mostly from borrowing.
Common housing register (CHR)	A register of all applicants for social housing used by two or more landlords within an area.
Direct Labour Organisation (DLO)	Internal organisation which carries out work on behalf of housing departments.
HomePoint	A department of Communities Scotland that supports providers of housing information and advice services. HomePoint has broken down advice activities into three types: <ul style="list-style-type: none">• Type I active information, sign-posting and explanation.• Type II casework.• Type III advocacy, representation and mediation.
Housing list	A list of applicants for housing that is used by the local authority to allocate its housing stock.
Housing Revenue Account (HRA)	The budget a local authority has from rental income for managing and maintaining its houses and housing services.
ICT system	Information and communication system.
Notice of Proceedings (NOP)	The formal notice provided to tenants informing them that their landlord is taking legal proceedings to seek a court order for recovery of possession of a property.
Partnering	In contract management, a structured approach to improving efficiency and quality of work. It aims to reduce confrontation between the Council and its consultants and contractors. Partnering requires formalised objectives, agreed problem solving methods and an active search for continued measurable improvements.
Performance Standards	Housing standards for all social landlords in Scotland, jointly agreed by the SFHA, COSLA and Communities Scotland.
Planned maintenance	The planned renewal or maintenance of key property components.
Pre-inspections	Inspections undertaken to ascertain the nature of the repair required.
Post inspections	Inspections undertaken following work to check the suitability and quality of repairs.
Procurement	The way an organisation obtains services or materials from other organisations or agents.

Qualifying Repair	Repairs that qualify for inclusion in the Right to Repair scheme.
Registered social landlord (RSL)	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
Registered Tenant Organisation (RTO)	A tenant-representative group meeting certain conditions set down in the Housing (Scotland) Act 2001 and registered with a social landlord.
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 that sets out timescales for some repairs and actions that can be taken if timescales exceeded.
Schedule of Rates (SOR)	List of costs for repair items, usually organised by trade.
Scottish Housing Quality Standard (SHQS)	All property managed by registered social landlords must be brought up to a certain standard by 2015.
Scottish secure tenancy (SST)	The Housing (Scotland) Act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.
&	
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.
Section 5 referral	Under Section 5 of the Housing (Scotland) Act 2001 a local authority can request a registered social landlord that has accommodation in its area to provide accommodation to homeless people. This request is known as a Section 5 referral.
Shadowing	An inspection technique that involves accompanying and observing staff while they carried out their day-to-day tasks.
SMART criteria	Performance management acronym for: Specific, Measurable, Achievable, Relevant and Timebound.
Statutory Performance Indicator (SPI)	Indicators of local authorities' performance that are published by the Accounts Commission for Scotland.
Stakeholder	Any person or organisation using a landlord's service, affected by the landlord's actions or having an interest in the landlord's activities – an interested party.
Tenancy agreement	Legal document or contract between landlord and tenant setting out the rights and responsibilities of each.
Tenant assessor	Trained tenants (not of the landlord being inspected) who are part of the inspection team. They are involved in preparing for inspection, reading landlord materials and on-site visits as well as talking to tenants.

Tenure	The method by which a person occupies a property i.e. tenant, lodger, owner-occupier.
Variations	A term used to refer to the practice of changing a repair works order on site where the contractor feels additional or alternative work to that specified is required.
Village voice	A village voice is a link between the landlord and tenants in a community where there is no tenants or residents association. They are elected by the tenants of a community to represent their views on housing and related matters, are affiliated to the main tenant representative body, and receive support from the landlord to fulfill their role.
Void	A property without a tenant. Voids occur in the period between one tenant leaving and another taking over the tenancy.

About Regulation and Inspection

Regulation & Inspection (R&I) is a separate division of Communities Scotland, the national housing and regeneration agency. We act on behalf of Scottish Ministers to register and regulate independent social landlords. These are usually housing associations, but they can also be housing co-operatives or companies limited by guarantee. We also inspect the landlord and homelessness services provided by local authorities. We operate independently and impartially, while remaining accountable to Scottish Ministers for the standard of our work and for inspecting and reporting within the overall context of Scottish Ministers' strategic objectives for the social housing sector and tackling homelessness. A code of practice sets out what Ministers expect from us in delegating their regulatory powers to us. Our independence is further safeguarded by a Regulation Board that oversees our work.

We aim:

- to be a catalyst for improvement in the quality of housing and homelessness services; and
- to protect the interests of tenants, provide assurance to service users and taxpayers and maintain funders' confidence in registered social landlords.

Our work supports the principles of public service reform by promoting good services that are organised around the needs of the people who use them. We encourage registered social landlords (RSLs) and local authorities to be open, accountable, efficient and well governed. And we expect them to provide equal opportunity and open access to their services.

Regulation & Inspection

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