

Communities Scotland
Inspection report

Waverley Housing

July 2006

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1. Introduction

About this inspection

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

How we assessed performance

1.2 Our inspectors asked two key questions:

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

1.3 In order to answer these questions inspectors:

- spoke to tenants, staff and members of the governing body;
- asked other partner organisations for their views;
- visited homes and local areas;
- saw and tested first hand how well services were being delivered;
- examined key policies, publications, information and the organisation's self-assessment submitted for this inspection; and
- analysed published performance and financial information.

1.4 We have awarded grades for housing management and property maintenance. This is what our grades mean:

A	Excellent	Major strengths.
B	Good	Many strengths and some areas where improvement is needed.
C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.
D	Poor	Major areas where improvement is needed or where a number of very significant weaknesses are found.

* see glossary

The inspection team

1.5 The Waverley Housing inspection was managed by John Jenkins (Inspection Manager). The inspectors were Elaine Whyte, Scott Crossley and Louise Irving, who were supported by Joyce Kilpatrick (Inspection Officer) and Susan Chalmers (Financial Analyst). We were also assisted by our tenant assessor*, Therese Mullen and were on site between 13 and 24 February, 2006. We would like to thank everyone involved in the inspection, particularly the governing body, staff and tenants for their time and co-operation. A panel of our tenant assessors also carried out a desk top appraisal of recent documents that Waverley Housing had issued to their tenants. The panel comprised Eric Allen, Alex Condie, Ian MacLean and Martin van der Lee.

Responding to this inspection

1.6 We expect all inspected bodies to make the summary of this report available to anyone that wants it, report our findings to tenants and other stakeholders and respond to the issues raised in this report. We require that the summary of this report is issued to all tenants.

* see glossary

2. Context

About the organisation

- 2.1 Waverley Housing operates across a wide, sparsely populated rural area in the south of Scotland. Its houses are dispersed over a number of towns, villages and small settlements. Whilst unemployment is lower than the national average*, the area has a low wage economy. In the past, textiles, agriculture and fishing were the staple industries operating within the area. Public administration is now the largest provider of local jobs.
- 2.2 The Annual Performance and Statistical Return (APSR)* asks Registered Social Landlords (RSLs)* to select a peer group* which best describes their organisation. Waverley Housing selected the group described as RSLs that 'own their own stock with the majority of stock being debt funded'. This is the group we use to compare Waverley Housing's performance.
- 2.3 Since its inception in 1989 Waverley Housing has evolved through a number of organisational changes. Prior to registration with Communities Scotland in 2003, Waverley Housing was originally composed of two companies, Waverley Housing Trust and Waverley Housing Management Ltd, and started trading in 1989, entirely funded from private finance and tenants' rental income. Its core business was to manage Scottish Special Housing Association (SSHA) stock in the Scottish Borders. At that time, the Waverley Housing model was a radical innovation in the housing sector in Scotland.
- 2.4 In 1992, Waverley Housing Trust Ltd became the first landlord in Scotland to receive a large scale voluntary transfer of housing from Scottish Homes, following a successful ballot of tenants. The Housing (Scotland) Act 2001 led to a single company, Waverley Housing, being formed and subsequent constitutional and structural reviews were carried out to enable registration with Communities Scotland. Prior to registration with Communities Scotland in 2003, Waverley Housing became a member of the Borders Housing Forum and now works extensively in partnership with other local RSLs and agencies. In addition,

* see glossary

- Waverley Housing is host to the pilot common housing register (CHR)^{*} operating in the Hawick area.
- 2.5 These significant changes to its business and organisation have been the main focus for the board, Chief Executive and senior staff for much of the period prior to this, Communities Scotland's first inspection of Waverley Housing.
- 2.6 Waverley Housing is governed by a voluntary board, elected in accordance with the terms of the Memorandum and Articles of Association. Waverley Housing currently has eight board members, five of whom are tenants of the RSL. The board consists of a combination of long-term members and new appointments to the board.
- 2.7 Waverley Housing currently employs a staff team of 34 people made up of the Chief Executive, housing services manager, corporate services manager, finance manager and teams covering maintenance, management of empty houses and repairs and housing management.
- 2.8 Waverley Housing's administrative base is located in Hawick and services are supported by Contact Centres in the border towns of Galashiels, Jedburgh and Kelso. It owns 1,562 properties in total. Of these, 65% are houses and 4-in-a-block flats, the balance being tenemental flats, more normally associated with urban conurbations. The apportionment of houses dispersed between the four areas of operation is as follows:

Area	No. of houses
Hawick	652
Galashiels	542
Jedburgh	183
Kelso	185

In addition, there is a high proportion of owner-occupation through the operation of Right to Buy^{*}, which, when coupled with stock owned by other housing providers, results in a number of multi-tenure estates. This gives rise to a range of management challenges including common repairs, open space maintenance and neighbour disputes. In addition, Waverley Housing has, in the past, lost

^{*} see glossary

significant numbers of properties through tenants' Right to Buy. Waverley Housing has historically gained significant numbers of properties through the operation of the Tenants' Choice* initiative.

- 2.9 In the future, Waverley Housing intends to develop its stock base through rationalisation, renewal and growth. Waverley Housing is already in early negotiations with another local RSL regarding partnership regeneration proposals for the Stonefield area of Hawick. Whilst Waverley Housing has not to date received any significant Housing Association Grant (HAG)* funding from Communities Scotland, the Borders Housing Network has agreed to work in partnership and has submitted to Communities Scotland a joint Strategy & Development Funding Plan* bid for 2006/07-2008/09.

Key Facts

- 2.10 The table below presents a summary of key information for Waverley Housing showing trends over the last three financial years.

	2002-2003	2003-2004	2004-2005
Houses owned	1,666	1,612	1,573
Employees	40	32	36.8
Annual turnover (£,000)	3,685	3,770	3,919
Total possible rental income (£,000)	3,637	3,755	3,871**
Rental income from housing benefit (%)	41.6	42.9	39
Average weekly rent (£)	44.36	47.77	49.44**
Average rent increase (%)	3.5	3.9	3.8
Houses re-let*	245	266	216
Responsive repairs carried out	7,573	6,567	5,298
Maintenance spend per house (£)	70.00	96.15	102.00
Right To Buy sales	36	54	39

** also includes commercial rents

* see glossary

3. Housing Management

3.1 The grade awarded for housing management is:

C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.
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We explain at the end of this section how the assessments and judgements we have made result in this grade.

How good is the service?

Access

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

3.2 Waverley Housing operates an open housing list and people aged 16 or over can apply at anytime. There are two routes by which people can access Waverley Housing's houses. People who want to be housed in Hawick and surrounding areas can apply to homehunt Hawick*, while those who wish to be housed in any other area can apply to be put on Waverley Housing's own housing list.

3.3 Waverley Housing is one of four RSLs piloting the use of a common housing register (CHR) in the local Hawick area. homehunt Hawick is advertised in all participating landlords' offices and on both the homehunt and the Scottish Borders Housing Forum websites. Waverley Housing administers the CHR on behalf of the four participating landlords. The homehunt Hawick registration form and follow on registration pack is available in a variety of formats. Applicants can register by freephone, on the internet or by completing a simple application form. On 10 February 2006, 1287 applicants were registered with homehunt Hawick. Once registered, applicants can apply for any vacant property that is advertised weekly in the local press, on the website or in the participating landlords' offices. homehunt Hawick publishes a range of helpful leaflets on the scheme. Each quarter Waverley Housing publishes information on what properties have become available and to which priority category of applicant, if any, they were allocated. Our tenant assessors carried out a desk top review of all the literature

* see glossary

- issued for homehunt Hawick. They found the documents easy to read and very informative.
- 3.4 Applicants can also apply for one of a range of priority passes that broadly reflect the statutory reasonable preference categories^{*} of housing need. Homehunt Hawick aims to meet housing need by awarding qualifying applicants one of three levels of priority pass: Gold, Silver or Bronze. On 10 February 2006, 24 applicants held Gold priority passes, 73 held Silver and 38 held Bronze. Priority passes are valid for six months. The criteria for qualifying for these passes broadly correspond with the statutory definitions of housing need, and homehunt Hawick awards homeless people the highest of its priority passes. Homehunt Hawick does not assess the housing need of all people who apply for housing. It provides information on additional priority to applicants and asks applicants to indicate if they have any of four basic housing needs. Waverley writes to applicants who indicated a housing need but did not apply for a priority pass, in order to encourage them to do so.
- 3.5 The CHR pilot has been operating since March 2005 and at the time of the inspection the partners had decided to extend the scheme for a further six months while a comprehensive evaluation was being carried out. A decision will then be taken on the roll out of homehunt Hawick to all of the participating landlords' houses. Anecdotal evidence from Waverley Housing staff suggests that there is now higher demand for areas and houses previously considered more difficult to let.
- 3.6 Applicants who apply to be housed in areas other than Hawick are put on Waverley Housing's own housing list. Waverley Housing only publicises access to its housing list in its own offices. It does not advertise its access arrangements more widely in the offices of other housing providers, the local authority or in local community facilities. It does not provide information for prospective applicants on its own website, though there is some limited information on the Scottish Borders Housing Forum website. On 8 March 2006, 658 applicants were on Waverley Housing's housing list.

^{*} see glossary

- 3.7 Waverley Housing provides applicants with good information about how to make an application, details of its houses, their location and turnover in each area. All of this information should assist the applicant in making informed choices. However we found that the accuracy of information applicants get, varies across Waverley Housing's offices. Waverley Housing has recognised this as a training issue and intends to address it in the near future. Waverley Housing writes to all applicants for its own housing to confirm they have been placed on the housing list but does not provide information on:
- their points level and what points have been awarded for;
 - alternative housing options and where to get more detailed advice; and
 - the applicants' right to appeal the decision.

Waverley Housing acknowledged this while we were on site and has now re-drafted its standard letters to applicants.

- 3.8 Waverley Housing reported in 2005/06 it took 10 days on average to process an application and advise the applicant, although it has no target time in which to process applications for housing. We found that the actual time taken to process applications varied significantly. We also found that Waverley Housing's audit trails for its processing of applications are not always clear. Waverley Housing recognised this as a weakness and began to take action to resolve this while we were on site. Waverley Housing carries out an annual review of its housing list. It writes to all applicants and informs them that they must respond within 21 days or their application will automatically be cancelled. A change of circumstances form is also enclosed. Waverley Housing does not send any reminder letter to applicants who do not respond and does not inform applicants of any subsequent cancellation, of their right of appeal, or about steps to take to have their application reinstated. Waverley Housing does not formally monitor the level of cancellations, so it cannot measure the impact of its current practices. This is a weakness.

- 3.9 In 2004/05, Waverley Housing suspended 11 applicants from receiving offers of housing, all for former tenant arrears. After a six month suspension period, if an applicant has not cleared the debt or made an arrangement to do so, Waverley Housing cancels the application. However, this practice does not meet statutory

requirements. In addition, Waverley Housing's allocation policy states that applications are only cancelled where an applicant fails to reply to correspondence or has accepted an offer of secure accommodation with another housing provider. This is a significant weakness. While we were on site Waverley Housing began taking immediate steps to address this and advise applicants accordingly.

- 3.10 Waverley Housing also has a number of weaknesses in the way it suspends applicants from receiving offers. It always places the onus for having suspensions lifted directly on to applicants, without providing written signposting to appropriate advice or support. It is also poor at providing clear information to suspended applicants on the reasons for suspensions, how suspension can be ended, review periods and the right to appeal. Waverley Housing's allocation policy allows for individual circumstances to be taken into account before suspending someone from the housing list. However we found no evidence that it uses this discretion. Waverley Housing acknowledged these weaknesses and while we were on site re-drafted its standard suspension letter, began drawing up a suspension procedure for staff and introduced an associated monitoring framework.
- 3.11 We found that Waverley Housing's approach to matching applicants to empty properties is clear. The written guidance provided to staff confirms the process for allocating properties but does not give the required guidance on how to implement the allocations policy, e.g. by-passing applicants, sensitive lettings and equal points. Waverley Housing does not ensure that a second member of staff checks the pointing of applications for housing prior to properties being offered to applicants, although the housing manager retrospectively checks a sample of 20% of applications processed each quarter. We also found that Waverley Housing does not verify applicants' actual circumstances, other than requesting references, before making an offer of housing and does not visit applicants in their homes. As a result we found that Waverley Housing could not always demonstrate how and why it makes allocation decisions.

- 3.12 Significant weaknesses in its processing of applications for housing and in its approach to suspension of applicants detract from Waverley Housing's other activities aimed at giving open access to its houses.

Meeting need and maximising choice

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

- 3.13 Waverley Housing prioritises allocations based on a range of housing needs which clearly reflect the statutory reasonable preference categories. All of the allocations we reviewed were to people with one or more of these housing needs. There is no Section 5 protocol in place with Scottish Borders Council, but Waverley Housing does work with the Council to meet its duties to homeless people. Waverley Housing, along with other RSLs in the area, is formulating a Service Level Agreement with the Council focusing on a range of issues dealing with homelessness in the Scottish Borders. This will include a process for handling Section 5 referrals*.
- 3.14 Waverley Housing aims to maximise choice by imposing no restrictions on the number of areas to which an applicant can apply. Waverley Housing does not limit the number of offers of housing made to an applicant.
- 3.15 Waverley Housing requests a landlord and personal reference at the point of application. The personal reference asks about standards of housekeeping and credit worthiness. Established good practice guidance encourages landlords to look only at the applicant's conduct during current or previous tenancies. Waverley Housing acknowledged this during our inspection and took steps to amend this practice.
- 3.16 Waverley Housing along with all the other social landlords in the Borders area participates in the Unified Health Assessment Scheme. The scheme, designed by National Health Service – Borders, in conjunction with local RSLs, allows a housing applicant to fill in one simple health assessment form. The form is then appraised by trained housing staff and a decision taken about the particular housing needs of the applicant in relation to their health. This decision is then

* see glossary

shared with all RSLs the applicant has applied for housing with. This is a positive way to simplify the process for people with medical needs.

3.17 We found a number of other weaknesses in Waverley Housing's management of allocations:

- it does not always award points to those applicants sharing amenities;
- it does not use the information it collects on the ethnicity of applicants; and
- when it reviewed its allocation policy in November 2005, it did not consult tenants or other stakeholders in the review process.

3.18 These weaknesses in its management of allocations detract from Waverley Housing's other activities aimed at meeting need and maximising choice.

Sustaining tenancies and preventing homelessness

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

3.19 Waverley Housing has signed up 89.8% of its tenants to the Scottish Secure Tenancy agreement (SST)^{*} and has firm plans in place to sign up its remaining tenants. Unlike many social landlords, Waverley Housing did not receive grant funding and has resourced this exercise itself. At the time of our inspection two of Waverley Housing's tenants had a Short SST. We saw that the landlord has a clear policy for granting Short SSTs and uses them appropriately.

3.20 The provision of good information and access to appropriate support are important ways in which landlords can help sustain tenancies. Waverley Housing uses sign up interviews to give new tenants an extensive range of helpful information about managing their tenancy and has recently introduced a 'sign up check list' to ensure a consistency of approach. Staff also assist new tenants with housing benefit claims where necessary. Waverley Housing gives all new tenants a detailed and comprehensive tenants' handbook. Our tenant assessors acknowledged that the handbook is an excellent reference document, but felt that some tenants may find it difficult to read and fully understand.

^{*} see glossary

- 3.21 Waverley Housing aims to carry out settlement visits within eight weeks of the beginning of a tenancy. However, over the last year, the landlord has been unable to meet this target. Between April and September 2005, 91 new tenancies were created, but only 35 visits were carried out. We identified three new tenants who were not visited, despite having been previously homeless and who subsequently experienced serious rent arrears problems. More recently, Waverley Housing has revised its approach and given greater priority to carrying out and monitoring these visits. All new tenants are now written to and offered a home visit. Waverley Housing reports that 81% of new tenants were visited between October and December 2005. It has also introduced a new standardised report for housing officers to use during these visits which prompts them to identify any anticipated support issues or potential problems with rent payment. Waverley Housing also uses these visits to ask new tenants for feedback about the allocations process.
- 3.22 We saw some good individual examples of where Waverley Housing's staff have referred tenants to support agencies to assist them sustain their tenancies, although we noted that these referrals were not always made at an early stage. Waverley Housing has recently introduced new rent arrears procedures which incorporate increased and earlier personal contact with tenants. It is anticipated that these measures, coupled with the increased priority given to settlement visits, may result in housing officers identifying tenants with support needs at an earlier stage. Waverley Housing does record individual referrals to advice and support agencies, although it does not measure the overall effectiveness of these referrals.
- 3.23 Waverley Housing routinely issues tenants with a Notice of Proceedings (NOP) * when they have missed three weekly rent payments. The number of NOPs which Waverley Housing issues has increased in the last year; it served 244 notices in the year up to 31 January 2006, compared to 239 in the whole of 2004/05. In 2004/05, 59 (24.6%) of these notices led to court action and so far in 2005/06, only 39 (15.98%) have proceeded to court. Waverley Housing's routine and early use of NOPs is not good practice.

*see glossary

- 3.24 In 2004/05 Waverley Housing was granted decrees for recovery of possession against 23 tenants, but only 5 tenants were actually evicted. This represents an eviction rate of 0.32%, higher than the national median* of 0.24%. In the period between April 2005 and January 2006, Waverley Housing was granted repossession decrees against ten tenants. Waverley Housing has not enforced these decrees: two tenants abandoned their tenancies; one terminated the tenancy; one cleared the debt and was awarded a new tenancy; and six made a repayment agreement and remained in their homes. In this period Waverley Housing did evict three tenants following decrees for eviction granted in 2004/05.
- 3.25 Waverley Housing is good at informing Scottish Borders Council at an early stage of its intention to take legal action against a tenant. Tenants with arrears of eight weeks rent are routinely referred to the Council's Housing Advice and Support Service which provides advice on debt management and welfare benefits, as well as the implications of court action and potential homelessness. Waverley Housing attempts to visit tenants where there are impending court proceedings, but does not always make contact or attempt to follow these up in writing.
- 3.26 We identified some weaknesses in Waverley Housing's use of legal action and management of rent arrears:
- its staff do not always have a clear understanding of the legal process;
 - it relies heavily on computer generated, non personalised standard letters, some of which have a threatening or patronising tone;
 - these standard letters do not take into account tenants' personal circumstances; and
 - it does not routinely consider the affordability for tenants of rent repayment arrangements.
- 3.27 Waverley Housing was aware of some of these weaknesses and has recently made a number of changes to its procedures in order to build in more personal contact with tenants who fall into rent arrears. Housing officers are expected to meet with the tenant once the arrears reach four weeks and thereafter make further attempts at contact until court action commences. In addition, in February

* see glossary

- 2006, Waverley Housing introduced an income and expenditure analysis to assist housing officers agree affordable repayment agreements. These are positive developments. However Waverley Housing still retains its practice of issuing NOPs at a very early stage, without personal contact having been made.
- 3.28 We reviewed a number of cases where eviction decrees had been granted in the last year and found a number of significant weaknesses in the way Waverley Housing deals with evictions and how it manages post decree occupation:
- guidance for staff is weak and the legal position is not clearly understood. In several cases Waverley Housing has allowed tenants to make a repayment agreement and stay in their home, but it had not granted new tenancies some time after the arrangement was put in place; and
 - tenants are not given clear information about their legal position and their landlord's intended course of action.
- 3.29 Waverley Housing's review of its rent arrears policy in October 2005 clarified the landlord's position in relation to eviction decrees. Waverley Housing takes the view that its new procedures provide opportunities for greater personal contact and subsequently, court action will only be taken where the landlord fully intends to enforce the decree. As a result Waverley Housing's current policy is that once a decree is granted it will be enforced unless the debt is settled in full. Waverley Housing states that it is not possible for tenants to make further arrangements at this stage. However, during the inspection we noted that these new practices were still in the process of being established. In one case we looked at, a tenant was allowed to make a repayment arrangement after a decree had been granted in December 2005. This tenant has not been granted a new tenancy agreement.
- 3.30 During 2004/05, 27 of Waverley Housing's tenants abandoned their tenancies. This represents 1.72% of tenancies and is high in comparison with the national median of 0.56% and peer group figure of 0.92%. In the year to 31 January 2006, there have only been 10 abandonments. Waverley Housing has not carried out any analysis to assist them in determining why these tenancies were ended.

3.31 Waverley Housing is making progress in providing security of tenure for its tenants. There are some positive elements in the landlord's approach to providing information and support to help people maintain their tenancies and it is introducing a range of measures to strengthen these. However it has a number of significant weaknesses in its use of legal action against its tenants.

Quality of neighbourhoods

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

3.32 Waverley Housing's March 2005 tenant survey indicated that 87% of tenants felt safe and secure in their neighbourhoods. Tenants were also asked to give an assessment of their neighbourhood such as, whether they considered environmental issues, lack of maintenance, dog fouling and litter, to be a problem. 40% of respondents rated such issues as a slight problem and 28% regarded them as a serious problem. Waverley Housing has not carried out further analysis of these responses nor has it yet made any plans to respond to the concerns expressed by tenants.

3.33 Waverley Housing's estates include a mixture of high demand main door stock and predominately tenemental flatted areas, some of which it finds more difficult to let. Waverley Housing maintains the majority of estates to a good standard although some areas have problems with graffiti, vandalism and litter. In one of its lower demand areas, in Galashiels, Waverley Housing has enhanced the service provided by the on-site estate caretaker, in conjunction with improved security measures and environmental improvements. The estate caretaker now maintains communal areas, deals with graffiti and vandalism and liaises with the council's Community Warden Service. Tenants we spoke to said that the area had improved since the introduction of these enhanced services, however, Waverley Housing has not carried out any formal monitoring of the effectiveness of this service in terms of improved tenant satisfaction or reduced turnover.

3.34 There are a number of strengths in Waverley Housing's approach to estate management:

- it provides clear information in its tenants' handbook and in letters to individuals about what their responsibilities are in relation to communal areas, gardens and bin stores;
- staff follow up estate management issues such as unkempt gardens, dirty stairs and dumped rubbish and take appropriate action; and
- it escalates its response to estate management issues appropriately.

3.35 We also identified a number of areas of weakness:

- there are no published service standards relating to estate management;
- there are no targets or firm guidelines for staff carrying out estate management work;
- Waverley Housing does not effectively collate or analyse complaints received about estate management problems; and
- performance reports do not incorporate any trend analysis, nor do they monitor the impact of any actions taken.

3.36 Waverley Housing is aware that its current approach to estate management is underdeveloped. It plans to carry out an environmental audit of all its estates and introduce comprehensive service standards.

3.37 Waverley Housing is a member of the Scottish Borders Antisocial Behaviour working group which includes the Council, local RSLs and the police. This group has been successful in establishing a joint antisocial behaviour strategy and the Scottish Borders Mediation Service. Waverley Housing staff attend six weekly meetings of the ASB core group where all incidents are discussed. We saw good joint working with the ASB unit, the police and other landlords, and that Waverley Housing is good at referring cases to the mediation service and appropriate support agencies.

3.38 Waverley Housing takes a firm approach to neighbour nuisance and antisocial behaviour. In its tenants' handbook it gives clear information about what is considered acceptable behaviour and how to deal with and report any issues that arise. However, we saw that there are some weaknesses in how the landlord:

- does not always respond within the timescales defined in its policy;

- does not routinely visit either the complainant or the alleged perpetrator and often relies upon standard letters;
- does not always follow up actions in writing and keep complainants informed;
- does not effectively monitor antisocial behaviour and neighbour nuisance or evaluate the effectiveness of its response; and
- provides the board with only basic reports on its performance in this area.

3.39 Waverley Housing's approach to managing its estates is largely reactive and there are no service standards or targets against which to measure performance in estate management. The March 2005 tenants' survey indicated that a significant minority of tenants are dissatisfied with their estates but Waverley Housing has not taken action, as yet, to address these concerns. There are a number of strengths in the way Waverley Housing deals with antisocial behaviour and neighbour nuisance, although its approach lacks a tenant focus. The landlord is poor at monitoring its performance and the impact of its intervention.

Responsiveness to tenants

Social landlords should place the people they serve at the heart of their work, treat them with respect and be responsive to their views and priorities.

3.40 Waverley Housing carried a postal survey of all its tenants in spring 2005 and achieved a response rate of 36%. The results from the survey indicated that 77% of tenants were satisfied and 12% were dissatisfied with the overall service that Waverley Housing provides. Although Waverley Housing reported the results of the survey to its board in April 2005, it has not yet provided any feedback to tenants. The landlord has not, as yet, analysed the results of the survey or developed any firm plans on how it will use this information to improve its services to tenants.

3.41 Waverley Housing has made some changes to its service delivery in response to tenants' views: for instance, the recent introduction of weekly direct debits for rent collection. However, it recognises that its approach to the routine collection, analysis and use of tenant feedback is underdeveloped.

3.42 Waverley Housing has a clear and well publicised complaints policy. In addition, it seeks feedback from tenants who have made formal complaints. The landlord has received 39 formal complaints since April 2005. We saw that Waverley

- Housing properly handles complaints in line with its policy. Waverley Housing is aware that it does not effectively collate or analyse the reasons for, or outcomes from, complaints and it does not use these effectively to improve services. It has plans to introduce more comprehensive analysis of complaints in the near future.
- 3.43 Waverley Housing seeks to use a variety of methods to publicise its services and provide information and advice. It aims to publish a tenants' newsletter three times a year. However, the landlord has not met this target recently. No tenants' newsletter was produced between September 2004 and January 2006. Our tenant assessors studied the newsletter most recently issued by Waverley Housing. The majority found it interesting and good in terms of signposting for further contacts. Waverley Housing has had a website since April 2005, but this currently contains limited information for applicants and tenants. Waverley Housing has recognised that it needs to improve how it publicises its services and provides information and advice. As a result it has recently established a staff communications group, part of whose remit will be to ensure more effective publicity and provision of information for tenants.
- 3.44 Waverley Housing does not have formal customer care standards. As a result applicants and tenants do not have a clear indication of what level of service to expect and Waverley Housing cannot accurately monitor its own performance in service delivery. Waverley Housing is aware that this is a weakness and plans to develop and publish customer care standards by September 2006.
- 3.45 Waverley Housing has taken some steps to ensure that its services are available to all those who want to use them:
- its four offices are centrally located in the main areas of population;
 - its offices have induction loops;
 - it can provide key documents in other formats and regularly publicises this;
and
 - it has recently started to use a telephone translation service.
- 3.46 However, we also identified a number of areas of weakness:
- not all of Waverley Housing's offices are easily accessible for people with physical disabilities;

- tenants who call at the contact centres are not always able to speak to a member of staff who can help with their enquiry; and
 - only one of Waverley Housing's offices has private interview facilities for tenants and applicants.
- 3.47 Waverley Housing carries out annual rent consultation. The landlord provides all tenants with good information on what their rent covers and allows tenants the opportunity to express their views individually; it does not set out options for differing levels of rent increase. Waverley Housing carried out an in-depth consultation exercise before restructuring its rents in 2002, but did not consult tenants on its recent review of the arrears and allocation policies. Waverley Housing aims to develop its approach to consultation.
- 3.48 Waverley Housing's Tenant Participation Strategy is supported by an annually reviewed action plan and it recently appointed a Tenant Participation Officer jointly with Eildon Housing Association. As a result, it has made considerable progress over the last six months in establishing and registering an independent Waverley Tenants Organisation. Our tenant assessor confirms that the landlord is now beginning initial discussions with this newly formed group. Waverley Housing also aims to develop a register of interested tenants which will facilitate flexible opportunities to allow tenants to become involved in issues that interest them, in a way that suits them.
- 3.49 Waverley Housing is generally aware of its weaknesses in this area and is introducing a range of measures to improve how it engages with, and responds to, users of its housing management services. However these are at an early stage of development and Waverley Housing is not yet an organisation that delivers tenant focused services.

Is the service managed for improvement?

Resource management and efficiency

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

- 3.50 Waverley Housing's tenants can pay their rent by cash at one of the four contact centres, by standing order or direct debit. The majority of tenants pay their rent

at their local contact centre. Waverley Housing has not sought tenants' views on the accessibility and convenience of the current arrangements for paying rent. The landlord has no plans to introduce additional methods of payment. The table below summarises Waverley Housing's performance in collecting rent.

	At March 2003	At March 2004	At March 2005			At January 2006
	Waverley Housing	Waverley Housing	Waverley Housing	Peer group*	National median*	Waverley Housing
Total arrears as % of total gross rental income	4.9%	5.6%	5.3%	6.7%	5.3%	4.8%
Total current arrears as % of total gross rental income	3.6%	3.8%	4.1%	4.8%	4.3%	3.8%
Current arrears (non technical)* as % of total gross rental income	1.9%	1.6%	1.8%	3.3%	2.9%	2.1%
Current arrears (technical)* as % of total gross rental income	1.6%	2.1%	2.3%	1.5%	1.4%	1.7%
% of current tenants in serious arrears*	3.4%	1.8%	2.0%	5.0%	4.6%	2.0%
Total former tenant arrears	£48,498	£71,822	£46,372	n/a	n/a	£38,810
As % of total gross rental income	1.3%	1.9%	1.2%	1.9%	1.0%	1.0%
Rent arrears written off	£16,829	£41,362	£59,301	n/a	n/a	£35,508

- 3.51 Waverley Housing's total arrears, current arrears (technical and non technical), percentage of tenants in serious arrears and former tenant arrears have fluctuated over the last three years and have remained close to peer group figures and national medians.
- 3.52 Waverley Housing's target for current non technical rent arrears is 1.6%. This target has remained unchanged since 2002/03. It is currently considering revising this figure upwards for 2006/07 to take account of its actual performance, that of its peers and sector as a whole. Waverley Housing does not have targets for other categories of arrears.
- 3.53 Waverley Housing gives high priority to maximising its income through the management of rent arrears and there are a number of strengths in the landlord's

* see glossary

approach. Waverley Housing's two housing officers spend approximately 70% of their time on arrears management. Arrears are closely monitored on a weekly basis and tenants are notified as soon as a payment is missed. However there are some aspects of Waverley Housing's approach which are not customer focused. We have raised these issues earlier in the report at paragraph 3.26.

3.54 Waverley Housing has a proactive approach to minimising technical rent arrears. New tenants are offered assistance in completing housing benefit forms and Waverley Housing staff are proactive at pursuing claims and minimising delays in processing. Waverley Housing has built up a good working relationship with the council in order to improve the processing of housing benefit. Waverley Housing anticipates this will be further enhanced in the near future with the introduction of electronic transfer for the payment of benefits and better sharing of information.

3.55 Waverley Housing has robust systems in place for recovery of former tenant arrears. There is a clear policy and process in place to ensure that debts are collected within a reasonable timescale. Waverley Housing controls and appropriately manages debt levels using the services of a debt recovery agency where appropriate. However Waverley Housing does not monitor its success in recovery of former tenant arrears.

3.56 The table below summarises Waverley Housing's reported performance in letting houses that have become empty.

	At March 2003	At March 2004	At March 2005			At January 2006
	Waverley Housing	Waverley Housing	Waverley Housing	Peer Group	National Median	Waverley Housing
Rental income lost due to empty houses	£62,124	£114,687	£80,668	-	-	£58,130
As % of total rental income	1.7%	3.1%	2.08%	1.9%	3%	1.75%
Total no. of re-lets	245	266	216	-	-	139
% re-let in <2 weeks	36.3%	14.7%	21.6%	27%	12.96%	15.8%
% re-let in 2-4 weeks	37.1%	20.3%	27.2%	27.3%	27.3%	28.8%
% re-let in >4 weeks	26.5%	65.0%	51.2%	45.7%	59.7%	55.4%
Average time to re-let (days)	30	57	44	48	34	47

Source: APSR 2002/05

- 3.57 In 2004/05, Waverley Housing lost 2.08% of its rental income from houses lying empty. This level of performance placed it 23 out of the 29 RSLs in its peer group but is better than the national median. The average time to re-let its houses decreased in 2004/05 from 57 to 44 days. This was still better than its peer group figure of 48 days. Waverley Housing recognised its poorer performance in 2004/05 and introduced a dedicated Voids Team to improve its management of empty houses. The average* re-let time has increased in the year to date to 47 days, but void loss has decreased to 1.75% of rental income.
- 3.58 Waverley Housing's costs for managing its houses in 2004/05 were £664 per unit. This is high in comparison with both the peer group figure and national median of £533 and £530 respectively. More than half of respondents in the recent tenant satisfaction survey thought that their rent represented value for money.
- 3.59 Waverley Housing performs well in maximising its income through arrears management and has improved its rental loss because of void properties, but has relatively high costs for delivering the housing management service.

Performance management

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

- 3.60 There are weaknesses in Waverley Housing's overall approach to strategic planning (see section 5 of this report). Currently the landlord does not have a corporate strategic plan or an Internal Management Plan (IMP). Consequently, Waverley Housing does not have an effective planning framework for its housing management services. There is no plan setting out the objectives, future direction or priorities for the service. An activity plan was drawn up by senior staff in the summer of 2005 but it does not cover all areas of the service, its objectives are not SMART* and it is not linked to the overall objectives of the organisation.

* see glossary

- 3.61 Waverley Housing's performance targets for housing management focus on financial performance in key areas of rent arrears and empty house management. It does not make wider use of either quantitative or qualitative targets and its reporting of service outcomes is poor.
- 3.62 Waverley Housing's approach to performance monitoring and reporting is weak. The board is given a monthly housing services report which measures performance against the limited range of targets set out above. These reports are narrowly focused with little analysis of trends and no benchmark* information. They do not report on the quality of outcomes or the effectiveness of Waverley Housing's service delivery, nor do they provide user satisfaction or feedback information. The landlord introduced bi-monthly Housing Team meetings last year. These are a useful forum for providing information for staff but do not currently focus on departmental targets and performance outcomes.
- 3.63 Waverley Housing has a range of policies and procedures. However, its policies are not always backed up with clear procedural guidance for staff. Waverley Housing makes little use of internal quality control systems to ensure effective implementation of policies and procedures. We found that in some cases staff were working without clear and comprehensive guidance, and that in some instances practice did not always match documented policies and procedures.
- 3.64 Waverley Housing has a good range of policies which are reviewed on a regular basis. However we saw only limited evidence of quality assurance by managers to ensure that policies were being followed. Waverley Housing recognises that it needs to be more proactive in providing procedural guidance and training on its policies to frontline staff.
- 3.65 Waverley Housing has a poor, underdeveloped approach to performance planning and management in its housing management service. It does not have clear objectives for its housing management services and guidance for staff is weak.

* see glossary

Grade and overall assessment of housing management

- 3.66 Our overall assessment is that Waverley Housing's housing management service is fair. We found a number of strengths in the service, but it also has significant weaknesses which impact on the quality of service tenants receive. We set out below the key factors that we have taken into account in coming to our assessment.
- 3.67 Waverley Housing's key strengths are it provides open access to its list and provides choice for applicants. It is performing well in maximising income through arrears management and has improved its performance in re-letting houses. Waverley Housing is developing joint working in several areas to improve its services, notably through involvement with the Common Housing Register Pilot, Unified Health Assessments and the Scottish Borders Antisocial Behaviour Unit.
- 3.68 Along with these strengths we found significant weaknesses which impact on service users:
- significant delays in processing of housing applications, poor management of the housing list and its use of suspensions;
 - there are weaknesses in how it uses legal action against tenants and poor management of post decree occupation; and
 - its lack of tenant focus and underdeveloped approach to tenant involvement and use of tenant feedback in service improvements.
- 3.69 Waverley Housing does not yet have a firmly established performance culture. Its housing management service is delivered in a largely reactive manner. The procedural framework Waverley Housing provides for staff is underdeveloped. Gaps in the performance planning and management framework for housing management services are major weaknesses. It does not have a sound understanding of its tenants' views of its services and it has not used tenants' views effectively in service improvements. The landlord has some awareness of its strengths and weaknesses and has shown a willingness to improve, but does not yet have a coherent and comprehensive plan in place to guide the delivery of its services and address the areas of weakness.

4. Property maintenance

4.1 The grade awarded for property maintenance is:

C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.
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We explain at the end of this section how the assessments and judgements we have made result in this grade.

How good is the Service?

Access to the repairs service

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

- 4.2 Waverley Housing's tenants can report repairs in person or by phone to any of its offices, by freephone to the call centre, or to the out of hours service. Waverley Housing's regular feedback on satisfaction with completed repairs show that the vast majority of tenants stated that they had no difficulties reporting repairs. In December 2005, the ongoing satisfaction report showed that only 3% of tenants who had responded reported difficulties with reporting repairs.
- 4.3 Waverley Housing advertises the service through its tenants' handbook, fridge magnets and by business cards. It issues tenants who report repairs with a receipt detailing the works required and the target timescale for completion of the repair. Our tenant assessors carried out an examination of the information provided to tenants on how to access the repairs service and they found it is easy to read and understand.
- 4.4 Each of Waverley Housing's four offices has a hearing loop installed although staff we spoke to were unsure about its operation. Waverley Housing has recently completed a disability audit for each of its offices but does not as yet have a comprehensive action plan for developing and improving access to its response repairs* service for disabled people.
- 4.5 Waverley Housing can provide information in other languages and formats, if requested, and it advertises this service in its newsletters, but as our tenant

* see glossary

assessors highlight, not in its tenants' handbook. Waverley Housing intends to introduce this when the tenants' handbook is re-printed. In the meantime, an insertion is issued with the tenant's handbook, however written in English rather than local community languages.

- 4.6 Waverley Housing does not operate a formal appointment system for response repairs but is in the early stages of considering its introduction. Currently staff seek to provide the contractor with the tenant's preferred access arrangements.
- 4.7 While Waverley Housing records how tenants report repairs it does not analyse or determine how good the access to the service is. However, the majority of tenants we and our tenant assessors spoke to were satisfied with the ease of reporting response repairs.
- 4.8 Waverley Housing generally provides good access to its repairs service and tenant feedback confirms this. It can however make further improvements to accessibility for disabled people and those who do not have English as their first language.

Speed and quality of response repairs service

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

- 4.9 Waverley Housing's target for emergency repairs is to respond within 2 hours and to complete within 24 hours, compared with a national target median of 6 hours for completion. Its urgent repairs require to be complete within 3 working days, in line with the national target median.
- 4.10 The national target median for routine repairs is 10 days. Waverley Housing divides routine repairs into three sub categories each with differing target times for completion. These range from 5 working days for electrical repairs, 10 days for plumbing and glazing repairs, to 30 days for general works. We saw that Waverley Housing achieves the 30 day target on most occasions but this target is not particularly challenging.

4.11 The table below outlines its reported performance for completing response repairs over the last three financial years.

	Waverley Housing's target for completion	Performance				
		Waverley Housing			National median 2004/05	RSL peer group 2004/05
		2002/03	2003/04	2004/05		
Emergency Repairs	24 hours	100%	100%	100%	99%	98%
Urgent Repairs	3 working days	98.9%	97.0%	99.6%	95%	93%
Routine Repairs	5/10/30 working days	99.1%	98.8%	97.2%	95%	92%

4.12 Waverley Housing completed 98.3% of all repairs within their target timescale during 2004/05. However, Waverley Housing's overall reported performance for completion of response repairs declined from April to October 2005. 81.2% of all repairs were completed within the target timescale in October 2005. The organisation is aware of the circumstances leading to the decline in performance and a range of actions were put in place. Performance for completion of response repairs has subsequently recovered to 89.7% in January 2006.

4.13 Pre and post inspections* are important tools for ensuring repairs are targeted accurately and carried out to a high standard. Waverley Housing selects repairs for pre inspection based on individual circumstances and there are no targets or formal procedures for the selection of pre inspections.

4.14 Waverley Housing achieves its target to post inspect 10% of response repairs. Waverley Housing's ICT* system randomly selects those repairs to be post inspected. By relying upon random selection of repairs for post inspection, this does not allow Waverley Housing to focus monitoring on new contractors, works over a prescribed value or on areas where there have been previous complaints about the service.

4.15 Waverley Housing operates a Right to Repair* scheme which it publicises through its tenants' handbook. Instances of Right to Repair are recorded on its ICT system. We found that in a number of instances qualifying repairs had been

* see glossary

- wrongly categorised. However the tenant was not affected as the repair was carried out within the appropriate timescale. Waverley Housing does not formally notify tenants of alternative contractors, nor does it advertise the scheme annually. During the inspection, Waverley Housing accepted that it was not complying fully with its statutory obligations on Right to Repair and took some early steps to address this weakness.
- 4.16 Waverley Housing has in place a further compensation scheme for tenants whose repairs are not completed within specified target timescales. It advertises this within its tenants' handbook. The amount to be paid is calculated on the basis of one day's rent, for each day the repair is over the specified response time, up to a maximum of £100. This is paid automatically on the eventual completion of work. In January 2006, Waverley Housing paid compensation to 25 tenants whose repairs had not been completed within the specified timescales. From April 2005 to February 2006, Waverley Housing has paid £7,780 to its tenants in compensation for repairs not completed within the specified times.
- 4.17 The company's most recent full tenant satisfaction survey, carried out in early 2005, showed that 84.9% of respondents were generally satisfied with the repairs service overall.
- 4.18 Waverley Housing also collects feedback from tenants who have reported a repair through the tear off section attached to repairs receipts. The results of this feedback for the period April 2005 to January 2006 show that 87% of respondents felt that work was done within an acceptable timescale and 90% felt that the quality of the finished work was good or very good.
- 4.19 While the organisation seeks to achieve high standards in its response repairs service and we saw examples of good practice particularly around its compensation scheme, it does not always achieve this. Overall, there are a number of areas where improvement is required. This is particularly so around its statutory duty to provide Right to Repair.

Physical quality of houses

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

- 4.20 Scottish Ministers have set a target that all social landlords' houses should meet the new Scottish Housing Quality Standard (SHQS)* by 2015. Landlords were required to prepare and submit to Communities Scotland, by April 2005, a plan showing how they will achieve this. Following its appraisal of the plan, Communities Scotland has asked Waverley Housing to review its original submission and to submit a revised plan by April 2006. At the time of inspection, while Waverley Housing is confident that it can, it was still gathering information in order to demonstrate that it will be able to bring its houses up to the SHQS by 2015.
- 4.21 In 2002, Waverley Housing commissioned a stock condition survey which concluded that the houses at that time were generally in good condition. The consultants did note however that although "there were limited early repairs, the stock would require on-going major investment in the medium and long term to maintain it in good condition". In preparing its plan on how it would achieve the SHQS, Waverley Housing reviewed the 2002 stock condition survey against the requirements of the SHQS.
- 4.22 Waverley Housing's houses are generally in good condition and as a minimum standard, all of their houses have been fitted with battery powered smoke detectors. Waverley Housing has an ongoing programme to upgrade these to hard wired detectors. However, a number of the houses acquired through Tenants' Choice transfer may additionally have hard wired smoke detectors. Waverley Housing is not in a position to confirm the location and extent of these systems and does not have a programme to maintain them. This is weakness.
- 4.23 Waverley Housing carried out an energy efficiency survey of its houses in 2002. The results of this were used in its SHQS assessment which showed that around 37% of houses surveyed would not meet the minimum energy efficiency and heating standards. Waverley Housing has installed or upgraded 178 heating systems in an effort to resolve this.

4.24 Social landlords are required to carry out safety checks every 12 months on all gas appliances and flues which they provide for tenants' use. We found that Waverley Housing is not fully meeting its statutory duty. The following table summarises Waverley Housing's performance in this area.

	December 2005	
	Number of houses	%
Houses with gas appliances	1139	100
Houses with current gas safety certificates	1057	92.8
Houses where safety check was carried out within 12 months of previous check	589	51.7
Houses where safety check was up to 1 month late	235	20.6
Houses where safety check was between 1 and 3 months late	187	16.4
Houses where safety check was more than 3 months late	46	4.1

4.25 In April 2005, Waverley Housing let a new contract to carry out the gas safety checks and included in this was a requirement for the contractor to carry out a 10% audit of completed works. Waverley Housing has still to report on the outcomes of this audit and actions taken as a result. We saw that Waverley Housing does not hold details of the contractor's personnel and that the operatives did not always enter their Corgi Registration Number on the gas safety certificate. We could see that while Waverley Housing is making improvements in its performance, it cannot fully demonstrate that it is effectively monitoring gas safety in its tenants' homes and this remains a significant weakness.

4.26 From May 2004, Social Landlords have a statutory duty to manage asbestos in the common areas of their properties. Waverley Housing has only now started to prepare to carry out a survey and develop a plan to manage asbestos in the common areas. Waverley Housing is therefore not yet complying with its statutory obligations.

4.27 Waverley Housing has a written re-let standard which aims to ensure that the houses it lets are safe and in a good condition. Waverley Housing has introduced a dedicated team of staff to deal with empty house repairs. It issues an information fact sheet to the tenant or relative on receipt of the notice of

termination* giving a detailed explanation of the condition it expects the property to be returned in. It also seeks to carry out a pre termination visit to minimise the time its houses are empty. We could see that since the introduction of the specialist voids team the level of refusals as a result of the condition of the house has declined.

- 4.28 Waverley Housing's overall performance in this area is poor. It has a good approach to ensuring its empty houses are re-let to a consistent standard. However, there is a significant weakness around Waverley Housing's statutory duties on the management of asbestos and gas safety.

Responsiveness to tenants

Social landlords should place the people they serve at the heart of their work, treat them with respect and be responsive to their views and priorities.

- 4.29 Waverley Housing's tenant satisfaction survey in March 2005 showed that 78.9% of tenants who responded felt that Waverley Housing was good at completing repairs on time and 89.7% thought the quality of the completed work was good. When asked on what issues they would like to have more information about or be consulted on, 40.5% of those who responded stated that information on improvements in their area was "much needed" and 37.6% stated that information on maintenance and repairs was "much needed".
- 4.30 Waverley Housing has not yet formally advised tenants of the outcomes of the 2005 tenant satisfaction survey or formalised an action plan to respond to the findings.
- 4.31 Waverley Housing attaches a tear off questionnaire on each repair receipt to collect feedback from tenants on the response repairs service. From April 2005 to January 2006, 7.25% of tenants who reported a repair returned their questionnaire. While this provides Waverley Housing with only limited feedback, results show that the vast majority of tenants who responded are satisfied with the overall repairs service they receive. Waverley Housing has only recently started to report results of this feedback to the board and it has now started to

* see glossary

- use this tenant feedback as part of its future planning process for the repairs service.
- 4.32 Waverley Housing has a comprehensive complaints policy. It has a good approach to publicising its complaints procedure and to assisting tenants make complaints. We looked at a range of complaints about the property maintenance service and these demonstrated that Waverley Housing generally has a good approach to dealing with complaints. However, while Waverley Housing aims to use the outcomes from complaints to improve services, we saw only limited evidence that this happens in practice.
- 4.33 Waverley Housing involves tenants in the selection of heating systems and kitchen units being installed as part of its planned maintenance programmes. However, it does not formally collect and analyse feedback from tenants who have had such works carried out in their homes.
- 4.34 Waverley Housing's published annual review provides some useful information on levels of spend on repairs and response repairs completed on time, but does not include details of tenant feedback about the responsive repairs service.
- 4.35 Waverley Housing's web site was launched in April 2005. It has been developed with very simple content, carries only limited information with regard to the property maintenance service and there are no details on performance information. Waverley Housing is aware of this and aims to develop the content of the site.
- 4.36 Until recently Waverley Housing's consultation with tenants on maintenance issues was primarily channelled through its Tenant Liaison Group. Waverley Housing is in the early stages of working with the newly registered Waverley Tenants Organisation. We have covered this in more depth in section 5.13.
- 4.37 Waverley Housing's recognises that its performance in engaging with and responding to tenants on its property maintenance service overall is underdeveloped. There are a number of weaknesses particularly around the use of information gathered from tenant feedback.

Is the service managed for improvement?

Resource management and efficiency

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

- 4.38 Waverley Housing's maintenance budgets take account of past performance, anticipated future needs and form part of its overall budget process. It is aware that its assessment of future investment in repairs may change once the revised plan for the delivery of the SHQS is complete. Waverley Housing monitors maintenance costs against a number of specific budget headings and provides the board with detailed reports of costs against agreed budgets.
- 4.39 Waverley Housing's response repair costs per house have increased over the last three years. However, its costs remain below peer group figures and national medians. In 2004/05, Waverley Housing spent £102 per house on response repairs. Figures for 2005/06 show that at the end of September 2005 costs had decreased to around £85 per house for response repairs.
- 4.40 Waverley Housing's response repairs are commissioned using a Schedule of Rates* (SOR) with the majority of the work being placed with the "in house" maintenance staff. Waverley Housing highlighted to us that it has not updated its SOR for some years and has plans to revise this.
- 4.41 We found that Waverley Housing does not have up to date details on all of its repairs contractors and whilst it responded quickly to this weakness when we highlighted it during the inspection, it needs to strengthen its approach to the administration of its information on contractors.
- 4.42 Currently Waverley Housing formally tenders its cyclical and major maintenance* works on a project-by-project basis, using traditional procurement* methods.
- 4.43 Waverley Housing invoices tenants for all rechargeable repairs*. It advised that as much as 80% of recoverable repairs charges were as result of repair works to empty houses which should have been rectified by the outgoing tenant. Waverley Housing has recently introduced a new procedure that requires all pre

* see glossary

inspections to be carried out within five working days of a tenant giving notice to end their tenancy. By doing this Waverley Housing is seeking to reduce the need to raise rechargeable repairs.

- 4.44 In previous years, Waverley Housing did not separately report recovery rates for rechargeable repairs. Recognising that this was a weakness, Waverley Housing has revised its procedures and for 2005/06, so far, it can report that it has recovered 43% of the £21,076 owed by tenants.
- 4.45 Waverley Housing's approach to controlling budgets for response repairs is effective and arrangements for procuring cyclical and planned maintenance* work well. Waverley Housing has recognised it needs to further develop its approach to monitoring response repair costs and has taken steps to improve performance in the recovery of rechargeable repairs.

Performance management

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

- 4.46 Waverley Housing has a poor approach to managing the performance of the property maintenance service. Waverley Housing has started to improve its performance management system for its maintenance service but this remains underdeveloped.
- 4.47 At the time of our inspection Waverley Housing had still to finalise its internal management plan. As a result, it does not have any formal corporate objectives, operational objectives or targets for the property maintenance service. This is a significant weakness.
- 4.48 Waverley Housing does not have fully developed and formal procedures to assist staff involved in the delivery of the response repairs service.
- 4.49 Waverley Housing has started to gather information on its performance beyond the normal Key Performance Indicators* (KPIs) and has a fair awareness of its weaker performance in some operational areas. We saw that there are gaps in

* see glossary

Waverley Housing's reporting on the property management service. For example, it does not report to the board on a regular basis the number of gas safety checks outstanding, reasons for post inspection failures or a break down on how cyclical maintenance works are progressing.

- 4.50 Reports to the board provide some basic information on performance, including some trend information, but these include only limited analysis and no formal recommendations on further actions.

Grade and overall assessment of property maintenance

- 4.51 Our overall assessment is that Waverley Housing's property maintenance service is fair. While we found some strengths, there are a number of significant weaknesses. We set out below the key factors we have taken into account in coming to our overall assessment.

- 4.52 Access to the repairs service is good and tenants are generally happy with the service they receive. Waverley Housing is carrying out regular and well managed programmes of planned maintenance and seeks to improve the quality of its maintenance services. Waverley Housing has some awareness of its strengths and weaknesses and is in the early stages of addressing some of the weaknesses in the repairs service.

- 4.53 Alongside these strengths, we found a number of areas for improvement including:
- Waverley Housing does not fully meet its statutory duties in relation to the management of gas safety in its properties;
 - Waverley Housing does not fully meet its statutory obligation to manage asbestos in the common areas of its properties;
 - its strategic planning and performance management for maintenance services is underdeveloped;
 - its use of tenant feedback is underdeveloped; and
 - Waverley Housing does not fully meet its statutory duties to provide a Right to Repair service.

5. Governance and financial management

Leadership and direction

A clear vision or purpose and an inclusive, well-informed planning process are key to effectively delivering the services that tenants want.

- 5.1 Waverley Housing's approach to strategic planning is poor. To date the work of the landlord has been driven by its financial plan. Waverley Housing's mission statement, aims and objectives are set out in a two page document incorporating broad high level statements. It has no single document covering strategic planning which translates broad aims into SMART objectives and targets for its services. This is a significant weakness.
- 5.2 In the summer of 2005, Waverley Housing's management team developed activity plans for key work areas covering the period 2005/08. These are of limited use as effective planning tools, because:
- they are limited in scope and do not cover all areas of the business;
 - they are task based and there is no clear link with the landlord's aims and objectives;
 - they do not specify what Waverley Housing wants to achieve from these tasks;
 - they are not SMART; and
 - they have not been approved by the board and progress against them is not monitored by the board.
- 5.3 Waverley Housing is aware of the importance of strategic planning and is now giving priority to developing a robust strategic planning framework. It held an away day involving board members and all staff in November 2005 to review its mission statement and to redefine its strategic objectives. It is intended that the strategic objectives for the next three years will be approved by the board by June 2006. Once these are in place, Waverley Housing aims to develop operational plans for each activity area, along with associated resource plans. Waverley Housing intends having a comprehensive internal management plan in place by April 2007.

Clear functions and proper control

Social landlords should be clear about the functions of the governing body, and take informed, transparent decisions within a framework of controls.

- 5.4 Waverley Housing's board of directors has a good working relationship with staff. Directors we and our tenant assessors spoke to have a clear understanding of their roles and responsibilities.
- 5.5 The board meets on ten occasions annually and considers reports on strategic and financial matters as well as the day to day business of the landlord. These meetings are scheduled annually, in advance. The governance structure currently includes three committees: Audit & Internal Control (AICC); Remuneration and an Emergency committee. These committees have decision making powers and the minutes of their meetings go to the full board for information only. We noted that the remits of these committees, which detail their functions and powers, did not reflect how they operated in practice. Waverley Housing recognised this and took immediate steps to rectify the position.
- 5.6 Waverley Housing has recognised that its current committee structure may not be best suited to the complexity of the business and has firm plans to establish a property committee to facilitate clearer control. This is a positive development.
- 5.7 Waverley Housing provides a wide range of performance reports to the board on a monthly basis. We found weaknesses in the quality and coverage of some reports and have highlighted these in the housing management and property maintenance sections of the report. These weaknesses, together with the weaknesses in its strategic planning framework, limit the ability of the board to effectively guide and control Waverley Housing's day to day activities. Waverley Housing's internal auditor has identified the landlord's current performance management and monitoring systems as an area of "significant risk". Waverley Housing intends to review these in 2006/07.

Developing capacity

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

- 5.8 Waverley Housing has an established board of directors with a wide range of skills and experience.
- 5.9 The landlord provides a range of training opportunities for its directors. Up to five board meetings each year are given over to training or information sessions. Five board members are currently taking part in the pilot of a governance training course for RSLs. Although it is positive that Waverley Housing provides these opportunities, this training has been arranged without a formal assessment of the directors' skills and knowledge. Waverley Housing's internal auditors, in their report of July 2005, identified the absence of a formal training programme, linked to a skills audit. Waverley Housing is responding positively to this recommendation and intends having a comprehensive skills audit and training plan for directors in place by September 2006.
- 5.10 Waverley Housing does not yet have an effective approach to supporting new directors when they join the board. Although its internal auditors recommended in July 2005 that the landlord formalise its induction processes, the new director elected in September that year received little induction. Waverley Housing is aware that this is a weakness and plans to have a directors' induction pack produced. This is has now been completed and is in place.

Accountability

Engaging stakeholders, public reporting and making accountability real.

- 5.11 A strong membership and good levels of participation are important ways for a landlord to demonstrate accountability. Waverley Housing's governance structure allows for a membership of ten, all of whom are directors. Waverley Housing takes the view that a high membership is not an effective measure of accountability, which it aims to promote through its tenant participation strategy.
- 5.12 Waverley Housing's articles of association ensure that tenants are in the majority on the board. From its board membership of ten, there are places for six tenant directors, three community directors and an independent chair who can be a

member of either group. At the time of the inspection there were five tenant directors and two community directors on the board. As part of a comprehensive constitutional review in 2003/04, Waverley Housing introduced a more open and transparent election process for tenant directors. When a vacancy arises, Waverley Housing writes to all tenants seeking nominations. If more nominations are received than board places are available, a postal ballot is held. This is a good way of demonstrating accountability. Waverley Housing has in the past experienced some difficulties in attracting nominations and recognises that it can improve the level of information available to tenants on the role of the board and tenant directors and could do more to publicise the work of the board on an ongoing basis.

- 5.13 Waverley Housing is keen to provide alternative ways for tenants to influence its activities and demonstrate greater accountability. Until August 2005, the landlord aimed to do this through its Tenant Liaison Group (TLG). However since the majority of members of the TLG were also tenant directors, this group was not an effective vehicle for greater tenant involvement and accountability. As a result, Waverley Housing disbanded the TLG and focused its efforts into facilitating the establishment of an independent Waverley Tenants Organisation which was formally registered in December 2005. This is a positive development. In its tenant participation strategy, Waverley Housing states its intention to provide other opportunities for tenants to become involved through focus groups on specific topics. It has scheduled the establishment of a register of interested tenants for 2006/07.
- 5.14 Social landlords should place the people they serve at the heart of their work and be responsive to their views and priorities. The 2005 tenants' survey indicated that 73% of respondents thought that Waverley Housing took their views into account to a certain extent, and 9% thought that tenants' views were not taken into account at all. We highlight in the housing management and property management sections of this report that tenants do not currently play an active role in influencing how Waverley Housing delivers its services and that the landlord does not effectively gather and use feedback from its service users. Waverley Housing is aware of its weaknesses in this area and has plans to address them.

- 5.15 Social landlords should give stakeholders the information that they need about the organisation and about its plans and performance. We highlight in the housing management section that Waverley Housing is aware that it needs to improve the way it provides information to its applicants and tenants and that it has set up a communications group to address these issues. Although a poster is displayed in its office reception areas inviting tenants to ask for performance information, Waverley Housing's approach to reporting its performance is underdeveloped:
- it did not publish an annual report in 2004, and the 2005 annual report contained only limited performance information; and
 - its newsletters and website include little or no performance information.

Ethical Standards

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

- 5.16 Waverley Housing is aware of the need to maintain high ethical standards. Its directors must adhere to a code of conduct which requires them to identify any potential conflict of interest which may arise from their involvement with the landlord. On the advice of its internal auditor Waverley Housing has recently made positive changes in how it manages potential conflicts of interest so that declarations of interest are now a standing item on all board and committee agendas. Waverley Housing intends to further strengthen its approach to dealing with potential conflicts of interest by including this in formal induction and training for directors. However, weaknesses remain in Waverley Housing's approach:
- it does not require directors to confirm or update their registered interests on a regular basis; and
 - it has no policy or guidelines for managing staff conflict of interest and it does not require staff to complete conflict of interest declarations.
- 5.17 Waverley Housing is aware that it may grant payments and benefits to staff and governing body members only in accordance with Schedule 7 of the Housing (Scotland) Act 2001. It has recently put in place new procedures to improve its reporting of Schedule 7 exceptions. However we found a small number of areas

around recruitment and staff benefits where Waverley Housing does not comply with Communities Scotland guidance.

Managing risk

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

- 5.18 Waverley Housing has only recently started to develop an effective approach to identifying and managing risk. The landlord is aware that effective risk management is important and has taken a series of steps to formalise its approach. Directors received training on risk management in January 2005, before approving a corporate risk strategy in March 2005. This strategy has not yet been implemented although Waverley Housing has plans to provide training for staff and identify key risks to the organisation by May 2006.
- 5.19 Until March 2005, Waverley Housing's internal audit function was carried out by its own staff, but since then Waverley Housing has appointed an established firm of internal auditors to carry out this role. An initial internal audit needs assessment and programme has been subsequently drawn up by the internal auditors based on an assessment of the key risks faced by the landlord. It is Waverley Housing's intention to review this plan regularly as its work on risk management work progresses.
- 5.20 Waverley Housing has some strength in governance. It has an experienced and stable board of directors which is clear about its role. However, there are significant weaknesses in Waverley Housing's governance. The absence of a clear planning framework and the limitations in the quality and coverage of reports mean that the board is restricted in its ability to give clear leadership and direction to the landlord and control its performance. Waverley Housing also has weaknesses in its approach to the formal induction and ongoing training for directors, in the management of ethical standards, in its approach to risk and to tenant participation. Waverley Housing has shown a good level of awareness of most of these weaknesses and was already taking steps to address these before our inspection.

Financial viability and management

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

- 5.21 Waverley Housing is entirely debt funded and forecasts that it will be financially viable in the short to medium term. It predicts it will have the ability to meet its core commitments, maintain its houses, manage its existing debt and remain viable in the medium term. Historically, Waverley Housing has secured sufficient cash to meet its identifiable outgoings and remain within the conditions of the loan agreement with its private lender.
- 5.22 The landlord's longer term viability is uncertain as it is not clear how future maintenance and major repairs programmes to its houses will be phased and financed. Further, its future cash flow projections include assumptions which, over the long term, expose Waverley Housing to a higher level of financial risk.
- 5.23 The landlord's assumptions on future income levels from retained right to buy receipts, annual rent level increases exceeding inflation combined with static bad debt provisions appear optimistic. A recent stock condition survey identified the work necessary to comply with the SHQS but Waverley Housing's ability to fund these works is not clear. Communities Scotland's local area office is continuing negotiations with Waverley Housing over the detail of its Standard Delivery Plan for the SHQS.
- 5.24 Waverley Housing has a robust financial management framework. Statutory annual and monthly management accounting information produced by Waverley Housing is of a good standard. The clean audit certificate issued by its Auditors for financial year 2004/05 supports this view. Its recent investment in updated financial systems has assisted with this process and its annual financial planning and budgeting is well structured.
- 5.25 Waverley Housing is financially viable and should remain so in the medium term. The longer term financial viability of the organisation will be determined by its ability to fund the works necessary to meet the SHQS. Waverley Housing has some strengths in relation to its financial management framework.

6. Areas for Improvement Action

These are the key areas that need to be targeted for improvement action. They are broadly in order of priority within each of the key service areas.

Across all of its activities, Waverley Housing should:

- tackle the weaknesses in its corporate, service planning and performance management frameworks, to help it make improvements in its delivery of services and establish an effective performance culture;
- put in place a range of effective measures to demonstrate how it is responding to the views of its tenants, building upon the recent establishment of Waverley Tenants Organisation; and
- improve the range and quality of information provided to tenants and service users regarding its service standards and regularly report back on its performance against these.

In housing management, Waverley Housing should:

- minimise delays in processing of housing applications, actively manage its housing list and review its use of cancellation and suspension of applicants;
- establish a clear and consistent approach to the use of legal action against tenants in rent arrears;
- ensure that staff are provided with a comprehensive range of procedural guides and this is backed up by quality assurance systems; and
- introduce performance standards for estate management and monitoring frameworks for the impact of its activities.

In property maintenance, Waverley Housing should:

- ensure that it complies with its legislative duties relating to gas safety;
- ensure that it complies with its legislative duties regarding the management of asbestos;
- continue to improve its performance in completing response repairs; and
- meet all its legislative duties regarding Right to Repair.

In governance and financial management, Waverley Housing should:

- improve the range of performance monitoring reports, both quantitative and qualitative, provided to the board and include analysis of trends and comparison with benchmarks;
- ensure that it complies with the requirements of Schedule 7 of the Housing (Scotland) Act 2001 and our associated guidance;
- identify directors' training needs and develop a planned approach to training; and
- ensure that it identifies and manages potential conflicts of interest and that staff have training and are supported by an appropriate policy framework and procedural guidance.

7. Next Steps

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

Waverley Housing
27 North Bridge Street
Hawick
TD9 9BD

Telephone: 01450 364200

Sources of evidence

Groups and third parties consulted

- Communities Scotland Area Team
- Communities Scotland Tenant Participation Team
- Scottish Borders Council
- Berwickshire Housing Association
- Eildon Housing Association
- Scottish Borders Housing Association
- Lothian & Borders Police
- Citizens Advice
- Waverley Tenants Organisation
- Ombudsman

Interviews/meetings

- Members of the RSL's Board
- Director
- Housing services manager
- Corporate services manager
- Housing manager
- Maintenance manager
- Finance manager
- Frontline housing and property maintenance staff
- Discussions with a range of tenants and service users

Reality checks

- Review of arrears cases
- Review of legal actions against tenants
- Review of anti-social behaviour cases
- Review of gas safety documents
- Review of complaints
- Review of reported repairs
- Review of housing list applications and allocations
- Review of void management records
- Review of information for applicants and tenants
- Review of approved contractors' list
- Shadowing arrears visits
- Shadowing repairs post-inspection
- Shadowing tenancy sign-up
- Estate visits
- Observation of the provision of information and advice
- Observation of board meeting

Key documents reviewed

- Inspection submission*
- Annual accounts for year ending 31 March 2005

* see glossary

- Budget 2005/06
- Management accounts (2005/06 – Month ending December, 2005)
- Register of benefits to committee members (schedule 7 Register)
- Internal audit reports
- Tenant participation strategy
- Complaints policy
- Allocations policy
- Maintenance policy
- Arrears policy
- Performance Review 2003-2004
- Annual performance and statistical returns to Communities Scotland
- Performance monitoring reports for arrears, allocation and repairs response times

Examples of Positive Practice

These are areas we would highlight as working particularly well, taking account of the organisation's operating context. The following example of positive practice was found:

Waverley Housing operates a Home Contents Insurance Scheme which provides all of its tenants with home contents insurance as part of their tenancy agreement. This insurance is designed to cover tenants for loss or damage to their household contents as a result of fire, flood, theft, etc. Whilst insurance cover is free, the scheme carries a £50 excess which is payable by the tenant on approval of the claim and in advance of any works taking place. However, in addition to free home contents insurance, Waverley Housing also offers a payment by instalment arrangement for those tenants who may have difficulty in paying the £50 excess in a lump sum.

Glossary

Annual Performance and Statistical Return (APSR)	Annual questionnaire completed by RSLs and sent to Communities Scotland. Used to keep the Register of Social Landlords up to date and to track the performance of RSLs.
Average	The arithmetic mean – the sum of all the values divided by the number of values.
Benchmarking	A process used by organisations to systematically compare service processes and performance to identify best practice.
Common housing register (CHR)	A register of all applicants for social housing used by two or more landlords within an area.
Cyclical maintenance	Planned programme of work to deal with predictable deterioration of building components, for example regular painting of window frames.
ICT	A landlord's information communication technology system.
Homehunt Hawick	A pilot Common Housing Register operated by four landlords within the Hawick area.
Housing Association Grant (HAG)	A grant awarded to RSL's by Communities Scotland to assist in the provision of new build or improved property.
Housing list	A list of applicants for housing which is used by the RSL to allocate its housing stock.
Inspection submission	Documents submitted by the landlord at the start of the inspection to provide information on its performance, context and how it is structured.
National median	The central value of the ordered performance of all Scottish RSLs.
Non technical arrears	Rental charges owed to a landlord after any outstanding Housing Benefit claims or payments have been taken account of.
Notice of Proceedings (NOP)	Documentation required to be served by a landlord advising the tenant(s) of the landlord's intention to raise an action in the courts to end the tenancy.

Peer group	A group of organisations facing similar tasks and challenges with which comparisons can be made. RSLs choose which peer group they belong to when they submit their APSRs.
Performance Indicator	A measure of how a RSL is achieving its objectives. Performance Indicators can be compared with a pre-set standard (a benchmark) or with other organisations.
Performance standards	Housing standards for all social landlords in Scotland.
Planned maintenance	The planned renewal or maintenance of key property components.
Post inspection	Inspection by a member of the landlord's staff to check the quality of a response repair.
Pre inspection	Inspection by a member of the landlord's staff to check the exact nature of the work required before ordering a response repair.
Procurement	The way an organisation obtains services or materials from other organisations or agents.
Rechargeable Repairs	Work that is the responsibility of the tenant but has been done by the landlord.
Registered social landlord (RSL)	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
Re-lets	Lets made to the second or subsequent tenant. Distinguished from new lets that are made when the property is first built or modernised.
Response repairs	Day to day repairs carried out on a reactive basis, distinguishable from planned, capital or cyclical maintenance.
Right to Buy	Many Scottish secure tenants have the right to buy their property at a discounted price subject to length of tenancy.
Right to Repair	A scheme which gives tenants legal rights to have certain repairs in defined times.
Schedule of Rates	List of costs for repair items, usually organised by trade.
Scottish Housing Quality Standard (SHQS)	Brought in to ensure minimum quality standards across all of Scotland's homes and is to be achieved by 2015.

Scottish Secure Tenancy (SST)	The Housing (Scotland) Act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.
Section 5 referral	Under Section 5 of the Housing (Scotland) Act 2001 a local authority can request a registered social landlord which has accommodation in its area to provide accommodation to homeless people. This request is known as a Section 5 referral.
Serious arrears	Where a tenant owes more than 13 weeks rent payments and this is more than £250.
Shadowing	An inspection technique that involves accompanying and observing staff while they carried out their day-to-day tasks.
SMART	The setting of targets which are specific, measurable, achievable, relevant and timed.
Statutory reasonable preference categories	People who have one of these housing needs: homelessness, overcrowding, large families, living in below tolerable standard housing or unsatisfactory living conditions.
Strategy & Development Funding Plan (SDFP)	An annual funding bid submitted by RSL's to Communities Scotland's Area Investment Teams.
Technical Arrears	Rental charges owed to a landlord as a result of an outstanding Housing Benefit claim or payment.
Tenant Assessor	Tenant assessors are trained lay people (tenants) who are part of the inspection team. They are involved in appraising landlord's publications intended for tenants and during on-site periods, talking to tenants of the landlord being inspected.
Tenants' Choice	An initiative which gave tenants the right to choose an alternative landlord.
Termination	End of tenancy.

Regulation & Inspection

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