

Pathfinder Inspection Report

March 2005

# Wishaw & District Housing Association



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# 1. Introduction

## The role of Communities Scotland

- 1.1 Communities Scotland is the executive agency for regeneration and housing, directly responsible to Ministers. Our aim is to work with others to improve the quality of life for people in Scotland.
- 1.2 The Housing (Scotland) Act 2001 gives Communities Scotland the role of regulating Registered Social Landlords (RSLs) and the landlord, homelessness and factoring services of local authorities. Our purpose as a regulator is to promote quality, continuous improvement and good practice in these services, for the benefit of current and future tenants, and other service users. One way we do this is through the inspection of RSLs and local authorities. Inspections provide an in-depth assessment of an organisation, its service quality and its ability to improve. Our *Guide to Inspection* describes how we carry out inspections.

## The standards we use

- 1.3 We have published *Performance Standards* with the Convention of Scottish Local Authorities (CoSLA) and the Scottish Federation of Housing Associations (SFHA). These standards set out our joint expectations for the performance of all social landlords and homelessness functions. The inspection process is built around an assessment of how well these standards are being met. We tailor our inspections to take account of the RSL's role, the local context in which it operates and the standards the RSL and local authority has agreed with its own tenants and service users.
- 1.4 The Guide to Inspection and Performance Standards are available on our website at <http://www.inspection.communitiesscotland.gov.uk>

## How we assessed performance

- 1.5 Our inspectors asked three key questions about this RSL:
  - How good are the services we have inspected?
  - How well are the RSL and its services being managed?
  - Are the services and the RSL likely to improve?
- 1.6 In order to answer these questions inspectors:
  - spoke to tenants and staff at Wishaw and District and to members of Wishaw and District's governing body;

- asked other organisations that work closely with Wishaw and District for their views;
- visited homes that it owns and manages;
- saw and tested first hand how well services were being delivered and how well Wishaw and District responds to its service users by doing things like shadowing and observing staff and sampling cases;
- checked key policies, publications and information for service users; and
- took account of Wishaw and District's self-assessment submission.

1.7 You will find more details about whom we spoke to, what kind of checks we carried out and what documents we reviewed in Appendix 1.

1.8 Following our assessment, we awarded grades for:

- the overall performance of the RSL;
- governance and financial management;
- housing management services;
- property management services;
- property development services.

1.9 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 significant areas where improvement is required
D	Poor	Major areas where improvement is needed

1.10 We also assess the RSL's likelihood to improve, and we describe this overall, and in each service, as:

- Excellent
- Promising
- Uncertain, or
- Poor

### **The inspection of Wishaw and District**

1.11 The inspection team for Wishaw and District was led by Tom Burns (Inspector) and was supported by Jacqui Angus (Inspector), Louise Irving (Inspection Officer), Kelda Shelton (Inspection Officer) and Murray Smith (Financial Analyst). We were on site at Wishaw between 15-18 June and

29 June-2 July 2004. We would like to thank everyone involved in the inspection, particularly the Board, staff and tenants for their time and co-operation.

- 1.12 This report presents our findings and recommendations. It is published, together with a summary, on our website at <http://www.communitiesscotland.gov.uk>. Wishaw and District must make the summary available to anyone that wants it, report our findings to tenants and other stakeholders, and implement an improvement plan to respond to our recommendations and the issues raised in this report.

## 2. Context

### Wishaw and District Housing Association

- 2.1 Wishaw and District Housing Association was registered with the Housing Corporation in Scotland as East Motherwell District Housing Association in 1978, and changed its name to Wishaw and District Housing Association in 1994. The Association is incorporated under the Industrial and Provident Societies Act 1965. It has one office based in Kirk Road, Wishaw.
- 2.2 Wishaw and District is governed by a voluntary board of management, which is elected in accordance with the rules of the Association at the annual general meeting. The board consists of 16 members. At the time of the inspection one board member was a tenant and four were sharing owners.
- 2.3 At 31 March 2004 Wishaw and District had 94 shared ownership units and 765 properties for rent, 113 of which were acquired through voluntary transfer from Scottish Homes.

### Key Statistics

#### 2.4 Wishaw and District's Property Types

	Number and % of total stock
Tenement pre-1919	16 ( 2.09%)
House pre-1919	12 ( 1.57%)
Flat/Maisonette pre-1919	203 (26.54%)
House 1919-1944	25 ( 3.27%)
House 1945-1964	58 ( 7.58%)
Flat/Maisonette 1945-1964	4 ( 0.52%)
4 in a Block 1945-1964	22 ( 2.88%)
House 1965-1982	2 ( 0.26%)
Flat/Maisonette 1965-1982	6 ( 0.78%)
Tenement, new build, post-1982	34 ( 4.44%)
House, new build, post-1982	206 (26.93%)
Flat/maisonette, new build, post-1982	87 (11.37%)
4 in a block, new build, post-1982	90 (11.77%)
Total	765

Source: Annual Performance & Statistical Return 2003-04

2.5 The table below presents summary contextual information for Wishaw and District, showing trends over the last three financial years.

	<b>2001-2002</b>	<b>2002-2003</b>	<b>2003-2004</b>
Number of properties owned	730	771	765
Number of properties factored	438	407	418
Number of members	167	128	140
Number of board members	15	15	16
Number of tenant board members	5	5	5
Number of employees	17	22	22
Annual turnover	£1,572,000	£1,887,000	£1,960,000
Total possible rental income	£1,532,922	£1,801,923	£1,906,357
Development Programme Value	£4,826,000	£1,826,379	£1,244,003
Rental income from housing benefit (%)	50.90%	50.90%	68.60%
Average weekly rent	£41.62	£43.83	£46.98
Average rent increase	3.10%	4.90%	4.63%
Number of new lets	53	51	0
Number of relets	67	69	51
Number of responsive repairs	1,073	1,207	839
Number of Right to Buy Sales	6	2	5
Shared ownership units	105	104	94
Number on housing list	347	1,077	1,010

Source: Annual Performance and Statistical Returns

### 3. Overall Performance

- 3.1 It was evident from Wishaw and District's inspection submission, and from discussions we had with its Board Members and senior staff, that it has a good understanding of its strengths, and of many of the areas where it needs to improve further. It has found it difficult to involve tenants in the governing body and in how its services are shaped, but has demonstrated a willingness to listen to service users when they provide a view. On balance, it is a good landlord providing good quality core services such as repairs and estate management, and it performs well in financial management and in minimising rent arrears and loss of rent caused by voids. It has acquired a stock of good quality housing for which there is generally high demand, steadily increasing the numbers since the mid-nineties through stock transfer and by new build.
- 3.2 The overall grade takes account of Wishaw and District's performance in governance and financial management, performance in each service area, its organisational effectiveness, its commitment to social inclusion, and its likelihood of improvement, and it recognises that there are some areas where improvement is needed.

B	<p>Wishaw and District is a good performer with many strengths and some areas where improvement is needed.</p> <p>The prospects for improvement overall are promising.</p>
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- 3.3 These are the inspection grades achieved by Wishaw and District for its main areas of service delivery:

Governance and Financial Management	C	<p>Wishaw and District is a fair performer in governance and financial management with some strengths and significant areas where improvement is needed.</p> <p>The prospects for improvement in governance and financial management are uncertain.</p>
Housing Management	B	<p>Wishaw and District delivers a good housing management service with many strengths and some areas where improvement is needed.</p> <p>The prospects for improvement in housing management are promising.</p>

Property Management	B	Wishaw and District delivers a good property management service with many strengths and some areas where improvement is needed.  The prospects for improvement in property management are promising.
Property Development	B	Wishaw and District delivers a good property development service with many strengths and some areas where improvement is needed.  The prospects for improvement in property development are promising.

### Key findings on overall performance

3.4 Overall, these areas are working well in Wishaw and District:

- ✓ The Management Board controls the organisation effectively.
- ✓ Long term cash flow projections are in place, with a commitment to regular review. They are updated at least annually and currently indicate continuing viability.
- ✓ There is an established financial management framework with the short, medium and long term financial position now incorporated into the internal management plan.
- ✓ There is a strong focus on continuous improvement.
- ✓ Rent levels are adjusted on the basis of the Association's expected expenditure, taking account of affordability and comparison with other housing providers.
- ✓ Performance in rent arrears.
- ✓ Wishaw and District's performance in re-letting its properties.
- ✓ The Association's performance in completing responsive repairs.
- ✓ The design specification of the Association's new build properties.

3.5 Overall, these areas could be working better:

- Gas safety checking.
- Addressing equality and diversity issues.
- Regular risk review.
- Members' attendance levels at some committee meetings.
- Arrangements for granting benefits under Schedule 7 of the Housing (Scotland) Act 2001.
- Arrangements for cancelling applications for housing.
- The Assessment of how well the lettings plan is meeting housing need.
- Information provided to tenants on service charges.
- Performance monitoring.
- Formal links between training and development and business planning.

3.6 These are our key recommendations. They are broadly in order of significance:

- ❖ Wishaw and District should ensure that its committees operate in accordance with all its Rules and Standing Orders.
- ❖ The Association should review how it manages gas safety checks, to ensure it complies with its statutory duty.
- ❖ Reports on benefits proposed under Schedule 7 of the Housing (Scotland) 2001 Act should be made before any benefit is granted and the governing body or responsible committee should expressly approve the grant of a benefit.
- ❖ Wishaw and District should develop an action plan setting out how it intends to meet its legal obligations relating to equal opportunities, against which its performance can be monitored.
- ❖ Wishaw and District should review how it manages risk more regularly.
- ❖ The Association should expand its performance monitoring and reporting arrangements.
- ❖ Wishaw and District should amend its Allocations Policy and Internal Transfer Policy to meet with legal requirements for suspending applications.
- ❖ Wishaw and District should analyse and report on the outcomes of its allocations so that it can be sure that it is both meeting its policy objectives and giving reasonable preference to the statutory categories of housing need.
- ❖ Wishaw and District should make formal links between its performance appraisal scheme and its overall planning approach.

### **How good are the services overall?**

3.7 This section assesses how good the services are overall that people get from Wishaw and District. We have considered services against the five broad criteria of accessibility; participation and responsiveness; accountability; equalities; and sustainability. Some issues outlined here are dealt with in more detail in later parts of the report. We have not, therefore, repeated all the recommendations about service improvements in this section.

### **Accessibility**

3.8 Information about Wishaw and District's services is very accessible. The Association makes information available in a range of ways including the use of posters, adverts and leaflets in its reception area, and in local libraries, hospitals and community centres. It is also developing a website. The Association advises service users that information can be provided in community languages, large print, Braille or audio format if required. The Association told us it has not had any requests for information in other

- formats, so the effectiveness of these arrangements has not yet been tested. There is a range of options available for making payments and reporting repairs.
- 3.9 Wishaw and District's office is centrally located in Wishaw. Its position would be easier to identify, if signposting at the public entrance was improved.
- 3.10 The reception area and interview rooms have been designed to barrier free standard and provide level, unobstructed access for service users. The Association has decided to carry out a survey of its offices by August to verify that it meets the requirements of the Disability Discrimination Act 1995 that come into play in October 2004. This may leave it with little time to carry out any alterations that may be necessary to meet the new regulations.

### **Participation and Responsiveness**

- 3.11 Wishaw and District's commitment to consulting residents on issues that affect them is recorded in its Internal Management Plan, and is supported by a Resident Participation Policy and Strategy. In practice, we saw evidence that the Association has used a range of methods to invite residents to contribute to how it operates, but these have been largely unsuccessful. Currently there are no Registered Tenants' Organisations or active residents' groups, and as discussed at section 4, the Association's membership level is also fairly low. The Association puts its lack of success in tenant participation down to low levels of interest amongst residents, and the fact that much of its housing is in dispersed, small scale developments. The Association acknowledges that the statutory emphasis on tenant participation means it needs to continue to try to develop this, and it plans to organise a campaign to encourage resident participation by September 2004.
- 3.12 Wishaw and District consulted tenants on its last rent and service increase proposals well in advance of when the increase was to have effect. The quality of information supplied could be improved in future consultations with more details on the cost of services and options for change. However, the Association demonstrated a good approach to dealing with responses, by considering the comments of the small number of people who replied, even though all had done so beyond the time allowed. The Policy and Resources Committee considered the comments that had been received, and the outcome of the consultation was reported in the Association's newsletter.

3.13 Wishaw and District has taken a number of steps to seek users views on its services, for example by:

- carrying out a Tenant Satisfaction Survey involving all its tenants; this was some time ago (1999) and the exercise is to be repeated shortly;
- surveying the views of sharing owners;
- asking tenants to comment on repairs carried out in their homes;
- carrying out a survey of tenants who had experience of planned maintenance;
- asking applicants on the housing list to express an opinion on the service; and
- surveying tenants on their views of their new homes.

While Wishaw and District has not always sought users' views at the appropriate time, for example there have been delays in getting tenants' views on their new homes; the Association has a generally good approach to providing service users with opportunities to help shape the future provision of services. These arrangements could usefully be extended to other areas of the Association's work. The Association has plans to do this.

3.14 Wishaw and District provides housing applicants, tenants and sharing owners with a good range of general information on its services. This information is provided in various ways including tailored packs for new housing applicants, new tenants and sharing owners; handbooks, leaflets, newsletters and the Association's annual report. There is a good range of information leaflets at Wishaw and District's office reception and a website is being developed. Factored owners also benefit from some of this information but information tailored specifically for this group is not well developed considering how well established this service is and that owners make up around a third of the Association's total client group. The Association has highlighted that further improvements are necessary.

3.15 Wishaw and District's Tenants' Handbook is user-friendly and contains useful information, but it has not been updated to take account of the Housing (Scotland) Act 2001. The Association has made interim arrangements to deal with this, by including leaflets on the new or amended provisions with the old handbook. However, having to refer to the handbook and several leaflets is likely to be confusing to anyone looking for information. At the time of the Inspection the Association was in the process of reviewing the Handbook and aiming for completion by August 2004.

## **Accountability to Service Users**

- 3.16 Wishaw and District provides good quality information to service users principally through its handbooks, information leaflets, annual report and in quarterly newsletters, and we saw recent good examples of how it reported very fully on user feedback from surveys it had carried out. It also distributes some information on its performance in this way, and has identified a need to widen the range of information provided, and to do so more regularly, in order to further demonstrate the Association's accountability to service users.
- 3.17 Wishaw and District has an open, accountable approach to complaints. There is a clear and comprehensive Complaints, Comments and Appeals Procedure that is well publicised to service users. It would be improved further by the following revisions:
- the procedure for making a complaint against a staff member, Director or Management Board member should be made clearer in the information leaflet; and
  - the procedures should include arrangements for whistle blowing.
- 3.18 Wishaw and District's performance in dealing with complaints is reported to the Management Board annually, together with a brief summary of the details of the action taken in response to each complaint. We saw that Wishaw and District dealt effectively with the seven complaints it received between April 2003 and the time of our inspection, although it did not meet its response targets when dealing with two of the complaints.

## **Promoting Equality and Embracing Diversity**

- 3.19 The Housing (Scotland) Act 2001 requires RSLs to mainstream the promotion of equalities and to embrace diversity throughout their business. Associations need to know the characteristics of their client groups in order to take account of their needs in developing and delivering services. Wishaw and District collects equalities information in the following areas to help it meet this requirement:
- recruitment;
  - housing list;
  - allocations;
  - membership; and
  - staff and committee.
- 3.20 Wishaw and District regularly reports on this equalities information to its Board, but it has not considered it appropriate to set any targets against which it can measure its performance. The Association does not regularly

update the information it has on all the above groups and should examine mechanisms for doing this. It acted positively by gathering equalities information from its tenants during the Scottish Secure Tenancy Agreement (SSTA) sign up process, but has not collated the returns and so it is not using the information it has on the equalities characteristics of its tenants. The Association needs to develop an action plan to help it ensure that it meets its legal obligations relating to equal opportunities. The action plan and any associated policies should be developed through consultation with relevant representative groups.

Recommendation 1:

Wishaw and District should develop an action plan setting out how it intends to meet its legal obligations relating to equal opportunities, against which its performance can be monitored.

- 3.21 Staff we spoke to at Wishaw and District showed reasonably good levels of awareness on equalities issues, but little training on the subject has been provided for either staff or committee members, and none on the Association's new obligations arising from the 2001 Housing Act. We saw that while the advantages of training in this area were discussed at a senior staff meeting held in mid 2003, this had not resulted in training being provided.

Recommendation 2:

Wishaw and District should provide suitable training on equalities issues for staff and management board members.

- 3.22 Some good arrangements are in place to make service user information available in a variety of formats. Information can be provided in community languages, large print, Braille or audio format and interpretation services can be made available, if required.
- 3.23 Wishaw and District requires that maintenance and development contractors have an equal opportunities policy, or, where they do not, that the firm will adopt the Association's policy.

### **Sustainability**

- 3.24 Wishaw and District has produced a number of good quality housing developments through new build and major rehabilitation projects and it has good arrangements for maintaining its stock to a high standard. Many

of its housing areas are in high demand and overall, its tenant turnover is low.

- 3.25 RSLs are encouraged to have a sustainable approach to all their activities, and we found that Wishaw and District is working towards meeting this requirement, particularly in property development.
- 3.26 Wishaw and District pursues sustainability through its Environmental Policy, which was approved by the Board in June 2003. It is still to fully develop an action plan, currently in draft, to accompany this policy.
- 3.27 Prior to the policy being introduced Wishaw and District, together with four other housing associations, employed consultants to carry out a study on sustainability. As part of this exercise, which was part-funded by Communities Scotland, both staff and board members attended seminars on sustainability, and were given the opportunity to contribute to the policy.
- 3.28 Wishaw and District's draft action plan supporting its Environmental Policy currently concentrates largely on development issues and extension to all activities was still to be considered at the time of inspection.

**Recommendation 3:**

Wishaw and District should complete its environmental action plan with SMART targets, across all of its business areas, so that it can ensure that all its activities are pursued in line with its commitment to sustainability.

## **How well is Wishaw and District managed overall?**

### **Planning and Performance Management**

- 3.29 Wishaw and District gives a great deal of attention to planning using the following tools:
- Annual budget;
  - Internal Management Plan (reviewed in April 2004);
  - 30 year cash flow forecasts;
  - Organisational Action Plan;
  - Departmental plans; and
  - Strategy and Development Funding Plan

3.30 The Board considered a comprehensive report comparing the Association's performance against peer and national averages, using the information provided by annual RSL performance and statistical returns. This is a good way to monitor overall performance and to highlight strengths and weaknesses. The Association sets targets, monitors performance and reports to the relevant committee on many key areas, although it has not always met commitments to report on some functions like gas appliance servicing. It has recently reviewed its performance management approach and agreed an action plan to extend target setting and monitoring throughout its activities. These changes were being implemented during the inspection and they will improve the information available to board members, staff and other stakeholders when they are fully established.

Recommendation 4:

The Association should ensure that its revised performance monitoring approach results in:

- extended SMART performance targets for all key areas of its business; and
- additional monitoring of performance against its own targets and those benchmarked with peers;

which are regularly reported to the Board of Management and stakeholders and used to identify priorities for improvement.

3.31 It is important to complete this approach by integrating plans for performance with its regular staff appraisals so that individual targets and objectives can be tied in specifically to the overall targets and objectives of the Association. The Association should clearly link its staff appraisal system, and the system of supervision and support meetings that take place in between formal appraisals, to its overall business planning, especially the planning of training and development activities.

Recommendation 5:

Wishaw and District should make formal links between its performance appraisal scheme and its overall planning approach.

### **Policies and Procedures**

3.32 Wishaw and District has a range of policies and procedures that cover most of its activities. We found that generally practice was in accordance

with procedures. However, in one instance we saw that the Association had not followed its own written guidance and had not issued an appointment letter to one of its consultants.

- 3.33 Wishaw and District had reviewed a number of policies in the 12 to 18 months prior to the inspection visit, including sometimes dealing with a large number of policies together at individual committee meetings. Some of these policies were reviewed later than their due review date but the Association should ensure that committee meetings have enough time to consider reviews as well as trying to keep to the target dates set for review of policies.

### **Managing its Resources**

- 3.34 Wishaw and District encourages its staff to participate in identifying their training and development needs, mainly by displaying training opportunities within its office and through including the topic in regular meetings and annual appraisal interviews with staff. Managers consider the needs of the organisation and the individual staff member when approving training or career development opportunities, and on occasions this has resulted in staff being supported in obtaining professional qualifications. However, these decisions are made in the absence of training and development priorities and targets, which could be identified in the internal management plan, or other planning tools used by the Association.

**Recommendation 6:**

Wishaw and District should develop a more structured approach to training. Training and development opportunities should be linked more clearly to identified organisational and departmental objectives.

- 3.35 Wishaw and District has identified that, due either to lack of staff training on the use of some of the software on its ICT system, and/or the limited capabilities of the software, the ICT system does not adequately support all of its activities. This is particularly evident in the area of rent arrears, which we discuss at section 5 of this report. Wishaw and District is now addressing this issue, and plans to produce a report on the sources of these difficulties and how they are to be remedied by November 2004. It is to revise and expand its ICT strategy by January 2005. We agree that this should be given priority attention.
- 3.36 Communication between the Board and senior management is good. Communication at senior management level and between staff is also

good. The Association has identified in its Internal Management Plan that this could be further improved if there was a more structured programme of senior management team meetings and meetings between staff and their line managers.

## **Procurement**

- 3.37 Wishaw and District uses a systematic approach to procurement of contractors for maintenance and development, which generally follows good practice guidelines. However, we found its procurement of some goods and services to be less transparent, as the Association does not record tender approvals for work other than maintenance and development contractors in its tender registers, for example when selecting consultants.

**Recommendation 7:**

The Association should keep clear records showing that all its procurement activity is in line with good practice.

## **How likely is Wishaw and District to improve?**

- 3.38 There are some factors pulling against improvement, as:

- The Association has sometimes found it difficult keep up with review of its policies and procedures, though performance in this area has improved; and
- Wishaw and District continues to have weaknesses in board training, approving Schedule 7 benefits and in fully complying with gas safety regulations, which were all issues identified in our previous Performance Audit report in 1999.

However, there are several positive indications that Wishaw and District's overall performance is likely to improve, because:

- The Management Board and staff are committed to continuous improvement, as indicated by the self-assessment work conducted in advance of the inspection.
- The Association has already recognised many of the areas where it can improve and has taken steps to implement change.
- The Association has recently strengthened its senior management team and staff team.

And taking all this into account we consider the likelihood for improvement overall is promising.

## 4. Governance and Financial Management

### Overall Assessment of Governance and Financial Management

- 4.1 Wishaw and District has some strengths in governance and particularly in financial management. There is a stable, experienced board of management, and it is clear that decisions are made in the interests of tenants and service users. There are some weaknesses in governance but the Association performs well in the area of financial management and its financial projections suggest it will remain viable in the longer term. Taken together, the performance in governance and financial management is fair.

C	<p>Wishaw and District is a fair performer in governance and financial management with some strengths and significant areas where improvement is needed.</p> <p>The prospects for improvement in governance and financial management are uncertain.</p>
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- 4.2 These are the areas that are working well:

- ✓ The Management Board controls the organisation effectively.
- ✓ There are clear remits and delegated authorities in place for the Management Board, committees and staff.
- ✓ Long term cash flow projections are in place, with a commitment to regular review. They are updated at least annually and currently indicate continuing viability.
- ✓ There is an established financial management framework with the short, medium and long term financial position now incorporated into the internal management plan.
- ✓ The Association has a pro-active approach to treasury management.
- ✓ There is a strong focus on continuous improvement.

- 4.3 These are the areas that could work better:

- Inquire committee meetings.
- Identifying and meeting the knowledge needs of the Board.
- Arrangements for granting benefits under Schedule 7 of the Housing (Scotland) Act 2001.
- The use of key performance indicators in the annual budget, for performance monitoring.
- Regular risk review.
- The private use of contractors by board and staff members.

- 4.4 These are our key recommendations. They are broadly in order of significance:
- ❖ Wishaw and District should ensure that its committees operate in accordance with all its Rules and Standing Orders.
  - ❖ Wishaw and District's board should regularly identify the support and development needs of all its members and address these in a planned way.
  - ❖ The governing body or responsible committee should consider and expressly approve the grant of any benefits subject to statutory restrictions.
  - ❖ Wishaw and District should review how it manages risk more regularly.
  - ❖ The Association should ensure that all its Rules and Standing Orders are fully consistent with each other, and should report the reasons for any unusual application of these.
  - ❖ The use of key financial indicators & targets should be expanded in budgeting and financial performance management.
  - ❖ Wishaw and District should not allow members and staff to employ local companies on its Approved Lists for private work, to ensure that no conflicts of interest can occur, or be implied.

## **Context for Governance and Financial Management**

- 4.5 Wishaw and District Housing Association is registered as an Industrial and Provident Society with non-charitable status, whose governing body is elected from its membership. The Board of Management meets regularly at 2 monthly intervals and at the time of our inspection all 16 board places were filled, although two members had indicated their intention to step down at the next annual general meeting. A seven member Financial Management Committee, which reports to the Board, oversees the management of the Association's financial affairs.
- 4.6 Wishaw and District's finances are administered by its finance section. Its Finance Manager was employed in August 2003 following the retirement of the former Finance Officer. The Finance Manager is assisted by a Finance Assistant. This team reports through the Director to the Financial Management Committee.

## **How Good are Governance and Financial Management?**

### **Membership**

- 4.7 Membership of the Association is open to tenants, sharing owners, factored owners or anyone residing, or in relevant employment, within its area of operation. Wishaw and District encourages membership in

newsletters, the Tenants' Handbook, the Sharing Owners' Handbook, in an explanatory leaflet and at tenancy signups and public meetings.

- 4.8 The membership level at March 2004 was 140, up from 128 members in March 2003 but less than 167 a year earlier. The current membership level is low at around 12% of tenants, sharing owners and factored owners and the Association should continue to promote membership.

### **Governing body**

- 4.9 The Board of Management controls the Association's activities and its direction well. A wholesale review in 2002 was designed to devolve decision making in accordance with the changing context of the Association's work and resulted in a revised governance structure. This consists of the Management Board itself and 6 Committees which deal with policy and resources, tenancy services, technical services, financial management, administration and staffing and health and safety. There is also a complaints committee that meets when necessary.
- 4.10 There is an experienced, stable membership on the Board of Management and generally all 16 available places have been filled. Members of the governing body told us that they have concerns that the average age level of board members is quite high and that they would like to encourage younger people to join. Additionally board members felt that they would like to encourage more women to join as the board has tended to predominantly attract men.
- 4.11 Also, there have been few tenant members; at the time of inspection there were four sharing owners and one tenant. Non-tenant members numbered eleven, including the Honorary President and a co-opted member; a councillor from North Lanarkshire Council. Wishaw and District has recognised that the number of tenants joining its Board of Management is small and it has made efforts, largely unsuccessful to date, to increase tenant involvement at this level. It should continue these efforts, looking at how it can encourage and support tenants to contribute their knowledge and experience and to influence the management of the Association.
- 4.12 We observed a meeting of the Board of Management where the Chairperson managed the business well and encouraged contributions from all members present. Members showed a good knowledge and understanding of the matters being dealt with and engaged in good quality discussion.
- 4.13 While the Board of Management functions well, it has not embraced a culture of training for personal development. It needs to ensure that it

maintains and builds on the knowledge and skills that board members bring. Currently there are informal, optional, arrangements in place to support members, but these should be developed into a more structured system for identifying any additional skills required, enhancing new member induction and for the ongoing development of the skills and knowledge that are required in a constantly changing business environment.

Recommendation 8:

Wishaw and District's board should regularly identify the support and development needs of all its members and address these in a planned way.

- 4.14 Attendance levels at the Board of Management during 2003-2004 were satisfactory and around the national average. Attendance at Committees was sometimes inadequate; 5 meetings of 33 were attended by too few members to allow the committees to proceed in accordance with the Rules. The Association has erred in allowing these inquorate meetings to make decisions, even though they have been ratified subsequently by the board.
- 4.15 The Chairperson, who is responsible for monitoring attendance at all committees, has expressed his concern to members that some meetings have been inquorate. Following the AGM in July there have been some changes to board and committee membership, which the Association hopes will address attendance issues. It has also tried to facilitate the continuation of business by not implementing the provision in its Standing Orders, which states that members will be deemed to have resigned from committees if they fail to attend four consecutive meetings. It should not have done this without reviewing the standing orders in advance.

Recommendation 9:

Wishaw and District should ensure that its committees operate in accordance with all its Rules and Standing Orders.

- 4.16 The Rules and Standing Orders, supported by the Association's policies, set clear remits and delegated authority for the Association's Board, committees and office bearers, providing an effective framework for managing the Association. In a few areas there is a misinterpretation of the Rules in the Standing Orders, which should be resolved. Also, the Rules require that the Chairperson retires at each AGM and that while eligible to be re-elected, he or she will not normally hold office

continuously for more than three consecutive terms. Wishaw and District's present Chairman is continuing in this post for a fifth year. While the board has explained to us why it considered this abnormal situation to be justified, it has not informed the membership of why this term of office has been extended. While this has in many respects been to the benefit of the Association, it is a situation which, if it were to continue further, would be against the spirit of the Rules.

Recommendation 10:

Wishaw and District should ensure that all its Rules and Standing Orders are fully consistent with each other, and should report the reasons for any unusual application of these.

- 4.17 Good quality reports are submitted to the board and committees, generally a week before meetings. With the exception of those dealing with Schedule 7 benefits, they provide members with sufficient information to allow them to make informed decisions. Minutes are detailed and provide a clear record of meetings.

### **Ethical Standards**

- 4.18 The Board of Management and staff of Wishaw and District express a commitment to maintain objectivity and to protect themselves and the Association, from suggestions of impropriety, or the appearance of impropriety, when carrying out their responsibilities.
- 4.19 There are clear policies and procedures to help members and staff to satisfy this commitment and the Association maintains a register of interests containing information which members and staff require to complete annually. We checked this register and found that it was maintained properly.
- 4.20 The Association has a policy on the personal use of approved contractors and consultants that has allowed some board members and senior staff to use these to carry out work in their own homes. The policy has been reviewed and amended since we advised against this practice in our last performance audit report on the basis that it could give the appearance of impropriety, even if none existed. Although the personal use of contractors is recorded, we believe that good practice for an RSL operating in an urban area would be to positively avoid it.

Recommendation 11:

Wishaw and District should not allow members and staff to employ local companies on its Approved Lists for private work, to ensure that no conflicts of interest can occur, or be implied.

- 4.21 The Board of Management and staff are aware that payments and benefits to board members, staff and their relatives may only be granted in accordance with Schedule 7 of the Housing (Scotland) Act 2001. The Association has a policy and procedures for meeting this requirement but these do not ensure that it will always do so.
- 4.22 Our file checks showed that in two of three recent cases where benefits, tenancies or sharing owner agreements, had been granted, reports on the circumstances had been referred to the responsible committee after the award of the benefit. In one instance, although this was due to an oversight, the award of the benefit was reported 10 months after the event. We also saw, that in this case, the committee had noted rather than approved the granting of the benefit. To satisfy statutory requirements the award of a benefit must be expressly approved by the governing body before an award is made.
- 4.23 We were unable to examine some of the original papers associated with one of these cases since they had been destroyed under the Association's data protection procedures. While the reports we saw on Schedule 7 benefits, and the paperwork we were able to look at, did not suggest that any of the cases had been given unfair advantage, this would have been clearer if more information, for example the reasons for bypassing applicants with more housing points, were recorded and kept on file for audit purposes.

Recommendation 12:

Reports on benefits proposed under Schedule 7 of the Housing (Scotland) 2001 Act should be made before any benefit is granted and the governing body or responsible committee should expressly approve the grant of a benefit.

The case records for all benefits awarded should be retained to demonstrate how they comply with policy and statutory requirements.

## Risk Management

- 4.24 Wishaw and District generally shows good awareness of the risks it faces in carrying out its business. It has developed an extensive Risk Management Strategy that deals with how it will address risk and outlines the responsibilities that the Board of Management, the senior management team and staff have in this area.
- 4.25 Staff are aware that the Association has arrangements for dealing with identified risks and that individually, they need to consider risk, when carrying out their work. We saw examples of good practice in many of Wishaw and District's policies and procedures, where specific risks in the areas they dealt with were identified.
- 4.26 Threats faced by the Association are identified in its Internal Management Plan which has links to both its comprehensive Risk Management Map and its Organisational and Departmental Action plans, through which it manages and monitors its business. Within the Risk Management Map, risks are "scored" to indicate their likelihood to occur and their potential seriousness and this information is used to guide the Association in dealing with the risk.
- 4.27 The strategy states that it will review what its key risks are, and monitor the effectiveness of its risk map annually, but this year it slipped this target by 5 months. As the Association has seen risks materialise in a development project, it plans to use this experience in its next review.

Recommendation 13:

Wishaw and District should review how it manages risk more regularly.

- 4.28 Wishaw and District reacted positively to its last internal audit report dating from August 2002, dealing with four areas of its work. Committee and management closely considered the report before developing an action plan to effect the recommendations it adopted. Progress on implementing the plan was monitored and reported to the Policy and Resources Committee, but progress in some areas was slow and the last of the required changes were not implemented until the middle of 2004. The Association has not instructed any internal audit reports in the last two years, although it has stated its intention to develop a new and revised brief for internal audit after this inspection. We agree with the intention to instruct further internal audit exercises on the basis of an up to date assessment of risks and recommend that this is prioritised in view of the time that has passed since this was last done.

- 4.29 Although most of the recommendations from both the first and the most recent internal audit have since been adopted, the most recent audit now dates back to 2002. The Association increased its activity in this area by commissioning an independent assessment of all its activities in 2004 prior to this Inspection, and it is also intending to issue a revised brief for ongoing internal audit services after the inspection.

### **Financial Viability**

- 4.30 Wishaw and District has a satisfactory financial position, which is underpinned by the strong demand for its houses. These are well-managed, keeping re-let times low and, as a result, rent losses from empty houses are stable and lower than forecast. Although it has had higher than anticipated major repair costs for some properties, and may have to cover the costs of corporation tax in future, these costs have been managed and budgeted for.
- 4.31 With current developments expected to increase stock by around 350 units over the next three to five years, Wishaw and District should reach a point where it can consolidate its position and achieve some further cost efficiencies as it benefits increasingly from economies of scale.

### **Financial management**

- 4.32 Wishaw and District benefits from having experienced and committed finance staff.
- 4.33 Budgeting, long-term forecasting, reporting and performance monitoring are all good and are all underpinned by clear and regularly reviewed financial policies and procedures. The budget process works effectively, linking closely with annual rent setting. Led by the Finance Manager, the process allows for contributions to be made by all budget holders.
- 4.34 The comprehensive budget report covers five years and, like the quarterly management accounts, includes an income & expenditure account, balance sheet, cash flow forecast and a good level of narrative detail. The management accounts report on the differences between budgeted and actual financial performance, and note performance against key financial indicators.
- 4.35 The inclusion of the previous year's expected outturn in the budget report provides good additional detail, however the omission of key financial targets from the budget report reduces the level of performance review against budget that can be carried out throughout the year.

Recommendation 14:

The budget reports should be expanded to include key financial indicators & targets to enable Wishaw and District to report performance against these targets in the management accounts.

- 4.36 Wishaw has a proactive approach to treasury and cash management. It has taken an informed approach to splitting its portfolio of loans between fixed and variable rates and has been able to take advantage of market forces while retaining stability. Regular transfers to high interest and fixed term accounts are used to maximise returns on cash held.
- 4.37 Wishaw and District has planned for the likely removal of grant to reimburse corporation tax payments and has reflected potential future tax charges in the budgets. The Association is also currently assessing the available options to limit or remove any future tax liabilities.

### **How Likely are Governance and Financial Management to Improve?**

- 4.38 There are several positive indications that Wishaw and District is likely to further improve in governance and finance, for example;
- There is a committed, stable Management Board and a very competent, experienced, staff team, who are keen to improve generally; and
  - In preparing its submission for our inspection, and in discussions with our inspectors during the inspection, the organisation showed that it is able to look at its performance objectively and to effect improvements.
- 4.39 However, there is an important weakness in governance which the Association does not recognise, in relation to structured knowledge enhancement for Board members. Board members do have relevant knowledge, skills and commitment. But, until the Association accepts that members have a responsibility to identify the ongoing knowledge and skills they need to control the business, and until it addresses these in a structured way, the prospects for further improvement in governance and financial management are uncertain.
- 4.40 Another factor contributing to this assessment is that inspectors have found weaknesses in board training, the granting of benefits, the private use of contractors; all areas in which weaknesses were identified in our previous Performance Audit report in 1999. Although these weaknesses

are not exactly the same on this occasion, the Association has not responded with sufficient improvement in these general areas.

- 4.41 For these reasons we consider the likelihood of improvement in governance and financial management is uncertain.

## 5. Housing Management

### Overall Assessment of Housing Management

- 5.1 Wishaw and District provides good housing management services and its staff display a high level of competency in their delivery. The Association is improving its ability to gather and assess information on how it is performing and this will help it to improve performance further. We saw evidence that the Association has plans to improve services in a number of areas.

B	<p>Wishaw and District provides a good housing management service with many strengths and some areas where improvement is needed.</p> <p>The prospects for improvement in housing management are promising.</p>
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- 5.2 These are the areas that are working well:

- ✓ The basis for assessing housing need aims to reflect the statutory requirement to give reasonable preference to categories of priority housing need.
- ✓ Information provided to tenants at the start of their tenancy.
- ✓ Rent levels are adjusted on the basis of the Association's expected expenditure, taking account of affordability and comparison with other housing providers.
- ✓ Arrangements to deal with neighbour nuisance and antisocial behaviour.
- ✓ Dealing with abandoned properties.
- ✓ Rent arrears recovery levels.
- ✓ The sign up of tenants to its Scottish Secure Tenancy Agreement.
- ✓ Performance in re-letting its properties.
- ✓ The Association aims to minimise homelessness by using eviction only as a final measure.

- 5.3 These are the areas that could work better:

- Arrangements for cancelling applications for housing do not meet statutory requirements.
- The Association does not adequately assess how well its lettings plan is meeting housing need.
- Operation of the nominations agreement with North Lanarkshire council is causing delays in letting houses.

- The Association's ICT system does not adequately support its work in rent arrears recovery and other areas.
  - Wishaw and District's tenants are not provided with good information on service charges
- 5.4 These are our key recommendations. They are broadly in order of significance:
- ❖ Wishaw and District should amend its Allocations Policy and Internal Transfer Policy to meet with legal requirements for suspending applications.
  - ❖ Wishaw and District should analyse and report on the outcomes of its allocations so that it can be sure that it is both meeting its policy objectives and giving reasonable preference to the statutory categories of housing need.
  - ❖ Wishaw and District should provide tenants with more information on service charges and how costs have been assessed.

## **Context for Housing Management**

- 5.5 Wishaw and District's housing Management Services are delivered by the Assistant Director/ Housing Services Manager who is assisted by the Housing Operations Manager and a team of six staff. All staff are based at the Association's office in Wishaw. The Association is testing monthly surgeries in two of its estates, remote from its main office, in order to increase access to its services for people in these areas.
- 5.6 While around 80% of the Association's housing is located in the Wishaw and Motherwell Areas, around 150 units are located individually or in small groups in seven surrounding villages.

## **How Good is the Service?**

### **Access to houses**

- 5.7 Wishaw and District is good at promoting access to its waiting list for housing. The list is always open and gives access to applicants aged 16 years and over. This approach is in line with its statutory duty.
- 5.8 Access arrangements are publicised in a range of different ways including the use of posters, adverts and leaflets in local libraries, hospitals, community centres and in the Association's reception area. Potential applicants are advised that information can be provided in community languages, large print, Braille or audio format if required. The Association has not received any requests for this service to date.

- 5.9 Wishaw and District has reviewed its Allocations and Internal Transfer policies since the Housing (Scotland) Act 2001 introduced new rights for access to housing lists. Provisions within both policies relating to the cancellation of applications in specific circumstances do not satisfy this legislation which allows only the suspension of such applications. These provisions have been used on only a few occasions, and were reported to the Tenancy Services Committee, but require amendment.

Recommendation 15:

Wishaw and District should amend its Allocations Policy and Internal Transfer Policy to meet with legal requirements for suspending applications.

- 5.10 File checks we carried out confirmed that the Association is successful in assessing all applications and adding them to the housing list within its target of 10 days of the application being received. It also has quality control arrangements in place for these assessments, with one in four being checked by the Housing Operations Manager.

- 5.11 New applicants added to the waiting list are provided with good information on a number of issues, including:

- the location of the Association's stock;
- rent levels;
- allocations procedures;
- other housing providers in the area;
- opportunities for shared ownership; and
- the basis on which their application has been assessed including the number of points awarded in each need category.

The position could be further improved if applicants were also provided with information on their prospects of being housed.

Recommendation 16:

Wishaw and District should provide better information to applicants to help them be clearer about their housing prospects.

- 5.12 Wishaw and District has good arrangements for ensuring its information on housing applicants is up to date. Applicants are advised of the need to tell the Association about any changes in their circumstances and the waiting list is reviewed annually. Where possible, a home visit is carried

out to reassess the applicant's circumstances before an offer of accommodation is made.

- 5.13 Wishaw and District is developing a policy on the use of Scottish Short Secure Tenancy Agreements (SSSTA) and has told us that to date there have not been any situations where it would have been appropriate to use this type of agreement.
- 5.14 Wishaw and District has helped North Lanarkshire Council deal with homelessness, by housing the two homeless applicants that had been referred to it by the council.

### **Lettings**

- 5.15 The criteria that Wishaw and District uses to assess the housing need of applicants reflects its statutory duty to give reasonable preference in allocations to people falling into the priority categories of need specified in the Housing (Scotland) Act 2001.
- 5.16 Wishaw and District uses an allocations plan to achieve its policy objectives when letting its houses. Accommodation becoming available for let is offered in order of priority to:
- existing tenants in housing need, or requiring to be re-housed because of a development project;
  - Homes Mobility Scheme Applications;
  - applications referred from other landlords and/or statutory agencies;
  - North Lanarkshire Council nominations; and
  - general housing list applicants.

This plan, because it gives preference to existing tenants, may not be helping it to achieve one of its main objectives which is to allocate its stock, generally, to people in most housing need.

- 5.17 Wishaw and District does not distribute information on the outcomes of its allocations policies widely. It does not assess how well its allocations plan is meeting its objectives, what affect this is having on its ability to meet its statutory duty to give preference to the priority categories of applicant specified in the 2001 Act or how it deals with the needs of external applicants. It should make this information widely available to demonstrate transparency and accountability.

**Recommendation 17:**

Wishaw and District should analyse the outcomes of its allocations so that it can be sure that it is both meeting its policy objectives and giving reasonable preference to the statutory categories of housing need. It should report this information to stakeholders

- 5.18 Wishaw and District has good arrangements to quality control allocations. Record keeping is clear and discretionary decisions, on for example points awards, require to be agreed by two members of staff and reported to Committee. All allocations are checked by the Housing Operations Manager.

**Tenancies**

- 5.19 Wishaw and District has made very good progress in signing its tenants up to the Association's Scottish Secure Tenancy Agreement. Almost all (99%) have a tenancy agreement which is based on the model agreement with minor changes to reflect local circumstances.
- 5.20 The arrangements for having tenants sign the new tenancy agreement were thorough. The terms of the agreement and other tenancy matters were discussed with tenants and other information was provided in the form of a range of leaflets. During this process the Association took the opportunity to gather equalities information from its tenants. The results had not been collated at the time of our inspection and the Association should complete this exercise and use the information to guide its activities.
- 5.21 Wishaw and District's procedures for starting new tenancies are very good. Tenants are provided with information verbally and in a comprehensive advice pack at the time they sign the tenancy agreement. The Association carries out settling in visits within six weeks of the tenancy beginning. These visits are used to recap on information already provided when the tenancy started, to advise on any issues that have arisen, and to provide advice on the operation of services in the house.

**Supporting tenants**

- 5.22 Wishaw and District's work in this area has mainly been in support of hospital discharge programmes through the provision of suitable housing. It has not itself been involved in the planning or provision of support packages.

## Empty houses

- 5.23 Wishaw and District made good progress in reducing the time it took to relet its properties in 2003/04 compared with a year earlier, as a result of it having addressed particular issues which had adversely affected its performance during that year. Performance over three years is shown in the table below:

<b>Average Re-let Time in Days</b>			
	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>
<b>Wishaw and District</b>	16	37	14
<b>Peer group</b>	32	29	33
<b>National</b>	53	35	33
<b>Percentage of annual rent loss from empty houses</b>			
<b>Wishaw and District</b>	0.41%	0.86%	0.47%
<b>Peer Group</b>	1.6%	1.9%	1.6%
<b>National</b>	3.0%	2.1%	1.4%%

Source APSR returns.

- 5.24 The effect that relet times had on Wishaw and District's rental income was low in comparison to the national average even in 2002/03 when its performance letting its houses was less good. This is because it has lower turnover than national average and because the rents of many of the properties it relets are below its average rent because a large proportion of its houses are 2 apartments.
- 5.25 Wishaw and District has identified delays in the administration of the nomination agreement it has with North Lanarkshire Council as a factor in the timescales for letting its houses. It has been very proactive in trying to resolve this situation but its efforts have not resulted in any improvement to date.
- 5.26 Wishaw and District staff dealing with abandoned houses use the approach outlined in its tenancy agreement and its Abandoned House Policy. It took action on nine cases in 2003/04. In five cases it identified that the houses had not been abandoned, the other four houses were recovered. Checks that we carried out indicated that this area of its work was carried out well.
- 5.27 Wishaw and District has identified that if it can set a standard of repair and decoration to guide staff and inform prospective tenants on what is to be

expected in houses offered for let, this will improve its service and may further improve satisfaction ratings. While there is no evidence to suggest that tenants are dissatisfied with the condition of offered accommodation, a minimum letting standard would demonstrate a consistent, transparent approach to preparing houses for let, particularly where several staff members may be involved.

- 5.28 Wishaw and District records and reports on the reasons for refusing offers of accommodation, but we agree with its intention to formalise this process so it can identify patterns and trends that might inform its future plans, or change the way it lets houses.

### **Rents**

- 5.29 Wishaw and District aims to set its rents to maintain its financial viability, be affordable to tenants and to be comparable to similar landlords.
- 5.30 The case for the rent increase for the year 2004/05 was based on the Association's budgeted expenditure for that year tested against the rents of other mainstream landlords in North Lanarkshire and its tenants' ability to pay. The average rent increase applied in March 2004 was 4.63%. For contractual reasons the increase applied to houses acquired under a stock transfer agreement was limited to the increase in the Retail Price Index (RPI) at December 2003 plus 1%, around 3.8%.
- 5.31 The Association sets the rent levels of houses by the number and type of amenities each has. It is proactive about checking how these compare with other providers and is aware, for example, that the rents it charges for its five apartment houses are relatively high, and for its two apartments relatively low, and of the need to periodically review the value placed on amenities to reflect current circumstances. It plans to review these values in time to include any changes in the next rental review. However, it does not yet have clear plans to include its tenants in this policy review.

### **Service Charges**

- 5.32 Wishaw and District has a number of service charges. These include common lighting, controlled door entry, communal aerials, common garden ground and open space maintenance charges.
- 5.33 Information given to tenants at the start of their tenancy on the make up of the service charges and the level of service provided is limited, so tenants may not know what they are paying for and what standard of service they can expect.

- 5.34 Some service charges, for example those for controlled door entry systems, may vary quite considerably from year to year since they include repairs as well as routine servicing costs. This is not explained to tenants when the service charges are reassessed each year and tenants are not provided with the reasons their charge is being increased or reduced to reflect past and anticipated costs. When reviewing charges, the Association should provide tenants with these details and information that shows how contracts have been awarded, that reports on contractor's performance and on how well income met costs during the previous period. It should indicate what effect any surpluses or deficits have had on the charge.

**Recommendation 18:**

Wishaw and District should provide service users with more information on service charges and their how costs have been assessed.

**Arrears**

- 5.35 Wishaw and District is among the top performers in arrears control and its overall performance improved in 2003/04. Trends and performance are shown in the table below:

<b>Current tenant arrears as % of rental income</b>			
	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>
<b>Wishaw and District</b>	2.05%	4.73%	4.26%
<b>Peer group</b>	4.9%	5.7%	5.5%
<b>National</b>	4.6%	5.2%	4.8%
<b>Current tenant *non technical arrears as % of rental income</b>			
<b>Wishaw and District</b>	1.61%	1.96%	2.15%
<b>Peer Group</b>	3.3%	3.19%	3.31%
<b>National</b>	3.4%	2.79%	2.70%

Source: Wishaw and District's APSR and Communities Scotland Scottish RSL Statistics

\* Non-technical arrears are arrears of rent that exclude housing benefit due to be paid to, but not yet received, by the landlord

- 5.36 The table shows that both gross arrears, and \*non-technical arrears where the Associations performance has most influence, were at a three year low in 2003/04.

- 5.37 The Association has also achieved a reduction in technical arrears during 2003/04, which it attributes to several factors. These include an improvement in the way housing benefit is administered by North Lanarkshire Council and the Association's involvement in an income verification pilot scheme, and also because during this period it did not let any new houses, which tends to reduce the level of housing benefit arrears. However, it has also focused heavily on the reduction of technical arrears in the past year by putting a substantial amount of staff time into the process and making further improvements to procedures.
- 5.38 The management of arrears includes good arrangements to offer appropriate advice and assistance to tenants and sharing owners experiencing payment problems. Wishaw and District has a housing benefit verification agreement with North Lanarkshire Council. This helps to reduce the time taken to obtain housing benefit and enables staff to calculate the level of housing benefit a tenant or sharing owner is likely to receive. It allows the Association to provide tenants and sharing owners with early, easily accessible information to help them manage their finances to avoid arrears. Also, Association staff are able to:
- refer tenants or sharing owners to independent advice agencies;
  - offer help with housing benefit application forms; and
  - refer tenants and sharing owners to debt services.
- 5.39 The Association has identified that information on these services and how they can be obtained could be detailed in a leaflet that could be given to service users. It intended to produce such a leaflet by April 2004 but it was not available at the time of our inspection.
- 5.40 Wishaw and District fulfils its commitment to use eviction as a last resort for arrears and antisocial behaviour, after attempting other remedies. During 2003/04 the Association evicted two tenants, one because of rent arrears and the other because of both rent arrears and antisocial behaviour. In both cases it was clear the Association had escalated the actions taken appropriately, using eviction only as a final measure. The Council's homelessness and social work services had been advised of the pending evictions in order that they could assist in the prevention of homelessness.

### **Antisocial behaviour**

- 5.41 Wishaw and District does not consider the level of neighbour nuisance and antisocial behaviour to be high in its housing areas. Its awareness of the extent of these problems and whether they are becoming more or less serious had until recently been restricted by limited arrangements for recording and monitoring incidents. The Association has reviewed its

approach in this area and in June 2004 it introduced improved arrangements for recording the number and type of incidents reported and for monitoring its performance in dealing with them. The arrangements could be further improved by including user satisfaction feedback and specifying how often and by what means information on its performance will be given to its Board and other stakeholders.

5.42 Wishaw and District has developed measures to help prevent neighbour nuisance and antisocial behaviour and to deal with incidents when they happen. These include:

- designing security measures into its new housing;
- encouraging all its tenants to sign a Good Neighbour Agreement;
- providing access to mediation and professional witness services;
- developing an agreement with North Lanarkshire Council's Anti-Social Task Force to help it to deal antisocial behaviour; and
- use of the tenancy sign-up process, pre and post allocation visits to emphasise tenants' responsibilities to others.

5.43 We looked at some neighbour nuisance cases that Wishaw and District had dealt with and found that it had responded to reports within its target timescales and acted appropriately to remedy the problem. It was not always clear from the records that complainants had been kept informed of progress. This would be improved if written information on what had been done was provided to those involved in all cases.

**Recommendation 19:**

The Association should ensure that it always keeps its commitment provide written information on its actions, to people involved in neighbour nuisance or anti-social behaviour situations.

## **Estate Management**

5.44 Wishaw and District has arrangements in place to ensure that its estates are well maintained. We visited a number of areas and found that the general appearance of estates is good. We saw evidence that staff are monitoring conditions through regular estate inspections. The Association has no recent feedback on how tenants view these services and while the results of inspections are recorded, they are not analysed or reported on. Accordingly the Association does not know how well services, including those it delivers itself, meet the needs of its tenants or if, from the tenants' point of view, they need to be delivered differently, generally, or in specific estates. The Association recognises that it would gain from having more

information and tenant feedback in this area of its work and has stated its intention to examine how this can be done by October 2004.

**Recommendation 20:**

The Association should gather and analyse comprehensive information on its estates and the effectiveness of estate based services using tenant feedback. It should regularly report on performance and outcomes to its Board and stakeholders.

### **How Well is the Service Managed?**

- 5.45 Wishaw and District's housing management service is effectively managed. There is a capable staff team and staff they are supported in their work by a range of good quality policies and procedures.
- 5.46 Policies and procedures permit staff to exercise judgement in how they are applied in some areas. There are good arrangements in place to ensure that this does not result in unfairness.
- 5.47 Wishaw and District's arrears procedures are not well supported by its ICT system. Some actions are unduly time consuming because they need to be done manually and this has an effect on how staff are supported to achieve consistency in some aspects of the procedures. In a few cases that we reviewed we found that Wishaw and District does not always act promptly in cases where arrears are increasing, or where payment arrangements are not being met. As early and frequent contact with tenants in arrears is known to have a positive effect, the Association has identified scope for improvement in some areas and is carrying out a review of whether it is using the ICT system to its full potential. We agree with this approach and suggest that the Association sets a timeframe for completing this exercise and carrying out any necessary changes.
- 5.48 There are areas, such as estate management and antisocial behaviour, where planning and continuous improvement would be made easier by better arrangements for monitoring performance. We saw evidence that the Association has recognised this and that it intends to increase the amount of performance monitoring it does.

### **How Likely is the Service to Improve?**

- 5.49 Wishaw and District is performing well in many areas of housing management, and we believe the prospects for improvement to be promising because of the following positive indications:

- The Association has good awareness of areas where improvement is required and already has plans address many of these.
- Its inspection submission and its response to matters we discussed when we met during the inspection, indicate that it is able to look at its performance objectively and effect change through its management procedures.
- Its Management Board supports the concept of continuous improvement
- There is an experienced, competent senior management and staff team that is adaptable and open to change.

## 6. Property Management

### Overall Assessment of Property Management

- 6.1 There are many strengths in Wishaw and District's property management service. It maintains its housing to a very good standard, and provides an effective responsive repairs service and tenant satisfaction levels are high. There are some aspects of the service which could be improved, particularly gas safety and tenant involvement.

B	<p>Wishaw and District delivers a good property management service with many strengths and some areas where improvement is needed.</p> <p>The prospects for improvement in property management are promising.</p>
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- 6.2 These are the areas that are working well:

- ✓ The Association is achieving a very good performance in completing responsive repairs.
- ✓ There is a good framework for checking repairs quality through post-inspections.
- ✓ The Association has demonstrated a commitment to sustainability in property management.
- ✓ There is a high level of tenant satisfaction with responsive repairs and planned maintenance work.

- 6.3 These are the areas that could work better:

- Compliance with statutory gas safety checks every 12 months for a relatively high proportion of its properties supplied with gas.
- The Association does not yet have an asbestos management plan.
- Wishaw and District does not consult tenants on the content and timing of its planned maintenance programme

- 6.4 These are our key recommendations. They are broadly in order of significance. Wishaw and District should:

- ❖ review how it manages gas safety checks, to ensure it complies with its statutory duty;
- ❖ put in place a plan for the management of the risk of asbestos in its properties; and

- ❖ put in place arrangements to consult tenants on its planned maintenance programme.

## Context for Property Management

- 6.5 Wishaw and District has 765 properties for rent. Approximately 54% of the stock has been built with grant funding from Communities Scotland, 31% of the stock is refurbished property, and 15% of the Association's properties were purchased as voluntary stock transfers from Scottish Homes.
- 6.6 Wishaw and District employs a technical services manager, a senior property services officer, two property service officers/Clerk of Works and a property services assistant to provide the maintenance service for its stock. The Association carries out an average of 1,000 repairs annually.

## How Good is the Service?

### Responsive Repairs

- 6.7 Wishaw and District's responsive repairs service is accessible to tenants, who can contact the repairs service by telephone, in writing, by e-mail, or by calling in person at the Association's office. It offers the choice of a morning or afternoon appointment to all tenants. The Association has an out of hours service for repairs with a freephone number.
- 6.8 Wishaw and District sets challenging targets for emergency and urgent repairs. Its target response time for emergency repairs is 2 hours, and urgent repairs 2 days, which both compare well with the RSL national averages of 6 hours and 3 days respectively. In 2003/04 the Association responded to 100% of emergency repair requests within the 2 hour target and to almost 99% of its urgent repairs within the 2 day target. The Association's performance against its target timescales for urgent and routine repairs in 2003/04 was therefore better than the national average, and has been consistently very good.
- 6.9 Overall the Association's performance in completing responsive repairs is very good. The table below summarises recent performance:

<b>Responsive Repair Performance</b>			
<b>Category</b>	<b>Emergency</b>	<b>Urgent</b>	<b>Routine</b>
Target Timescale	2 hours	2 days	15 days
2001/02	100%	100%	99.9%
2002/03	99.3%	98.8%	99.5%
2003/04	100%	98.8%	98.1%

<b>Average Scottish RSL Responsive Repair Performance</b>			
<b>Repair Category</b>	<b>Emergency</b>	<b>Urgent</b>	<b>Routine</b>
Target Timescale	6 hours	3 working days	10 working days
2002/03	97%	94%	95%

Source: Annual Performance and Statistical Returns

- 6.10 Wishaw and District revised its target response time for routine repairs from 15 days to 10 working days from 1 April 2004 because of its continued good performance against its previous target. This is a positive approach to continuous improvement. The Association should have notified tenants about the proposed change, as the 2001 Act requires consultation with residents on changes to policy or standards of service in property management.
- 6.11 Until recently Wishaw and District consulted a sample of tenants on their satisfaction with the reactive repairs service at the time of post-inspection visits. Since April 2004 the Association has carried out a new postal survey of all repairs. It changed its approach to try to generate more feedback from tenants. Recent findings from the survey show very high levels of tenant satisfaction with key aspects of the repairs service, although the number of people providing feedback remains low at present. The Association provides an informative summary of findings to the committee and intends in future to report the survey results to tenants via the Association's newsletter. Although the response rate to the new approach is still relatively low, the Association is providing incentives to continue to encourage replies.
- 6.12 Wishaw and District meets most of the requirements of the Scottish Secure Tenants (Right to Repair) Regulations 2002. To fully comply, the Association should ensure that it notifies tenants in writing once every year of the provisions of these Regulations.
- 6.13 Wishaw and District has a proportionate approach to pre-inspecting a sample of repairs, for example where the nature of the work is not clear. It also carries out post inspections to check the quality of a sample of repair work. It sets and achieves a target of 10% for both pre and post-inspections, and takes action where necessary to ensure the quality of its repairs is good.

## Gas Safety

- 6.14 Wishaw and District is not meeting its statutory duty of carrying out safety checks every 12 months on all gas appliances and flues which it provides for its tenants' use, due to problems in gaining access to some properties. We reviewed the records for 24 properties at the time of the inspection. All 24 had current gas safety certificates, but 16 of the 24 did not have continuous coverage from the previous year. Following our initial feedback, the Association carried out its own comprehensive performance review of the 693 properties which have gas systems. Its findings showed that it had not achieved continuity between certificates in 454 (65%) of these properties. In 308 (44%) of properties, the gap between certificates was 1 week or less; in 106 (15%) the gap was between 2 and 4 weeks; in the remaining 40 (6%) there was a gap of more than 4 weeks.
- 6.15 There are no written procedures to guide staff in managing this activity and ensuring that checks are completed before the current certificate runs out. The intended timescale of instructing contractors four weeks in advance does not take sufficient account of the time it might take to agree access with tenants, and so ensure that safety checks can be carried out within 12 months. There is no effective monitoring of performance or reporting to committee and the Association was not aware that it is failing to meet its legislative duty in this matter.

**Recommendation 21:**

Wishaw and District must review how it manages its gas safety checks, to ensure that it carries out checks on all gas appliances and flues within the statutory period.

- 6.16 The Association carries out quality checks on 10% of the annual gas safety checks. This is good approach to quality control.

## Lifetime Maintenance

- 6.17 Wishaw and District is committed to maintaining and improving its properties. The Association has life cycle costing information on its houses, which is updated by an annual internal survey of 10% of its stock, plus an external survey of all properties, and the results inform its planned maintenance programme.
- 6.18 Wishaw and District takes its commitment to sustainability seriously in carrying out its planned maintenance programme. This is demonstrated in a recent review of its window and door replacement programme where

environmental sustainability issues were an important factor in the choice of materials.

- 6.19 The Association does not consult tenants about the content and timing of its planned maintenance programme. It has recognised in its action plans that it needs to improve in this area, although it did not meet a recent timescale for consulting tenants about its 5 year maintenance plans.

**Recommendation 22:**

Wishaw and District should ensure it consults tenants on the content and timing of its planned maintenance programme.

- 6.20 Wishaw and District carries out satisfaction surveys of all tenants whose homes have been included in a planned maintenance project. The level of tenant satisfaction for this work is high, and these surveys have achieved a good level of response from tenants. Where tenants were not happy with the work, the Association has taken appropriate action to rectify this. The Association has publicised the findings to its tenants and committee. This is a positive outcome.

- 6.21 Under the Control of Asbestos at Work Regulations 2002 landlords have a duty to find out whether the common areas of residential rented properties contain asbestos, to assess the risk, and to have a plan to manage that risk. These Regulations became law in May 2004. The Association is aware of its new responsibilities in this area and had commissioned a survey of its properties to consider and produce an asbestos management plan. During the inspection it received the draft findings of the survey, but it has still to produce a plan to manage the risk of asbestos within its housing stock.

**Recommendation 23:**

Wishaw and District must put in place a plan for the management of the risk of asbestos in its properties, to comply with its statutory duty.

## **Adaptations**

- 6.22 Wishaw and District works closely with the local authority to carry out adaptations to its stock to meet the varying needs of tenants. Demand has been met largely with grant funding from Communities Scotland, although the Association has used its own resources on one occasion.

- 6.23 Funding permitting, Wishaw and District has set a target of 12 months from receiving the local authority referral to complete an adaptation. It generally completes adaptations well within this timescale, and should consider setting a more challenging target.
- 6.24 The Association has recognised, in its self assessment exercises and in its action plans, that it does not request feedback from tenants on their satisfaction with the provision of adaptations and it has identified that it needs to improve in this area. Without any formal feedback the Association is unable to identify where improvements to the service could be made. Wishaw and District intends to carry out tenant surveys at post-completion stage.

### **Procurement**

- 6.25 Wishaw and District has good arrangements in its policies and procedures for selecting and appointing repairs and maintenance contractors. Services are usually supplied on a tendered, fixed price basis.
- 6.26 The Association last carried out a full and effective review of the performance and cost of its contractors in March 2003, to confirm whether they continued to meet requirements for remaining on the list. The Association's Technical Services Committee reviewed and approved a list of contractors, assessed properly against cost, response times, value for money, and overall performance. As the Association agreed rates at that time for two years, it did not carry out a full review in 2004, although it checked that contractors had appropriate insurance and policies in place.

### **How Well is the Service Managed?**

- 6.27 Wishaw and District's property management service is well-managed, with the exception of the weakness we have identified in the management of annual gas safety checks. The Association's operational action plan sets out the priorities for the service and is used to monitor performance.
- 6.28 Performance monitoring and management is referred to in section 3 of this report. The need to expand the information collected and considered applies equally to property management. The Association produces bi-monthly performance reports for the Technical Services Committee on expenditure against budget for responsive, cyclical and planned maintenance. This Committee's responsibilities include considering reports at every meeting on gas servicing, and bi-annually on adaptations. In the period from March 2003 to June 2004 reports to the Committee on these two key areas were limited to expenditure against budget. This lack of information to Committee is particularly important given the

Association's performance in relation to gas safety. Also during the above period, the Committee did not receive regular reports on the Association's responsive repair performance times.

### **How Likely is the Service to Improve?**

6.29 We consider Wishaw and District's prospects of improvement in property management are promising because:

- it is already performing well in some key areas, most notably responsive repairs;
- its recent revision of the routine repairs target demonstrates a commitment to continuous improvement; and
- the property management service is generally well-managed and overall the Association has a good understanding of where it needs to improve.

## 7. Property Development

### Overall Assessment of Property Development

- 7.1 Wishaw and District provides a good property development service. It specifies a high standard for its new build housing, and it works with partner agencies to ensure that the properties it builds meet identified needs in the areas in which it operates. There are some aspects of the management of the service which could be improved, particularly tenant involvement and risk management to avoid delays.

B	<p>Wishaw and District delivers a good property development service with many strengths and some areas where improvement is needed.</p> <p>The prospects for improvement in property development are promising.</p>
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- 7.2 These are the areas that are working well:

- ✓ Wishaw and District has good working relationships with partners, which have produced developments targeted at local housing need.
- ✓ The Association's properties are designed to a high specification.
- ✓ Committee reporting is of a good quality.
- ✓ The Association's recent procurement shows a good approach to assessing both quality and cost.

- 7.3 These are the areas that could work better:

- Taking more account of representative client views in the design of its houses.
- The Association does not obtain user feedback on new properties until some time after completion.
- More regular risk management review.

- 7.4 These are our key recommendations. They are broadly in order of significance:

- ❖ Wishaw and District should review how it manages risk more regularly.
- ❖ The Association should obtain representative views for input to its design proposals for new projects, and should continue to encourage the creation of such groups where none exist.

- ❖ Wishaw and District should implement an agreed timescale for obtaining feedback from residents in new build projects, so that it can take earlier account of this information in future design proposals.

## **Context for Property Development**

- 7.5 Wishaw and District employs a technical services director, who is also responsible for the maintenance service, and a development officer to undertake the development function. The senior property services officer and two property services officers provide clerk of works services as required. Approximately 54% of Wishaw and District's stock is new build housing developed with Communities Scotland grant and private funding.

## **How Good is the Service?**

### **Partnership Working**

- 7.6 Wishaw and District works in partnership with Communities Scotland, the local authority and the local health board to develop properties which meet identified needs and demand in the areas in which it operates. We received positive feedback from the Association's key partners about their working relationships with Wishaw and District.

### **Physical Quality**

- 7.7 Wishaw and District has implemented a very high standard of design for new build properties. Its most recent new build grant applications:
- have met housing for varying needs standards;
  - exceeded minimum space standards;
  - have achieved high standards for energy efficiency; and
  - have met Communities Scotland's sustainability criteria.
- 7.8 Wishaw and District includes a requirement to meet secured by design standards in its design guide for all new build projects, although it has not always pursued secured by design certification following completion of projects. While it is not compulsory for certification to be achieved, RSLs are encouraged to do so, to confirm that the measures intended to reduce the risk of crime in housing estates have been achieved.

### **Tenant Involvement in Development**

- 7.9 Wishaw and District has not been able to involve prospective tenants in the development process. New properties are allocated to applicants on the Association's transfer list or housing list, or to applicants nominated by North Lanarkshire Council. The prospective tenants cannot be identified

at an early enough stage by either the Association or the local authority to be fully involved in the design process, so the Association should pursue other opportunities to let user feedback and representative views influence the ongoing design of its homes. This is an area in which the Association's approach to seeking user views could be usefully extended, as referred to in section 3 of this report.

- 7.10 One project where the Association has given adjacent local residents the opportunity to be involved in the design process was in a partnership project with North Lanarkshire Council for a recent new build project in Coltness. This was carried out as part of an overall consultation on area regeneration and is an example of how relevant feedback can be obtained from people who are representative of the client group being provided for. The Association could use this general representative approach more while it continues to build formal participation structures.

**Recommendation 24:**

The Association should obtain representative views for input to its design proposals for new projects, and should continue to encourage the creation of such groups where none exist.

- 7.11 Wishaw and District evaluates its new build properties through post completion surveys of new tenants. The Association has failed in recent years to obtain user feedback on new properties until some time after completion, and has only recently carried out a survey of a development completed in 2000. This found both positive feedback, as well as areas where tenants felt improvements could be made. The Association has responded well to a number of issues tenants raised. Also, tenants we spoke to in the Association's most recently completed new build development were generally positive about their new homes. The Association is in the process of carrying out surveys of its other projects and aims to have these completed by Spring 2005.

**Recommendation 25:**

Wishaw and District should implement an agreed timescale for obtaining feedback from residents in new build projects, so that it can take earlier account of this information in future design proposals.

## How Well is the Service Managed?

### Development Planning and Management

- 7.12 Wishaw and District is currently involved in a legal dispute with a developer regarding a site at Crinkledyke, Newmains. The difficulties with this project have resulted in a cost to the Association in terms of abortive staff time, and have also been a major factor in the Association's inability to meet its Housing Association Grant spending target in the last two financial years.
- 7.13 Wishaw and District has learned from this experience and has also identified that it has not systematically assessed all the potential risks associated with each proposed development project. Its internal management and action plans include the introduction of a further financial assessment. Recommendation 13 in part 4 of this report, about more regular risk management review, also particularly applies here.

Recommendation 26:

Wishaw and District should review how it manages risk more regularly.

- 7.14 The Association produces bi-monthly performance reports for the Technical Services Committee on current status and expenditure against budget for development projects. These are informative and in an easy to understand style.

### Building a Better Deal

- 7.15 The majority of Wishaw and District's new build projects have been of a design and build type, on sites which developers have brought to the Association, and the Association has had a limited role in directly procuring building contracts. The Association did have a direct role in procuring consultants and contractors in one recent project. This was well managed, including a thorough assessment of both quality and cost factors. where it effectively used a balancing quality and price approach.
- 7.16 The Association uses an appropriate range of information, such as references, financial checks and health and safety record, to evaluate a contractor's suitability and it has recently improved these checks and the way in which they are recorded.

## **How Likely is the Service to Improve?**

7.17 We consider Wishaw and District's prospects of improvement in property development are promising because:

- The Association has a track record of building new homes to a good specification.
- The Association has recognised key areas where it needs to improve, and has firm plans in place to carry out these improvements.

## 8. Services for Owners

### Overall Assessment of Services for Owners

- 8.1 Wishaw and District sells houses where it is required to under the relevant legislation. Its tenants have been advised of their rights under the right to buy provisions.
- 8.2 The Association is conscious of the need to provide an efficient factoring service and to recover costs from owners receiving services. It has systems for doing this; however some areas need to be further developed.
- 8.3 These are the areas that are working well:
- ✓ Wishaw and District's responsiveness to feedback from sharing owners.
  - ✓ The Association's provision of information on services to sharing owners
- 8.4 These are the areas that could work better:
- The Association has not fully assessed the costs of providing services to owners.
  - There can be long delays in billing owners for services provided.
  - Factored owners are not provided with comprehensive information on factoring services.
  - The Association has obtained little user feedback on its factoring services.
- 8.5 These are our key recommendations:
- ❖ Wishaw and District should assess the full cost of managing the factoring service. It should ensure that its income covers its costs and that the effects of variations in levels of income caused by its charging formula are taken into account.
  - ❖ Wishaw and District should examine the practicalities of issuing factoring accounts more frequently. Invoices should include charges for services provided up to when the account is issued.

### House sales

- 8.6 Wishaw and District sells few of its houses. During the two year period to April 2004 it sold eight houses under the right to buy provisions. It also voluntarily sold one house for which there was no demand to rent.

- 8.7 Wishaw and District meets its obligation to advise tenants of their entitlement to buy their homes at the time their tenancy begins, when it provides tenants with the Scottish Executive booklet on the subject. Its existing tenants have also been provided with this information by letter, prior to the new Housing Act coming into effect and during the sign-up exercise to the Scottish Secure Tenancy Agreement (SSTA).
- 8.8 The Association has timescales for processing house sales that are in line with statutory requirements. These are referred to in the Scottish Executive booklet issued to tenants. However, no information is published on how Wishaw and District will deal with applications or expressions of interest. Tenants enquiring about right to buy are referred to the Housing Officer dedicated to owners and sharing owners, who gives verbal advice. The Association has identified an opportunity to improve this service through production of a leaflet that will explain how it deals with applications to buy or expressions of interest. Its action plans confirm that it intends to produce this by October 2004.
- 8.9 Wishaw and District does not currently have feedback from service users on how well it deals with sales enquires but has stated its intention to carry out a user survey by October 2004. We agree with this approach and recommend that tenants who did not complete a purchase and stakeholders such as the District Valuer and purchaser's solicitors are included in this exercise.
- 8.10 House sales activity is reported to the Tenancy Services Committee and tenants annually but performance information is not included. Reporting arrangements would be improved if information on performance, including timescales achieved for the various stages in the sales process, reasons for any delays and user satisfaction levels, were included.

Recommendation 27:

Wishaw and District should include performance and user satisfaction information when reporting on its house sales activities.

## Factoring

- 8.11 The majority (82%) of the 418 properties that Wishaw and District factors are houses. The main service provided to this group of owners is the maintenance of communal open space, but owners may also buy buildings and house contents insurance from the Association's insurer. The Association provides a wider range of services to the owners of around 75 flats which it factors. The range of services that Wishaw and District may provide includes:

- common ground maintenance;
- communal open space maintenance;
- buildings insurance;
- house contents insurance;
- electric/gas central heating servicing;
- routine and major common repairs;
- cyclical maintenance; and
- non–common repairs.

8.12 Wishaw and District's Factoring Policy contains comprehensive information on its factoring role and owners are issued with a helpful leaflet explaining property management accounts. However, owners are not provided with comprehensive information on the service overall. The Association has recognised this and intends to produce an Owners Handbook to better inform factored owners on its services by February 2005.

8.13 Wishaw and District issues many of its factoring accounts annually, around September, but accounts may be issued on a half yearly basis where high costs are involved. The accounts issued annually cover the period from 1 April in the previous year to 31 March in the year the account is issued and therefore include charges for services or repairs carried out between 6 and 18 months previously. Queries or complaints raised by owners on charges in their account may be more difficult to resolve where the issue concerned occurred a considerable time earlier.

Recommendation 28:

Wishaw and District should examine the practicalities of issuing factoring accounts more frequently. Invoices should include charges for services provided up to when the account is issued.

8.14 The Association aims to recover its costs in managing the factoring service by including a 10% management and administration fee to factoring accounts. It has chosen this method of charging, as opposed to a set fee, on the basis that it fairly reflects its costs in managing differing numbers and types of services provided to individual owners. This is an equitable method of recovering its costs from a service user's perspective, but it means that the Association's income for managing the service may vary quite considerably depending, for example, on the overall level of repairs costs charged out, while its overheads remain the same. The Association has recognised that it is not fully aware of its costs in providing the factoring service, or if they are fully recovered through its charges.

Recommendation 29:

Wishaw and District should assess the full cost of managing the factoring service.

It should ensure that its income covers its costs and that the effect of variations in levels of income caused by its charging formula is taken into account.

- 8.15 Wishaw and District carried out a comprehensive satisfaction survey of its 104 sharing owners in the second half of 2003 which provided it with valuable information on a range of issues surrounding this type of tenure and the services it provides to this group. It responded well to the feedback it received, reporting fully the outcomes in its April 2004 newsletter where it also indicated how it intended to deal with a number of service areas where further work and/or improvements were necessary. At the time of our inspection the Association was about to issue a good quality handbook to this group.
- 8.16 The Association intends to carry out a similar exercise to gauge factored owners levels of awareness and satisfaction with its factoring service. As indicated above, it intends to produce an Owners Handbook by February 2005. We agree with the Association's plan to fill this gap in its knowledge and to produce a handbook for owners. We would expect owners to be encouraged to participate in the development of the handbook and that it should take account of representative views.
- 8.17 Wishaw and District makes it easy for owners to pay their factoring costs; payments can be made by swipecard at any post office or participating outlet.
- 8.18 Owners are invited to build up a credit to offset future maintenance costs, by making an annual lump sum payment of £75.00 into a savings account. This is a good way to help owners budget for future repairs costs. It also helps the Association's cash flow by mitigating the effect of the delay between payment to contractors and receipt of payment from owners after the half yearly or annual factoring account is issued. The number of owners taking up the option to build up a credit on their accounts has, however, been small. This may be because the benefits of this are not emphasised and there are no direct debit facilities or other payments arrangements that would make it easy for owners to make regular, smaller contributions.

**Recommendation 30:**

Wishaw and District should promote the benefits for owners in building up a credit on their factoring account to offset future maintenance costs, and make it easy for them to make regular contributions.

- 8.19 Wishaw and District's level of cumulative factoring arrears was £4273.00 at 31 March 2004, a reduction of around 27% in the figure 12 months earlier. This is a welcome reduction, but the sum outstanding represents around 26% of the costs due to be recovered in 2004. Although lower than national and peer group averages this is still considered by the Association to be intrinsically too high. During our inspection we were able to confirm that Wishaw and District was applying its procedures for recovering costs and we noted that this included passing cases of arrears to its solicitors.
- 8.20 The Association is taking a prudent approach to legal action recognising the limitations of this where relatively small sums are involved; so far no cases have been taken to the legal action stage. We understand the Association's reason for doing this, but it should ensure that its intention of legal action is followed through when recovery action does not result in the debt being cleared. An internal target should be set for arrears against which performance should be monitored.

**Recommendation 31:**

The Association should set a target for factoring arrears against which its performance can be monitored.

The threat of legal action should only be used in circumstances where legal action will be used in the event of continued non-payment of debt.

## **How well is the Service Managed**

- 8.21 The service is reasonably well managed by Wishaw and District. The Association's policies are comprehensive and clear and procedures are implemented efficiently. The Association has recently significantly improved the quality of service and information provided to sharing owners to the extent that this area is now well managed but it has been slow to develop some other areas, for example, the provision of comprehensive

information on, and methods for obtaining user satisfaction information, for the factoring service.

## 9. Wider Action

### Overall Assessment of Wider Action

9.1 Wishaw and District is committed to maximising the economic, social and environmental benefits to the community in its area from the activities it undertakes as a landlord. It is pursuing this commitment through involvement in various wider role activities but it has yet to set these into a strategic context.

9.2 These are the areas that are working well:

- ✓ Partnership working with voluntary and statutory bodies in wider action activities.
- ✓ Raising Wishaw and District's profile as a community organisation through wider action activities.

9.3 These are the areas that could work better:

- Defining its wider action goals in an agreed strategy.
- Monitoring its progress in achieving its wider action aims.

9.4 These are our key recommendations. Wishaw and District should:

- ❖ Develop a wider action strategy.
- ❖ Monitor and measure its progress in meeting its wider action aims.

### Wider Action Involvement

9.5 To date Wishaw and District has had a limited involvement in wider role activities, but those in which it has been involved relate to social inclusion, economic regeneration or energy efficiency:

- Inclusion of play areas in new build housing developments.
- Working in partnership with a new build developer and funders to facilitate two work placements for local residents.
- Working with local schools in an area where the Association is developing, to highlight the dangers of entering building sites.
- Involvement with a Communities Scotland pilot project to install energy saving devices in 50 Association properties.
- Membership of BFL, an initiative set up to assist Lanarkshire HAs in their wider action activities by providing support and a network for sharing information and experiences between local Associations.

### Strategy

- 9.6 Wishaw and District's commitment to the principles of wider action is recorded in its Internal Management Plan, but is not yet supported by a policy on how it will develop its wider role activities.

Recommendation 32:

Wishaw and District should develop a strategy with SMART objectives for its wider action activities.

### **Wider Action Outcomes**

- 9.7 Wishaw and District has agreed joint targets for its wider role activities with BFL but it is not measuring how well these, or how well its general aims, are being achieved.

Recommendation 33:

Wishaw and District should monitor and measure its progress in meeting wider action aims.

## 10. Next Steps

10.1 This report is not the end of the process. We have asked Wishaw and District to produce an improvement plan within eight weeks of the publication of this report. This plan should show how it intends to respond to all our recommendations. The plan will be agreed with us.

10.2 If you would like to see the improvement plan you should contact:

Wishaw & District Housing Association  
55 Kirk Road  
WISHAW  
ML2 7BL

Tel: 01698 377200  
E-mail: [assoc@wishawdha.org.uk](mailto:assoc@wishawdha.org.uk)  
Website: [www.wishawdha.org.uk](http://www.wishawdha.org.uk)

10.3 We will re-inspect Wishaw and District in five years' time.

## APPENDIX 1 – List of Evidence Sources

### **Groups and third parties consulted**

- North Lanarkshire Council
- Communities Scotland (Hamilton Area Office; Tenant Participation)
- Scottish Public Services Ombudsman
- Citizens Advice Bureau (Motherwell)

### **Interviews / meetings**

- Chairperson and Board of Management
- Director
- Assistant Director
- Finance Manager
- Technical Services Manager
- Housing Operations Manager
- Other staff
- Tenants (x 3)

### **Reality checks**

- Observation of a Board of Management meeting
- Observation of Annual General Meeting
- Abandonments file checks
- Allocations file checks
- Antisocial behaviour complaints file checks
- Complaints file checks
- Development file checks
- Evictions file checks
- Factoring file checks
- Gas servicing file checks
- Housing application file checks
- Registers of Interests file checks
- Rent arrears file checks
- Response repairs file checks
- Scottish Secure Tenancy file checks
- Void management file checks
- Observation of estate management interview
- Shadowing of void inspection
- Shadowing rent arrears visits
- Validation of APSR

## **Key documents reviewed**

- Inspection submission and appendices
- Minutes of Board of Management meetings (various)
- Committee agendas and reports (various)
- Annual Accounts
- Management Accounts
- Strategy and Development Funding Plan
- Annual Performance and Statistical Returns (various)
- Annual Reports (2003 & 2004)
- Internal Audit Report
- Internal Management Plan
- Organisational Action Plans
- Risk Management Strategy
- Risk Map
- Senior Management Team Minutes
- Standing Orders for Operation of the Board and its Committees
- Tender Registers (x 2)
- Allocations Policy
- Antisocial Behaviour Policy
- Benefits to Board Members and Staff
- CDM Regulations Policy
- Complaints, Comments and Appeals Procedure
- Environmental Policy
- Equal Opportunities Policy Statement and Procedures
- Factoring Policy
- Financial Procedures
- Financial Regulations
- Medical Adaptations Policy
- Maintenance Policy
- Procurement Policy (various)
- Rent Arrears Policy
- Resident Participation Policy
- Treasury Management Policy
- Void Property Management Policy
- Design Guide
- Information pack for new tenants
- Newsletters (various)
- Scottish Secure Tenancy Agreement
- Tenants' Handbook

## APPENDIX 2 - Key Examples of Positive Practice

This is an area we would highlight as working particularly well, taking account of Wishaw and District's operating context:

- The Association has designed and provided a good suite of information for its sharing owners, including a very helpful Handbook.

## Glossary

<b>Annual Statistical and Performance Return (APSR)</b>	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.
<b>Benchmarking</b>	A process used by organisations to systematically compare service processes and performance to identify best practice.
<b>Common housing registers</b>	A register of all applicants for social housing used by two or more landlords within an area.
<b>Housing list</b>	A list of applicants for housing which is used by the RSL to allocate its housing stock.
<b>Life cycle costing</b>	A method of calculating the cost and timing of the repairs to, and replacement of, major building components.
<b>Ombudsman</b>	The independent body appointed to investigate individual complaints against Registered Social Landlords (RSL).
<b>Partnering</b>	A structured contract management approach to improve efficiency and reduce confrontation between the RSL and its consultants and contractors. Partnering requires formalised objectives, agreed problem solving methods and an active search for continued measurable improvements.
<b>Peer group</b>	A group of organisations facing similar tasks and challenges with which comparisons can be made.
<b>Performance indicator</b>	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.
<b>Planned maintenance</b>	The planned renewal or maintenance of key property components.

<b>Procurement</b>	The way an organisation obtains services or materials from other organisations or agents.
<b>Re-lets</b>	Lets made to the second or subsequent tenant. Distinguished from new lets that are made when the property is first built or modernised.
<b>Right to buy</b>	Many Scottish secure tenants have the right to buy their property at a discounted price subject to length of tenancy.
<b>Registered social landlord (RSL)</b>	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
<b>Scottish secure tenancy</b>	The Housing (Scotland) Act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.
<b>Shadowing</b>	An inspection technique that involves accompanying and observing staff while they carried out their day-to-day tasks.
<b>SMART</b>	Specific/measurable/achievable/realistic/timed.
<b>Sustainability</b>	Improving the economic, social and environmental circumstances of the wider communities to create and maintaining communities where people positively want to live.
<b>Tenancy agreement</b>	Legal document or contract between landlord and tenant setting out the rights and responsibilities of each.
<b>Void</b>	A property without a tenant. Voids occur in the period between one tenant leaving and another taking over the tenancy.

## Financial Glossary

### Financial Ratios

#### Interest cover

Most RSLs take out loans from their banks or building societies in order to help finance, for example, the building of or purchase of houses. Such loans attract annual interest payments due to the banks or building societies. It is important that the RSL can afford these payments.

The RSL should be able to pay the annual interest out of the rental income it receives from its tenants. It must, however, first use its rental income to pay for its operating costs. Operating costs include the money needed to pay for repairs and maintenance to houses, staff costs etc. The amount of money remaining is called the gross or operating surplus. The operating surplus is used to pay for the annual interest payments to the banks.

The interest cover ratio simply indicates how many times the annual interest payments could be made from the operating surplus. If the operating surplus is large compared to the annual interest payments then this could be viewed as a strength for the organisation.

Note: As an example, 110% (or 1.1 times) interest cover indicates that gross surplus covers interest payments 1.1 times.

#### Net housing debt per unit

An RSL's housing debt is the total amount of money it has borrowed from banks or building societies to help with, for example, paying for the building of new houses. Net debt is the amount it has borrowed from banks less the amount of cash that the RSL has in its bank account. The net housing debt per unit is simply the net debt figure divided by the number of houses the RSL owns. A higher value suggests that the RSL has higher borrowings and as a result, will have higher interest costs to pay from operating surpluses.

#### Gross surplus (or operating surplus)

An RSL receives an income mainly from the rent paid to it by its tenants. This rental income is called turnover and is used to pay for the RSL's operating costs. Such costs include paying for maintenance and repairs to houses, staff salaries etc. Any remaining money, once the operating costs have been deducted from turnover, is called the gross surplus. The gross surplus ratio shows the gross surplus as a percentage of the RSL's turnover. If the percentage is high this could be interpreted as a sign that the RSL is operating efficiently.

## **Net surplus**

Net surplus is all the RSL's income less all of its costs, including interest payment, in the year. The net surplus ratio shows the net surplus as a percentage of the RSL's turnover (described above). If the ratio is high then this could indicate that the RSL is performing well as it is generating more money than it is spending.