

TAILORED PERFORMANCE AUDIT REPORT

DRUMCHAPEL HOUSING CO-OPERATIVE

27th to 29th November & 13th December 2001

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DRUMCHAPEL HOUSING CO-OPERATIVE

1. PERFORMANCE ASSESSMENT SUMMARY

a. Introduction

This report presents the findings of the Performance Audit of Drumchapel Housing Co-operative Limited, by Communities Scotland's Regulation staff.

Why do we carry out Performance Audits?

The aim of Communities Scotland as regulator is to promote quality and continuous improvement in housing services for the benefit of current and future tenants. "Performance Standards for Registered Social Landlords" and the Performance Audit process are key elements in achieving that aim. These "Performance Standards" (developed in consultation with the Scottish Federation of Housing Associations) set out the performance expectations for Registered Social Landlords. They are the framework against which organisations should assess their own performance and against which we will assess performance during a Performance Audit.

The Performance Audit process is designed to provide us with an in-depth assessment of how well the organisation meets "Performance Standards" and of how effectively services are managed and delivered.

The Performance Audit provides the RSL with an external, informed view of how well its services are being delivered and what it can do to further improve its performance.

Who carried out the Performance Audit?

Linda Scott, Performance Auditor with Communities Scotland.

How and when was the Performance Audit Carried Out?

The Performance Audit process began in September 2001 culminating in a visit to the Co-operative on 27th to 29th November and 13th December 2001. Having examined briefing material requested from the Co-operative, the Performance Auditor developed an understanding of the Co-operative's operating context and decided what she wanted to look at and what techniques she would use to find out more. A number of techniques were employed to get behind the paperwork and assess the service from a resident perspective including:

- talking with staff who deliver the service;
- examining random samples of files and cases;
- reality checking what happens in practice;
- getting briefings from other organisations which work with the Co-op, for example, the Local Authority, The Housing Association Ombudsman;
- touring the area.

The outcome of the Performance Audit is this report. It presents our findings and the grades awarded for the performance achieved.

b. Context

Drumchapel Housing Co-operative, which changed its name from Southdeen to Drumchapel in September 2000, was established initially by the transfer in ownership of 313 houses from Glasgow City Council and was registered with Communities Scotland (previously Scottish Homes) as a fully-mutual co-operative in 1986. It is a small organisation, currently owning and managing around 330 properties. A voluntary Committee of 11 tenant members governs the work of the Co-operative and employs a full-time Director and 11 other members of staff to manage and carry out the operational functions.

The Co-operative operates in a challenging environment and has contributed greatly to the regeneration of the community. It has carried out rehabilitation work to all of the remaining original stock and has completed two new build developments, which have helped to transform the local area. Further growth will take place with the second phase of the Pinewood new build project currently on site and the new build project in Broadholm. New Housing Partnership funding has been made available for this site, which will assist Glasgow City Council with the clearance programme for the new Housing Neighbourhood Initiative in Drumchapel. Its final new build development at the St. Andrew's Church site is expected to increase the stock in ownership to around 470 units.

c. Definition of Grades

The grades summarise performance in the following way:

Grade A	A high quality of compliance with all standards assessed.
Grade B	A very good compliance with most standards assessed.
Grade C	A satisfactory compliance with most standards.
Grade D	A poor performance.

d. Grades Awarded

Grades have been awarded to each function and overall as follows

FUNCTION	GRADE
Governance and Accountability	A
Housing Management	B
Maintenance	B
Development	B
Financial Management	B
OVERALL GRADE	B

e. Overview

The Co-operative has achieved a very good level of compliance with Performance Standards and accordingly has retained the overall "B" grade awarded at the previous Performance Audit in 1998. A high quality of compliance is demonstrated in a number of areas resulting in improved grades in 3 out of 5 functional areas assessed. Further detail on the issues influencing

the grade awarded for each function is provided in summary form at the end of each section of the report. Drumchapel's overall strengths include the following:

- The strong commitment and control demonstrated by the Management Committee and the calibre and experience of the Co-operative's staff;
- Robust planning framework and performance measurement system;
- Approach to risk management and internal audit;
- Good overall service delivered to tenants, the quality of communication and the commitment to continuous improvement;
- Quality of the policy framework including comprehensiveness of the review process
- Management of empty properties;
- Development planning process, contract administration and quality of developments;
- Tight financial control, good treasury management practices and current financial strength.

The quality of compliance in the areas of Governance and Accountability, Development, and Finance was particularly good. Difficulties were experienced relating to staff shortages/absences, particularly in Housing Management and Maintenance during 2000/2001. As a result of this and of competing priorities such as the involvement in possible stock transfer opportunities, progress on some areas of work was affected. Despite this the Co-operative continued to meet the ongoing operational demands of the business during this time, provided a good level of service to its tenants, introduced a number of improvements in procedures and performance and addressed the vast majority of issues raised in the previous Performance Audit Report. The Co-operative would achieve further compliance by:

- Developing the planned action plan in response to issues raised in the Tenant Attitude Survey and implementing ongoing methods of assessing tenant satisfaction with the maintenance service, improving the response rate achieved from surveys carried out after completion of development projects and establishing clear mechanisms for confirming to tenants that their views are taken on board;
- Conducting the planned, comprehensive review of the allocation policy;
- Improving systems for demonstrating compliance with Gas Safety Legislation; and
- Producing detailed, longer-term projections as planned.

f. Conclusion and Follow-up Strategy

The co-operative is required to produce an action plan to address the findings contained in this report for submission to Communities Scotland within three months of the date of issue of this report. Communities Scotland is currently finalising the timing of future Performance Audits under the Single Regulatory Framework. The timing of Drumchapel's next Performance Audit will be based on this cycle and also on our review of progress against the action plan and other performance information.

It is not intended that this report be used by, nor will Communities Scotland be responsible for any action taken by, any third party in response to the report.

Linda Scott
1 March 2002

PART A: GOVERNANCE AND ACCOUNTABILITY

A1 Constitution and Structure

1. The Co-operative is operating in accordance with its constitution. An appropriate Committee decision-making structure is in place, which works well. Appropriate and comprehensive Committee remits, standing orders and delegated authorities are in place and these are being adhered to in practice with the Management Committee retaining ultimate responsibility for the RSL, its policies and its activities.

A2 Governing Body

2. The Co-operative actively encourages its tenants to become Committee members through, for example, discussing potential membership with all new tenants when the tenancy agreement is signed and succeeds in attracting a small number of new Committee members each year. The Tenants Attitude Survey confirmed that 90% of respondents were aware that they could become a Committee member, confirmation that this practice, in conjunction with the other methods of communication used, achieves good results.
3. The Management Committee exercises proper control over the activities of the Co-operative. Membership currently consists of 11 tenants, some new and some very experienced, from a variety of backgrounds and with a range of different skills. Commitment to the work of the Co-operative is demonstrated through the consistently high attendance levels achieved at all meetings, which are properly conducted and well serviced by staff.
4. Committee members participate in a variety of external training courses and seminars. The Co-operative has identified the opportunity to carry out additional training in-house. There is a formal and comprehensive induction process in place. Each Committee member completes a self-assessment form on an annual basis to identify individual training requirements and information from this exercise is collated into a Training Plan for the full Committee. The Management Committee carried out a review of its objectives, skills, effectiveness and composition in 1999. This was a good, comprehensive exercise and is due to be repeated during 2002/2003.

A3 Operational Management

Planning

5. The Co-operative has an established annual planning process in place and has held several strategic planning days and training days for members of staff and Committee. A well-developed Internal Management Plan (IMP) is effectively used as a working document, with other related planning documents feeding into this. The IMP is subject to ongoing review and refinement with some alterations recently made to improve effectiveness. We suggest that the plan could be further enhanced by incorporating an additional level of sensitivity analysis and by highlighting in more detail the implications of pursuing particular strategies on the business as a whole. Refer to E.1.

6. Performance against plan objectives is regularly reported to Committee. The Co-operative succeeded in achieving the majority of planning objectives contained in the last IMP but some slippage in operational matters occurred due to constraints on staffing resources and competing priorities such as pursuing potential stock transfer options.

Risk Management

7. The Risk Management Strategy has evolved considerably over the last few years. Control systems have been strengthened and annual risk assessments of strategic and operational issues carried out. The Management Committee is involved throughout the process of identifying, assessing, and agreeing strategies for managing risk. The Co-operative has identified the need to achieve greater integration between the risk assessment process and Internal Audit arrangements but overall the Co-operative performs strongly in this area.
8. Appropriate measures are in place to ensure compliance with Health and Safety legislation.

Policy Review

9. The Co-operative has an extensive range of policies and procedures covering all key operational and strategic areas. A summary of these policies is on display at reception for the benefit of tenants. The quality and content of the Co-operative's policies was not a primary focus of the Performance Audit. However, the policies sampled were generally of good quality, which is indicative of the Co-operative's written material as a whole. The Co-operative adopts a very thorough policy review process with comprehensive reports provided by staff to Committee. Emphasis is placed on compliance with the law, Performance Standards, Raising Standards and other good practice guidance. The Co-operative intends to give further consideration to the frequency of and the responsibility for review of individual policies.

Performance Management

10. The Co-operative operates to a range of challenging but realistic targets covering all key operational areas. Substantial improvements have been introduced to the quality of Committee reports since the previous Performance Audit by the inclusion of approved targets and performance indicators and clear narrative. Performance monitoring is generally robust but refer to comments at C2 relating to repairs performance.
11. A very useful, annual performance review of achievement against targets also forms part of the IMP review process. Performance against targets is generally good and is discussed in more detail under the appropriate sections of this report. The Co-operative carries out some benchmarking against a small number of similar types of organisations and uses the annual statistical report issued by Communities Scotland to compare its performance generally with that of other RSLs. There is scope to extend this area further.
12. Performance information is included in the Co-operative's annual report and the previous Performance Audit Summary was published in the Co-operative's newsletter. Appropriate action has been taken to address the vast majority of matters raised in the previous Performance Audit report although a number of matters remain outstanding, which are commented on under the appropriate sections of this report. Considerable emphasis is

placed on compliance with Performance Standards/Raising Standards and other good practice guidance and a strong commitment to continuous improvement is evident.

13. A sample of the information contained in the Co-operative's Annual Performance and Statistical Return was successfully validated as part of the Performance Audit process.
14. The Co-operative's performance monitoring and management systems should be improved by the full restructuring of its IT systems, due to take place at the end of the current financial year. A particular benefit should be the reduction in staff time spent on manual recording, monitoring and reporting systems. The introduction of a new integrated computer system will, however, introduce considerable initial challenges to the operating environment. The Co-operative is prepared for this, does not underestimate the potential for disruption and clearly recognises the importance of good quality training for staff.

Staffing Issues

15. The calibre of staff employed by the Co-operative is high and it has a very capable and experienced senior staff team. Employees have proper access to training and further education and there is an effective staff appraisal system in place, which was examined during the Performance Audit. The Co-operative may find it useful to formalise the links in the staff appraisal and training need assessment with the personal, team, and organisational objectives contained in the IMP. The timing of the appraisal process is currently being reviewed.
16. Sample documentation from the Co-operative's standard recruitment exercise was examined during the Performance Audit. This confirmed that detailed and comprehensive procedures are in place to ensure that recruitment practices follow recommended good practice.
17. The current staffing structure meets the operational requirements of the organisation. Staffing costs have traditionally been higher than those of some of its peers but appropriate action has been taken by the Co-operative to try and reduce these figures and the necessity for filling any post which become vacant is given detailed consideration by the Director and the Management Committee. The Co-operative highlighted the need for a more sophisticated form of succession planning.

Internal Audit

18. The remit for internal audit within the Co-operative lies within Finance. However, ultimate responsibility for this area is one of Governance and Accountability in accordance with Performance Standards. The assessment is, therefore, made under this section of the report.
19. The Co-operative's Internal Audit arrangements are well developed and encompass a considered and comprehensive process involving a rolling programme of areas for review. Members of the Co-operative's staff conduct the audits of policies and procedures. An Internal Audit Sub-Committee has been established to oversee the process and there is a clear mechanism in place to protect the independence of the exercise. The Co-operative finds it benefits from its staff being involved in areas of work other than their own. An Internal Audit Policy, Procedure and Manual are in place and an internal review of several areas has been carried out to date. A strong link exists between the internal audit arrangements and

the statement on internal control in the audited annual accounts. The Co-operative has developed a good approach to this area, which it intends to keep under review, regularly monitoring the success of the arrangements.

A5 ETHICAL PRACTICE

20. The Performance Audit did not identify any matters of concern related to conflicts of interest or any areas of non-compliance with Section 63 of the Housing (Scotland) Act, 2001, which replaced Section 15 of the Housing Association Act, 1985. All appropriate policies, procedures and registers are in place.

Equal Opportunities

21. The Co-operative's approach to equal opportunity matters is appropriate to its area of operation and the scale of its activities. The Co-operative is aware that the Equal Opportunities Policy, although generally satisfactory at present, requires review to take account of the revised chapter in Raising Standards on Equal Opportunities. A comprehensive review of the policy is planned once guidance becomes available on the statutory changes as a result of the Race Relations (Amendment) Act 2000 and the Housing (Scotland) Act 2001. The Co-operative has already begun planning for this and staff and committee members will receive appropriate training prior to the review. The Co-operative is a member of Housing Diversity (formerly WESRA). Monitoring and reporting systems in relation to equal opportunities are satisfactory. Key documents can be made available in other languages and on tape and translation services are advertised in the reception area.

Complaints

22. The Co-operative has recently revised its policy on complaints to record both informal and formal complaints, all of which are recorded in the complaints register. This was examined during the Performance Audit and no formal complaints or complaints of a serious nature had been received. Feedback from the Housing Association Ombudsman for Scotland confirmed that it had received no complaints about the Co-operative. The complaints policy is properly publicised and made available, reception staff are trained on how to deal with complaints and a suggestion box has been introduced in the reception area. Despite this, results from the Tenant Attitude Survey indicated that 28% of respondents were unaware of the complaints procedure. The Co-operative will wish to try to establish the reason for this.

Communication with tenants

23. The Co-operative conducts its affairs openly and is very good at keeping its tenants well informed with a variety of appropriate communication vehicles in place including an annual report, regular, good quality newsletters, and a Tenants Handbook. 91% of tenants who participated in the Tenants Attitude Survey thought that the Co-operative kept them well informed, which is a very positive result.

GOVERNANCE AND ACCOUNTABILITY SUMMARY

1. The Co-operative demonstrates a high quality of compliance with Performance Standards in this area. We have consequently awarded an “A” grade.
2. The Management Committee exercises proper control over the activities of the organisation and is committed to its success. Meetings are very well attended, properly conducted and well serviced by staff. Written material is of good quality. Staff recruitment, training and development and appraisal systems are all well established. Committee members follow a formal induction process, make good use of training opportunities and have conducted a comprehensive skills review.
3. The Co-operative’s planning framework is well established. The Risk Management Strategy has evolved significantly over the last few years and robust assessment and control systems are now established. A thorough approach to policy review is demonstrated with considerable emphasis placed on achieving compliance with good practice guidance. A strong commitment to continuous improvement is displayed and a rigorous approach to target setting and performance monitoring and management is now demonstrated across almost all operational areas with significant improvement made to the quality of reporting since the previous Performance Audit. Internal Audit arrangements are well developed.
4. Performance against planning objectives and operational targets is generally good. Some slippage occurred as a result of staffing issues and competing priorities but there were no areas of real concern and overall performance remains very good. The experienced and committed senior staff team are more than capable of meeting operational demands. Recommendations made during the Performance Audit were accepted and a commitment to taking these matters forward was demonstrated.

PART B: HOUSING MANAGEMENT

B1 Allocations

1. The Co-operative operates with an Allocations Policy and Procedure, an Internal Transfer Policy, a Housing Plan and a Nominations Policy and Procedure. The general quality and comprehensiveness of these documents is acceptable; the Housing Plan in particular provides very useful information and the Co-operative's medical assessment policy is mentioned within Raising Standards as an example of good practice. The Allocation Policy requires to be reviewed, however, to demonstrate a greater level of compliance with Raising Standards in Housing and the Housing (Scotland) Act 2001 and there are some matters raised at the previous Performance Audit, which remain outstanding. We recommend that the following action is taken:
 - The Co-operative has set a target quota of 25% of available lets to internal transfer applicants with housing need and 5% to internal transfer applicants for aspirational moves. In practice, 16.7% of all lets in the previous year went to internal transfer applicants and 63.8% to applicants from the external waiting list. Quotas set should be informed both by needs and demand assessments and by examining outturns against policy objectives. The Co-operative should ensure that the target quotas set accurately reflect the priority and level of housing need demonstrated by the applications held on each list;
 - Applicants are currently selected for a vacant property from the internal transfer or aspirational transfer list before nominations or direct applicants. This practice should be reviewed to allow the Co-operative to more clearly demonstrate fair and equal access to all house types by all applicants regardless of the source of the application;
 - The emergency cases category should not be restricted to internal applicants only.
2. Documentation relating to 6 recent allocations was examined during the Performance Audit. This exercise confirmed the existence of a clear audit trail and that the points awarded for each of these cases were accurate and in line with the Co-operative's policy. Two of the forms had not been countersigned as a result of the Housing Officer being on leave. Arrangement should be made for another member of staff to take on this role when required.
3. The very thorough process followed in administering allocations ensures the accuracy of applicant information and this allows the selection process to operate very efficiently, enabling the Co-operative to relet its properties within minimum timescales, discussed at B2. However, the process is also very lengthy and this leads, in some instances, to long delays before applicants are formally placed on the external waiting list. The Co-operative is currently considering methods of streamlining the process. The new computer software package expected in March 2002 should improve the general efficiency of the allocation process. Committee receives good quality, comprehensive reports on a regular basis. The reasons for refusing applicants access to the waiting list are summarised in the Housing Plan

for 2000/2002 but this information could be detailed further and included in the annual report on allocations.

4. The nomination agreement with Glasgow City Council stipulates a target figure of 25% of the Co-operative's lets. The actual percentage of lets made to applicants nominated by the Council was 16.7%. It has been traditionally difficult for the Co-operative to achieve the target set due to an insufficient volume of good quality nominations. A concerted effort was made following the previous Performance Audit to establish regular contact and liaison meetings with the Council but with limited success; the last meeting took place in January 2000. However, renewed efforts are being made and the Co-operative is hopeful about future progress. A closer working relationship is developing as a result of the joint interest in the New Housing Partnership project at Broadholm, discussed under D1. A level of 50% of lets from nominations has been agreed for these new build properties, which will have a positive impact on the overall level of nominations. The majority of homeless applicants are housed through the nomination process although applicants can also apply directly to the external waiting list.

B2 Management of Voids

5. The Co-operative has been rewarded for the efforts it has made in relation to the management of its empty properties. An excellent performance is achieved in this area as indicated by the table below, which demonstrates that the Co-operative performs well in relation to its peer group. The Committee receives good quality information on voids. The table indicates that the Co-operative's recent results have declined since the end of March 2001 but this is due to the exclusion of properties under major repair, in accordance with APSR guidance on completion.

	Co-op's target	Co-op's most recent results	APSR Results 2000/2001	Peer Group Median
Average relet time	4 days	5.1 days	1.6 days	11 days
% income lost through voids	Up to 0.3%	0.08%	0.01%	0.5%

B.3 Tenancy Agreements

6. The Co-operative is involved in 2 special needs projects, the Quarriers Home Life Project, which provides permanent accommodation for those clients able to sustain independent living as tenants and also in the provision of 4 flats for adults with mental health needs, supported by SAMH. From 29 November 2001, all leases and Occupancy agreements previously used for these projects were terminated as a result of the requirement of the Rules of the Fully Mutual Co-operative and replaced by contractual tenancy agreements, which are based on the mainstream contractual tenancy agreement. The Co-operatives believes that the security of tenants living in this accommodation has increased as a result, with negotiated agreements having the same or enhanced rights as those contained within the mainstream contractual agreements. All contractual agreements will be due for review as a result of the introduction of the Housing (Scotland) Act 2001

B.4 Rents and Other Charges

Rent Arrears

7. The recent review of the Arrears policy serves as a good example of the comprehensiveness of the Co-operatives review process, as discussed at A.3. Appropriate arrears targets are established and performance against these are monitored and reported to Committee on a monthly basis. The small sample of 6 arrears cases examined during the Performance Audit confirmed that the policy is followed in practice although one case, in our opinion, could have progressed to legal action more quickly. The Co-operative employs a number of methods of controlling arrears such as directly employing a Welfare Benefits Advisor, who also provides a service to the other RSLs in the area on an agency basis. Arrears meetings have been recently introduced and the services of a debt collection agency are used to recover former tenant arrears. The standard of arrears reporting is high following quality improvements introduced since the previous Performance Audit. The Former Tenant Arrears monitoring report is very good.
8. The table below shows the arrears performance at the end of Marcy 2001. At 2.8%, this was slightly better than the Co-operative's internal target and the peer group median. The figure had risen at the time of the audit to 3.35%. However, the Co-operative's reports confirm that this figure is lower than for the same period in previous years, it is acceptable given the organisations area of operation, and staff are confident that this is a short-term situation. Nevertheless, the Co-operative will need to continue to monitor the situation and ensure that the good practice demonstrated is maintained.

	Co-op's target	Co-op's most recent results	APSR Results 2000/2001	Peer Group Median
Non-technical arrears	3.0%	3.35%	2.8%	2.9%

B.5 Estate Management

9. The Estate Management Policy was reviewed to take account of the comments made in the previous Performance Audit Report. The Tenant Attitude Survey indicated that the key issues of concern include vandalism, loitering, discarded rubbish, graffiti and crime. These problems were evident from the stock tour conducted during the Performance Audit and feature in the regular reporting of Estate Management matters, including complaints, to the Committee. The Co-operative has introduced a number of methods aimed at addressing some of the problems discussed: CCTV was installed in April/May 2001; an Estate Caretaker is employed to carry out a monitoring role; encouraging community involvement; trying to forge links with the younger residents in the area by engaging them in, for example, wider action initiatives; proactively dealing with anti-social behaviour and attempts to enforce tenancy conditions whenever possible; attending local Community Police liaison meetings and keeping tenants informed of new police initiatives via its newsletters.

B.6 Quality of Customer Service

10. Tenant Communication is one of the Co-operative's strengths, as confirmed by the results of the Tenant Attitude Survey, which indicated that 91% of respondents were happy with the way in which the Co-operative communicated with them. 90% highlighted the 10 newsletters

issued each year as influencing their views and the quality of the newsletter was highly rated. Disappointingly, 18% of respondents felt that the Co-operative did not take their views adequately on board and 19% did not know whether it did or not. The Co-operative agrees that it has to review the methods it uses and the action it takes to demonstrate to tenants that their views do influence decisions.

11. Tenants are encouraged to provide feedback through a variety of vehicles such as the annual general meeting and the suggestion box in reception. Summary policy reviews are contained within newsletters and tenants are asked to provide comments. Open meetings are also held, replacing the previous ward meetings. Unfortunately there is a very poor turnout at these meetings. Annual surveys are conducted and focus groups organised to gauge customer satisfaction with ground maintenance and environmental service contracts.
12. The Co-operative commissioned a Tenant Attitude Survey in March 2001. The survey was based on a 65% population sample and involved face to face interviews with 162 tenants. A good response rate of 75%-78% was achieved. Results from the survey were good overall with 83% of tenants happy with the Co-operative as a landlord. There were some very positive areas but some results were less positive than the Co-operative would have wished. Summary survey findings were discussed with Committee and publicised to tenants. The Director plans to produce a detailed report of findings to be presented to the Management Committee prior to the end of March 2002. An action plan then needs to be developed and communicated to tenants. The Co-operative intends to use this survey as a baseline against which findings from future surveys can be compared. The Co-operative highlighted that it still has to conduct a survey for the tenants at the Special Needs project in Ledmore Drive and is giving this consideration.
13. The Tenant Participation Policy requires to be reviewed to take account of the new Raising Standards chapter on Tenant Participation. The Co-operative recently invited the Tenant Participation Advisory Service (TPAS) to assess the policy and provide guidance on increasing tenant participation. The Director reported that TPAS thought the range of practices the Co-operative had in place was good. The Housing Manager attends courses and conferences on Tenant Participation and is benchmarking practice against other RSLs. A Social Committee has been established as part of Community development. A separate budget has been allocated and a written remit is in place. Minutes are taken of the meetings and issues arising feed into the Management Committee. Membership consists of 3 tenant members of the Management Committee and 5 tenants. At present the remit is limited to the organisation of social events but the Co-operative are keen to develop this Committee further, initially perhaps as a means of getting more tenant input into policy review.

HOUSING MANAGEMENT SUMMARY

1. The Co-operative has maintained the "B" grade for Housing Management, awarded at the last Performance audit, indicating a good overall performance. Progress in some areas has been affected by staffing shortages at specific times but these matters are now being addressed.

2. The Allocation policy, the target quotas established and the selection process require review to achieve a greater level of compliance with recommended practice. Difficult Estate Management problems exist, which are both social and environmental, and the Co-operative needs to continue to work hard to tackle these matters. The good practice demonstrated to date in the management and control of arrears needs to be maintained. Excellent results have been achieved in the management and control of empty properties minimising the level of rental income lost through this source.
3. Tenant communication is very good and positive efforts are made to encourage tenant feedback and participation. The Co-operative has to implement measures to ensure that tenants know their views are taken on board. Findings from the Tenant Attitude Survey have still to be discussed in detail and an action plan developed and communicated to tenants.

PART C: MAINTENANCE

C.1 Legal Requirements

1. The Co-operative's Repairs Policy is clear and comprehensive. The last review in November 1999 addressed the items raised in the previous Performance Audit Report. The policy will be subject to further review to take account of the changes to computer software and the re-categorisation of planned and cyclical maintenance work.
2. As part of the Performance Audit the administrative system for complying with gas safety legislation was examined, as a sample assessment of how well the Co-operative's working practices meet its legal obligations. Copies of safety certificates are held in a central file in address order. The Co-operative should also keep a copy of the certificate in the tenant's house file in accordance with recommended practice. There are a number of properties with safety checks outstanding and a few properties where checks haven't been carried out from the year before last. These relate to difficulties gaining access to the property and there is a procedure in place to deal with this. This year's gas maintenance contract has just been let and the Co-operative confirmed that priority would be given to these properties. To assist the Co-operative to demonstrate compliance with gas safety legislation, we recommend that a summary sheet is maintained to provide an up to date and accurate record of all properties with gas appliances, providing service details for each, including action taken where the contractor has been unable to access the property.
3. The Co-operative introduced a system for ensuring a regular electrical check for all properties rather than this being carried out only when a property became vacant as was previously the case. Annual checks for electrical smoke alarms will be conducted as part of the contract for gas safety checks.

C.2 Reactive Repairs

4. The Co-operative sets very demanding targets for responding to and completing repairs: 100% of Emergency repairs should be attended to within 4 hours and completed within 24 hours; 95% of Urgent repairs should be completed within 2 working days; and 95% of Routine repairs should be completed within 5 working days. The most recent reports to Committee confirm that the actual completion times achieved were very slightly below the Co-operative's targets with 99% of emergency repairs, 94% of urgent repairs, and 92% of routine repairs completed within the required timescales.
5. The Co-operative states that results are slightly less positive than those achieved in previous years and attribute this mainly to staff changeover and the shortage of the Technical Officer, who had a key role to play in monitoring the performance of contractors, for 7 months of the year. The Co-operative expects results against targets to improve significantly with the new Technical Officer in post. Steps have already been taken to improve the system. For example, the number of post-inspections carried out has increased from around 5% to around 18%, which represents an adequate sample, contractors now submit weekly progress sheets to enable the co-operative to monitor completion times, and improved reporting systems relating to the performance of contractors have been introduced.

6. Reactive repairs and planned maintenance expenditure against budget is reported quarterly to the Committee. A monthly technical report is also produced which provides a brief narrative to the budget reports as well as a comprehensive update on a range of relevant maintenance matters. The repairs administrative procedure including the recording of repairs and monitoring and reporting systems is effective but time-consuming. Partial computerisation has been introduced but progress on the computerisation of the Maintenance system was delayed as a result of the previous Technical Officer leaving. As commented on at A3, an upgrading of the Co-operative's entire IT system is now required and a revised maintenance package will be introduced as part of this. Procedures for all aspects of repairs administration will require to be reviewed and appropriate staff training provided. The full computerisation of repairs should bring further improvements to the efficiency of the maintenance service.

C.3. Planned Maintenance

7. Considerable progress has been made in this area since the previous Performance Audit. A comprehensive stock condition survey, based on a full external survey of all stock and on internal surveys of approximately 60% of all properties, was conducted during 1999/2000. The firm of external consultants who conducted the survey prepared initial cost reports based on survey findings. These reports have been subject to detailed analysis and review by the Co-operative's staff and agreed life cycle costings are now available for all stock. Life cycle costings are also prepared as part of the handover package for new developments. Life cycle costing information is held on a computer package and costs are updated on an ongoing basis as items of cyclical or planned maintenance expenditure occurs. Although not yet formally agreed, it is likely that the Co-operative will plan future internal inspections on a 3-yearly basis and external ones on a 5-yearly basis, to be conducted in-house by suitably qualified staff to ensure that the information remains as up to date and accurate as possible and to feed into the planned maintenance programme.
8. Information from the life cycle costing exercise was used to prepare costed programmes of work from 2001/2002 and this has been amalgamated into the Co-operative's budget setting process. Financial provision for maintenance for this year has, therefore, been made according to likely costs rather than based on the allowance system previously used. The Co-operative has a substantial amount of reserves set aside for the future maintenance and improvement of its stock. Designated reserves were recently restructured to take account of the life cycle costings and following the revised definition of improvement and repair work to cyclical and planned maintenance reserves. The Co-operative now intends to work towards preparing 3/5-year costed maintenance programmes, which will feed into longer-term financial projections. 5-year cyclical programmes and 30-year programmes over various phases of stock have also been established but not yet costed. Details of cyclical and planned maintenance expenditure are appropriately reported to the Committee on a quarterly basis.

C.4. Accountability in procurement

9. The Procurement policy is largely satisfactory although, as highlighted in the previous Performance Audit Report, a demonstrably accountable system for allocating work between contractors needs to be established and the criteria for removing firms from the approved list requires to be formalised. The Tendering policy and tendering procedures are satisfactory

and the Tender Register and tender documentation for one contract was examined as part of the Performance Audit and found to be in order. We recommend that future tender returns are recorded in a bound register rather than in the present loose-leaf form.

10. The Co-operative's annual review of the approved list of contractors was previously confined to information relating to response times and costs. The review for 2001/2002 was postponed until June due to staff shortages in the section. The delay helped the Co-operative to incorporate additional details relating to the performance of contractors into the process. The exercise is considered to be a good example of a comprehensive review. However, the value of the exercise would be further enhanced by the inclusion of information relating to the views of tenants on the performance of contractors. Refer to comments at C.5.

C.5. Quality of Customer Service

11. The Tenants' Attitude survey indicated that 84% of tenants who had used the repairs service expressed satisfaction, which is a reasonable result. 99% of those respondents who had used the emergency repairs service expressed satisfaction, which is an excellent result. The satisfaction rate dropped for the time taken to complete repairs (78%) and the quality of repairs (79%). The Co-operative is aware that it has to analyse and monitor this situation and is already taking steps to do so as discussed at C.2.
12. Maintenance staff also acknowledge the need to review and develop the techniques used to obtain ongoing feedback on the repairs service from its tenants. Periodic repair surveys have been conducted in the past; survey methods included a postcard return and telephone enquiry system but these have not been utilised since 1999/2000 due to staffing shortages and other priorities. The Co-operative has begun to address this area by gathering survey information during the post-inspection process and is also currently discussing the possibility of commissioning satisfaction survey work aimed specifically at the repairs service. It is also keen to encourage greater participation from tenants.

MAINTENANCE SUMMARY

1. The Co-operative has a number of matters to address in this area. However, there are no serious concerns and in recognition of the staff shortages experienced and the progress achieved in some areas, planned maintenance in particular, a good overall performance is demonstrated, resulting in the award of a "B" grade.
2. The Co-operative is maintaining its stock in accordance with legal requirement. However, its administrative system in respect of Gas Safety checks needs to be tightened up in order to more clearly demonstrate complete compliance with Gas Safety legislation. The Co-operative sets very demanding target response times for reactive repairs and performance against these targets is generally good. Considerable improvements have been made in the quality of reports to Committee but the systems are very time consuming for staff. The implementation of the maintenance system as part of the overall replacement IT system should bring further improvement to the general efficiency of the maintenance service.
3. Very significant improvements have been made in the area of planned maintenance since the previous Performance Audit, which have impacted positively on this assessment. The

Co-operative has now carried out a comprehensive stock condition survey and has completed exercises to identify improvement and replacement values for items necessary for the long-term maintenance of its stock. This information has informed planned programmes of work and the budget setting process and designated reserves are now calculated based on likely replacement costs, which provides a more accurate estimate than was previously the case.

4. Procurement practices are largely satisfactory. However, the system for allocating work between contractors needs to be clarified along with the criteria for removing firms from the approved list of Maintenance contractors and tender returns should be recorded in a bound register. The latest review of the approved list was comprehensive but would be further enhanced by formally incorporating information from regular monitoring of contractor performance and ongoing survey techniques to gather views from tenants.

PART D: DEVELOPMENT

D.1 Planning

1. Development planning is successfully integrated into the Co-operative's overall planning framework. Internal departments are provided with the opportunity to input into the planning process and consultation with external agencies and prospective tenants takes place as part of the planning of projects. The Strategy and Development Funding Plan (SDFP) forms the basis of the Co-operative's development plans. The SDFP was submitted within the required timescale to Communities Scotland and Regional Office staff confirmed their support for the Co-operative's development strategy. A strong link is demonstrated between the Co-operative's development strategy, local housing strategies and Regional Office priorities.
2. One of the Co-operative's objectives is to meet the needs and aspirations of the community by providing a variety of house sizes, types and tenures through its new build programme to address the imbalance that exists within its original housing stock. Around 94% of the stock in ownership is traditional 3-apartment accommodation. There is a need for 2 apartment flats and larger family homes and the Co-operative's new build development programme is helping to address this.
3. The Co-operative is heavily involved in local partnership structures including Drumchapel Community Ownership Group (DRUMCOG), Drumchapel Social Inclusion Partnership, the local Area Housing Partnership and various sub-groups and a variety of other local organisations. The co-operative has been involved for some time in a range of wider action activities, mainly in the area of trying to provide local employment opportunities. Phase 2 of the environmental improvement project provided training opportunities for 3 trainees, 2 of whom have been retained by the contractor. The Co-operative will shortly be attending the first meeting of the Drumchapel Wider Action Forum, providing local RSLs with the opportunity to discuss and plan further wider action activities.

D.2 Administration & Management

4. The Development function is managed by a very experienced Technical Manager. Positive feedback was received from Communities Scotland Regional Operations staff relating to the quality of the Co-operative's programme management skills. Contracts are well managed with tight control of costs and agreed site starts and completions dates normally achieved. Funding submissions to Communities Scotland are always received on time and are of an exceptionally high standard. Consequently, it is likely that the New Housing Partnership tender application will be subject to a form of streamlined appraisal.
5. Appropriate Development policies/procedures are in place covering the range of development activities. These have been updated since the previous Performance Audit to take account of Communities Scotland HAG procedures. The Consultants Procurement Policy was also updated to incorporate procedures relating to section 63 of the Housing Act 2001. This amendment is also required to the Contractors Appointment Policy.

6. The quality of reporting on development matters is of a high standard. Quarterly Project Updates provide comprehensive information on current projects to all staff and an update of all development issues including individual contract progress; architects reports and cost reports from the Quantity Surveyor are included in the monthly Technical report to the Committee. Expenditure against budget for all capital projects is reported quarterly.
7. A file check was carried out during the Performance Audit for Pinewood Phase 1 as a sample assessment of the quality of schemework and contract recording and reporting systems. The majority of areas examined were satisfactory and overall compliance with the relevant statutory requirements was demonstrated. However, the following points were noted:
 - The Building Contract was not signed until 5 months after site start. It is accepted that there may be particular reasons for this but the Co-operative should ensure, where possible, that the Building Contract is signed prior to site start for future contracts;
 - Evidence of Professional Indemnity Insurance in respect of the Contractor was on file for the period 31 December 1997 to 31 December 1998 but not for the whole period the scheme was on site;
 - In 1 out of 4 properties sampled, the tenant moved into the property before a Habitation Certificate was granted. The Co-operative advised that this was due to an administrative delay by the Council and confirmed that all properties were inspected and passed by the Building Control Officer prior to habitation. The Co-operative should ensure that this information is recorded on file should a similar situation occur in future;
 - While the information contained on file was comprehensive, the audit trail was not as evident as we would have liked. This was mainly caused by the need to archive large quantities of paperwork to a store due to the shortage of storage space in the Co-operative's offices. This problem should be alleviated with the move to new office accommodation

D.3 Accountability in Procuring Development Work

8. Consultants and contractors are commissioned on a scheme-by-scheme basis. All previous projects were procured on a traditional basis of competitive tendering but the NHP Broadholm project has been set up on a partnering design and build basis with the contractor included in the design team, which the Co-operative sees as being useful. The contractor was selected on a quality/cost assessment basis followed by a priced prelim document, in accordance the Co-operative's Procurement and Tendering Policy, which is satisfactory. It is the Co-operative's intention to repeat this exercise for future contracts, where appropriate. Tendering procedures and the delegated authorities contained within these are satisfactory. Refer to comments under C4.
9. The review of the Policy and Procedure for the Procurement of Consultants in February 1999 incorporated the recommendations made in the previous Performance Audit report. The policy does, however, require to be amended in relation to the use of referees and references from other RSLs. In practice, the Co-operative's approach in this area is thorough. It uses Dunn and Bradstreet reports to check the financial standing of contractors prior to them being considered for major works and regular checks are undertaken to ensure up to date insurances, CIS Tax, Health and Safety policies and Equal Opportunities. A very comprehensive Contractor Liquidation policy is also in place.

10. The performance of consultants is reviewed by the Co-operative on completion of all projects and the consultants involved in the project conduct an assessment of the performance of contractors. This information is presented to the Committee and information is held on a general file to be referred to for future projects. This is considered good practice.

D.4 Quality of New Homes

11. The Co-operative has developed a standard design brief, which is adapted for each project. Feedback from technical staff on design issues, the suitability of components, etc, and information from tenant surveys feeds into the design process. The incorporated design guide has been recently altered to place greater emphasis on issues such as: housing for various needs; secured by design; and sustainability. The Co-operative is considering developing a separate sustainability policy. Secured by design status was achieved for Pinewood Phase 1. The Co-operative also intends to apply for this for Pinewood Phase 2.

12. There have been no post completion reviews undertaken by Communities Scotland. Regional Office staff have confirmed that the physical quality details of the Pinewood Phase 2 project are acceptable overall but that the project was designed approximately 4/5 years ago and this presented difficulty in fully conforming to the Housing for Varying Needs publications. The Co-operative states that it has attempted to address those issues that it can although it acknowledges that the design will not meet the guidance in full.

D.5 Quality of Customer Service in Development

13. The Customer Satisfaction Survey of the Phase 1 new build project, conducted approximately 12 months after project completion, indicated that the general satisfaction level is high, with 89% of tenants who responded being satisfied with the overall standard of their new homes. The main areas of dissatisfaction expressed were the lack of adequate storage space and the provision on only 1 television aerial. These concerns have been taken into account in the design process for the NHP project. Results of the survey were disseminated to tenants. However, the survey attracted a very low response rate with only 18 out of 62 tenants responding. This makes it difficult to ensure the reliability of the information and the Co-operative, therefore, needs to investigate methods of ensuring a higher response rate for future surveys.

14. Results from the Tenant Attitude Survey referred to B6 indicated that 95% of tenants were satisfied with the overall design and layout of their home, which is a very good result. Some particular areas of dissatisfaction were highlighted, such as storage space and noise insulation, which the Co-operative has tried to address by feeding this information into the specification and design process for future projects. The Co-operative actively encourages tenant participation in the design process by a variety of means although the interest shown varies and can be disappointing at times.

15. HAPM insurance has been taken out the by Co-operative in respect of its new build projects, which means that a HAPM audit is undertaken, adding an additional quality check. HAPM warranties are undertaken to provide long term defects cover on new build properties.

16. Glossy leaflets along the line of property schedules issued by Estate Agents are produced for all new properties and a technical manual is produced for handover.

DEVELOPMENT SUMMARY

1. The Co-operative has continued to perform strongly in this area and has very comfortably maintained the “B” grade awarded at the previous Performance Audit. The quality of compliance with Performance Standards is high in most areas assessed. Improvements made to the few areas identified as satisfactory would have a positive impact on future assessments made in this area. Value for money in the area of development appears to have been achieved with good quality homes and very positive feedback from tenants relating to the overall quality of their homes. The Co-operative does, however, need to improve the response rate achieved in respect of satisfaction surveys carried out on individual projects.
2. It has a clearly articulated development strategy with evident links demonstrated between this, local housing strategies and Communities Scotland Regional Office priorities. The development planning process is well established and is successfully integrated in the Co-operative’s overall planning framework. Appropriate consultation and liaison arrangements are in place to enable contribution to the planning process. The Co-operative has made a considerable contribution towards the regeneration of the local community through its rehabilitation and new build projects. Its development programme is clearly helping to address housing needs and aspirations and the Co-operative is also involved in a number of wider action activities such as local training and employment initiatives.
3. The administration and management of the Development function is very good. Sound programme management skills are demonstrated, the quality of funding submissions to Communities Scotland is excellent and reporting systems are of a high standard. Schemework and contract recording system are satisfactory although one or two areas for improvement are identified.
4. Development services have been procured using the balancing quality and price mechanism for the first time in respect of the New Housing Partnership new build project at Broadholm. The Procurement policy is satisfactory but requires a slight amendment. Tendering procedures are also satisfactory but details of tender returns would be better recorded in a bound register. Procurement practices are however good overall, particularly in the area of reviewing the performance of consultants and contractors.

PART E: FINANCIAL MANAGEMENT

E.1 Financial Planning & Risk Management

1. A Financial Viability Risk Assessment (FVRA) was conducted as part of the Performance Audit by Communities Scotland, Regional Finance Team. The findings of this exercise have been incorporated into this section of the report and will help inform the grade awarded for Financial Management and thus affect the overall grade.

Annual Planning Processes

2. Annual budget setting arrangements are satisfactory and the annual rent setting exercise is appropriately incorporated into the budget setting process. The quality of information presented to the Committee is generally good with a detailed suite of reports produced along with an accompanying comprehensive narrative. In recognition of the importance attached to this area by the Co-operative, the Management Finance Committee includes all Management Committee members. The Income and Expenditure report and the budget Finance & Administration report provide detailed information on income and expenditure for each area of activity with the Budget Reconciliation report projecting an overall surplus in the Revenue Budgets of approximately £79,000. We would recommend that the format of reporting be amended slightly to more clearly show income and expenditure allocated to specific cost centres eg. Development, secondary services, to assist the Committee to analyse the full cost of each activity and to monitor this throughout the year.
3. Following the review of the life cycle costing information in November 2000, cost centres for cyclical and planned maintenance were established in January 2001 and new funds reconciled against existing costs at that time. Budget projections for 2001/2002 were, therefore, based on costed planned maintenance programmes of work.

Longer Term Financial Plans and Projections

4. A 3-year projected Income and Expenditure account is included in the Co-operative's IMP. The Co-operative acknowledges that this could be expanded to include additional financial information to support decision-making by, for example, being more specific about the financial implication of pursuing particular objectives and by incorporating a greater level of sensitivity analysis to test planning variables.
5. A recent one-off exercise was carried out to produce a 5-year plan for lending purposes and the figures were projected to 30 years although these were based on the allowance levels at that time. The need to develop longer-term plans and projections is also accepted by the Co-operative and it is now possible to produce accurate medium and longer-term projections based on the estimated costs from the life cycle costing exercise. This area of work will be given priority following the introduction of the new IT system, which will allow projections to be more easily and efficiently produced. The Co-operative will then be better able to demonstrate the full integration of financial planning into its overall planning framework.

Financial Viability

6. The FVRA, referred to above, concluded that the Co-operative was exposed to an “average” level of risk.
7. The Co-operative is currently in a very strong financial position with significant investments and cash-backed reserves. Annual surpluses are consistently achieved and cashflow forecasts confirm this trend in the short term. Long-term viability appears secure based on current stock levels and further rental income will be generated from the additional units under the planned development programme. The Co-operative generally performs well against the range of financial efficiency indicators / ratios used by Communities Scotland.

Treasury Management

8. The Co-operative demonstrates a prudent approach to borrowing and investment. The Treasury Management Policy is relatively comprehensive but would be further enhanced by clarifying the criteria on which decisions about selecting lenders will be made. Appropriate controls and reporting mechanisms are in place with quarterly treasury management reports presented to the Management Finance Committee. Income from investments is maximised by utilising 30-day term deposit accounts and by making use of the Bank of Scotland, Home and Office Banking System.
9. The Co-operative currently has a low level of borrowing compared to investments and the value of its housing assets. The Co-operative appears to have a good relationship with and approach to negotiating with lenders and constantly monitors the market to ensure the best terms possible. A balanced loan portfolio has been achieved in terms of an appropriate mix of lenders and fixed to variable rate terms. The Co-operative is currently considering a 4-year funding strategy and, based on the 30-year financial projections referred to earlier, has an agreement in principal with a major lender for a competitive term. It is assumed that the revised projections based on anticipated costs would not alter this situation.

Insurance

10. Appropriate insurances are in place. The Co-operative has a 3-year combined contract, which is due to be re-tendered for next year. Systems are in place to ensure that contractors and consultants carrying out development and maintenance work have appropriate insurance cover.

E.2. Financial Control

Financial Regulations

11. The Financial Regulations of the organisation are contained in the Co-operative’s Financial Management Policy and Financial Management Procedure, which adequately cover the range of activities carried out by the Co-operative. These documents have been amended to take account of the areas highlighted for consideration in the previous Performance Audit report. Appropriate Delegated Authorities are in place and these are regularly reviewed. Within the scope of the Performance Audit, the Co-operative was found to be operating within the terms of the Financial Regulations and Delegated Authorities.

Management Accounts

12. Improvements to the quality of management accounts have been introduced since the previous Performance Audit. The Committee is presented with comprehensive reports on a quarterly basis, which provide detailed financial information in the form of a Balance Sheet, Income & Expenditure Account, Management Statements, Property Revenue Account and a report detailing performance against key financial ratios. In addition, a Financial Performance Review report is presented on an annual basis. This provides further analysis of surplus and turnover, additional information on performance against an extensive set of financial performance ratios and a useful Financial Highlights report. Detailed analysis of the information contained in these reports is provided by the Finance Manager and fully recorded in the minutes of the meetings. The approach adopted should enable the Management Committee to effectively monitor performance against budget.
13. Work is being carried out to re-align the financial costing reports with the maintenance programme reports following the review of the life cycle costing information and the restructuring of the designated reserves discussed at E1.

Efficiency & Cost-Effectiveness

14. An appropriate range of efficiency indicators is in place covering key operational activities. The Co-operative is working efficiently to deliver good quality services in most areas. The Co-operative consistently monitors the cost effectiveness of each of its activities and tracks its performance against similar RSLs as well as carrying out a number of additional efficiency tests. Findings from the Tenants Attitude Survey indicated that 81% of tenants were satisfied with the quality of services provided by the Co-operative.
15. The table below shows that the percentage of income spent by the Co-operative on staffing costs and the average administration cost per tenancy are higher than the peer group median. However, both of these figures are consistently reducing each year and we are satisfied that the Co-operative is taking appropriate steps to ensure this trend continues. The increase in stock anticipated over the next few years as a result of the development programme will enable the Co-operative to begin to benefit from economies of scale. The cost of overheads as a percentage of rental income is low in comparison to others. This is likely to increase with the planned new office premises but is expected to be offset to an extent by anticipated rental income from the letting of the Co-operative's existing office as commercial premises, for which there is a demand in the area.

	Co-operative	Peer Group Median
Percentage of income spent on staffing costs	35.6%	30.1%
Percentage of income spent on office overheads	1.8%	5.1%
Administration costs per tenancy	£839	£674

External Audit

16. Appropriate external audit arrangements are in place with the audit service regularly tendered. Annual accounts are produced in accordance with the relevant Statutory Instrument and the current Statement of Recommended Practice and are submitted within the required timescales to the Registrar of Friendly Societies and to Communities Scotland. The annual management letter in respect of the financial year 2000/2001 highlighted one, relatively minor, housekeeping matter. Appropriate action has been taken to address this.

FINANCIAL MANAGEMENT SUMMARY

1. The Co-operative has demonstrated a very strong performance in the area of Financial Management and has consequently been awarded a "B" grade. A high quality of compliance with Performance Standards is demonstrated in the majority of the areas assessed. The development of longer-term financial projections will enable the Co-operative to demonstrate full integration of financial planning in the overall planning framework, which will have a positive impact on future assessments of this area.
2. The accuracy of short-term financial planning has improved significantly following on from the completion of the stock condition survey and life cycle costing exercises. The organisation will be in a position to concentrate on this following the major restructure of its IT system and should be given credit for ensuring that such projections are based on accurate information. The Co-operative has significant borrowing potential and appears to have a positive relationship with lenders. A prudent approach is demonstrated in relation to both borrowing and investment strategies.
3. The Financial Viability Risk Assessment, conducted as part of Performance Audit, concluded that the Co-operative was exposed to an "average" level of risk. This exercise highlighted the contingent liability shown in the annual accounts as the main area of risk and commented that the assessment of risk would have been "below average" if the liability had been cleared. The Co-operative has effectively managed this area of risk and is in a position to withstand the impact should the risk occur.
4. Good quality reporting systems enable tight financial control to be exercised by the Co-operative's Management Committee and the current financial position is very healthy with significant investments which should ensure the necessary cash provision for the long-term viability of the organisation and effective maintenance of its stock. The Co-operative is able to demonstrate that it is working efficiently to deliver good quality services in the majority of its operational areas. Cost effectiveness in respect of staffing costs and average administration costs should be further improved by the economies of scale brought about by the additional housing stock created as a result of the Co-operative's development programme.

Glossary of Terms

Annual Performance and Statistical Return (APSR)	This is a questionnaire completed by RSLs and sent to Communities Scotland annually. It provides information about the organisation's structure; governing body; activities; policies in place; key performance indicators; the type of housing provided and the rents. Communities Scotland uses this information to: keep the register up to date; track the performance of RSLs; and to produce performance benchmarks.
Balancing Quality and Price	This term was introduced in a report by the Construction Industry Board set up by the Government to establish new good practice guidance for the construction industry. BQP is now used as a basis for the selection of consultants which means looking at both the quality of the service and the fees. Applying BQP means cheapest is not always best.
Benchmark	A process used by organisations to systematically measure service processes and performance and then compare them with the performance of others in order to meet good practice. It is a management technique for improving the efficiency and effectiveness of work processes.
Housing List	A list of all applicants for social housing which is used by the RSL to allocate its housing stock.
Housing Association Grant (HAG)	The capital grant that is paid to an RSL by Communities Scotland to meet the bulk of the capital cost of rehabilitation and new-build housing projects.
Life Cycle Costing	A method of calculating the cost and timing of the repairs to, and replacement of, major building components.
Ombudsman	The independent body appointed to investigate individual complaints against RSLs and decide whether or not they should be put right and what action should be taken.
Partnering	Partnering was introduced following government research into the construction industry. The aim is to improve efficiency and reduce confrontation between the RSL and its consultants and contractors. It is a structured management approach to improve teamwork. Partnering requires formalised objectives, agreed problem solving methods and an active search for continued measurable improvements.

Peer Group	A group of organisations facing similar tasks and challenges with which comparisons can be made. These could be in e.g. size of housing stock, geography and deprivation/prosperity.
Performance Indicator	A measure of how a RSL is achieving its objectives. Performance Indicators can be compared with a pre-set standard (a benchmark) or with other organisations.
Planned Maintenance	Maintenance which is planned to take place at a certain time but which will not be required to be carried out regularly. Mainly one-off contracts e.g. window replacements.
Procurement	The way an organisation obtains services or materials from other organisations or agents.
Reactive Repairs	Also called responsive maintenance or day-to-day maintenance. This is maintenance work carried out as the problem arises and is reported to the local authority.
Relets	Lets made to the second or subsequent tenant. Distinguished from new lets that are made when the property is first built or modernised.
Right to Repair	If a tenant has reported a repair to his or her landlord and after a reasonable period the repair has not been carried out, the tenant will then have the “Right to Repair” privately and have the bill issued to the landlord.
RSL	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
SAP ratings	The Government's Standard Assessment Procedure for energy rating of dwellings. Minimum standards are set by Communities Scotland as a condition of grant funding.
Scottish Federation of Housing Associations SFHA	The membership body for Housing Associations and Co-operatives in Scotland.
Secured by Design	An accreditation awarded by the Police Authority aimed at developers and builders to upgrade the security against crime and fire of properties. It covers estate design, physical security, security lighting and smoke detectors. Communities Scotland expects grant-funded projects to receive this accreditation.

Standing Orders	A set of rules drawn up by the RSL which set out the basis on which business should normally be dealt with.
Stock condition survey	A survey of stock to establish the level of existing defects and to allow the RSL to project future repair needs.
SWOT Analysis	An assessment of the RSL's strengths and weakness, the opportunities available to it and threats which may affect performance.
Tenancy Agreement	Legal document or contract between landlord and tenant setting out the rights and responsibilities of each.
Void	A property without a tenant. Voids occur in the period between one tenant leaving and another taking over the tenancy.