

TAILORED PERFORMANCE AUDIT REPORT

PINEVIEW HOUSING CO-OPERATIVE

20-22 and 28 November 2001

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PINEVIEW HOUSING CO-OPERATIVE

1. PERFORMANCE ASSESSMENT SUMMARY

a. Introduction

This report presents the findings of the Performance Audit of Pineview 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?

Paul Milligan and Katrina Kelly Performance Auditors with Communities Scotland.

How and When Was The Performance Audit Carried Out?

The Performance Audit process began in September culminating in a visit to the Co-operative on 20-22 and 28 November 2001. Having examined briefing material requested from the Co-operative, the Performance Auditors developed an understanding of the Co-operative's operating context and decided what they wanted to look at and what techniques they 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

Pineview Co-operative was registered with Scottish Homes in 1990. The Co-op was established to take over the management of 334 properties from Glasgow City Council (GCC) with the purpose of improving housing options through tenement rehabilitation, demolition and the development of new build properties in the Pinewood area of Drumchapel. The Co-op has successfully achieved its initial aims and has more recently been involved in significant organisational changes, having taken over the former Glengarry Housing Co-operative's stock. Through this and other planned initiatives it is anticipated that the Co-op's stock base will have grown in excess of 600 properties by 2006.

The Co-operative has been operating in a challenging environment where, among other strategic issues, there has been significant staffing restructuring over the last 2 years. The Performance Audit was therefore undertaken during a period where there were significant pressures being placed on both the strategic, and operational matters, within the organisation.

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	A
OVERALL GRADE	B

e. Overview

Pineview has retained the overall 'B' grade that was awarded at the previous audit in 1998. This grading demonstrates a good quality performance overall, and a good level of compliance with performance standards. Importantly this has

been achieved at a time when the organisation has been going through significant changes. The main body of the report highlights performance in each functional area and provides a summary detailing the issues that have influenced the grade awarded for that function. Highlighted in this section of the report are factors that have influenced the overall grade:

The Co-op operates in a robust strategic planning environment.

It has demonstrated strategically and operationally a good approach to risk management.

The community within which the Co-op operates has been transformed through the development process and through good housing management practices.

Staff and Management Committee members are highly capable of adapting to, and dealing with the continuing challenges that further growth will bring over the next three years.

The Co-op has clearly shown that it is viable in the long-term through a good knowledge of the stock and appropriate financial projections.

An effective approach has been adopted in relation to performance management and the Co-op clearly demonstrates that it operates in an environment of continual improvement.

There are areas where performance has slipped since the last audit particularly in Housing Management and Maintenance. These were not significant matters and could clearly be linked to issues such as the loss of key members of staff. Importantly there were obvious competing priorities, particularly in relation to the transfer of the housing stock from Glengarry Housing Co-operative and the volume of work this generated.

f. Conclusion and Follow-up Strategy

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

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

Paul Milligan and Katrina Kelly
Performance Auditors
Regulation and Inspection
Communities Scotland.

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PART A: GOVERNANCE AND ACCOUNTABILITY

A1 CONSTITUTION AND STRUCTURE

1. The Co-op is properly constituted and operates in accordance with its rules. Consideration is being given to reviewing the rules to bring them in line with SFHA model rules published in December 1998. This will be done following an analysis of the implications that a constitutional change would have should the Co-op seek to become a registered charity.
2. The Co-op has two Management Committees (the General Purposes and Policy Committee's) and four Sub-Committees; Finance; Development; Property Services; and Staffing. This structure is the result of ongoing reviews that have been undertaken to deal with the implications of organisational growth. The Co-op should continue to monitor the effectiveness of this structure although the current format will need time to settle down before any further changes are considered. Overall the structure results in a minimum of 23 committee meetings per year. This is not excessive considering that Committee Members do not attend all Sub-Committee meetings. It is also not excessive considering the significant strategic and operational issues that the Co-op is currently dealing with. Overall the structure forms a good basis from which the Management Committee can control and develop the organisation.

A2 GOVERNING BODY

3. The Management Committee demonstrates good control over the activities of the Co-op. There is an effective balance between longer-serving and newer members. Business is conducted in an appropriate manner, with papers and agendas issued a reasonable time before meetings. Minutes are of a good quality. Effective discussions take place at committee meetings as evidenced through a review of minutes, and from the meeting attended as part of the audit. The policy on Committee Structure, Standing orders and Delegated Authorities is of a high quality. Attendance at Management Committee meetings is fair at 72% (Annual Performance and Statistical Return (APSR) 2000/2001).
4. The Co-op's approach to Committee Members training requirements is good. Consideration is given to the core competencies required of Management Committee members and these are reviewed on an annual basis. Committee members will meet with the Director to discuss individual requirements in relation to these core competencies. Committee members training plans for this year were reviewed as part of the audit and it was noted that although training had been identified, none had been undertaken in line with the training plans. It was explained that this was mainly due to the work generated from the Glengarry stock transfer. The

Management Committee have however attended an inhouse training programme on Property Services Policies.

5. Induction methods are appropriate and involve informal meetings with the Director, an induction course and the supply of relevant information i.e. policies, code of conduct and EVH's Committee members handbook.
6. The Co-op makes good use of performance indicators and targets in key operational areas and reviews these on an annual basis. However a large number of very detailed reports are prepared for Sub-Committee meetings. Consideration should be given to reviewing these to ensure that the information presented allows Members to focus on key issues and appropriate performance information. Consideration should also be given to the level of staff time spent on producing the reports and whether this is an efficient use of staff resources.

A3 OPERATIONAL MANAGEMENT

7. The Internal Management Plan (IMP) is of an appropriate quality. It contains a good description of corporate aims and objectives broken down to individual workplans. The plan uses a good range of performance indicators and sets targets to monitor performance. Consideration could be given to including medium term financial projections rather than long-term projections and the plan could contain a clearer analysis of the organisations strengths weaknesses opportunities and threats (SWOT). Overall the plan is a very informative and useful document.
8. The Co-op's approach to assessing and managing potential issues of risk is very comprehensive. A risk management policy is in place that provides a commentary on how the Co-op will approach identifying, analysing and monitoring risks. It discusses risk management techniques and finally identifies specific risks, prioritises these and identifies the actions required to minimise the possibility of risks materialising. Managing risk is clearly given a high priority by the Co-op and is evident in every operational area. The Co-op held an away day in August 2001 that was primarily used to discuss risk assessment.
9. The Co-op is currently developing its approach to internal audit and is aware of the importance its risk management strategy plays in developing a programme of internal audits. However assistance will also be sought by employing an external consultant to further develop and implement a programme of audits. Internal audit was previously undertaken inhouse where staff would audit another members of staff's area of operation. New internal audit arrangements will be in place by February 2002.
10. Policies and procedures were not assessed, in depth, as part of the performance audit. However those reviewed in relation to specific

functions were generally of a very high quality. This was common across all of the Co-op's documented information.

11. The Co-op's approach to monitoring their performance is rigorous. A good use is made of performance indicators and targets and customer's views are considered through satisfaction surveys. As noted previously the reporting on performance at committee meetings should be reviewed. The Co-op is to further develop its approach to performance assessment through a process of benchmarking with other peer group organisations.
12. There have been significant staffing changes in recent years primarily due to the Co-op's ongoing growth, through development work and stock transfer. The process of structural reviews and staff appointments has been effectively undertaken and there has been a good compliance demonstrated in meeting 'Performance Standards'. For individual staff appointments the Co-op follows good practice as detailed in the Employers in Voluntary Housing and Positive Action in Housing good practice manual 'Model Staff Recruitment and Selection Procedure'. A file check was carried out on the most recent staff recruitment exercise and this demonstrated compliance with the procedure. Overall the current staffing structure will effectively allow the Co-op to meet its strategic aims and objectives.

A4 RELATIONSHIPS WITH OTHER ORGANISATIONS

13. This performance standard was not assessed as part of the performance audit.

A5 ETHICAL PRACTICE

14. An appropriate Code of Governance is in place along with Registers for Section 15 and Gifts and Hospitality. An incorrect entry was contained in the Section 15 Register. Both staff and the Management Committee should review Section 15 requirements as a matter of good practice. A Declaration of Interests Register should be put in place for both staff and Management Committee members. This should be updated annually, possibly following the Co-op's AGM.
15. An appropriate Equal Opportunities Policy and Procedure is in place that details the Co-ops approach to ensuring it meets relevant legislation and good practice. Monitoring and reporting is undertaken in the areas of employment, housing applications and allocations. Consideration should be given to reporting on the basis of race and disability for those applicants who are removed from the waiting list due to insufficient points. The Co-op could also include in its policy the reasons why the Co-op monitors on the basis of equal opportunities and how analysing this information feeds into the Co-ops strategic and operational planning environment.

16. The Co-op has its tenancy agreement and allocation policy on tape and will arrange for documents to be translated if required. There have been no requirements for this to date. The Co-op's approach to equal opportunities is normally reviewed on an annual basis and training is to be sought from an appropriate organisation. Overall the Co-op's has adopted an effective approach in dealing with equal opportunities issues.
17. The Co-op conducts its affairs openly and makes information available to the public unless it is of a confidential nature. Observers are encouraged to attend Sub-Committee meetings which demonstrates openness. The role of observers should however be clearly defined to ensure that any involvement at Sub-Committee meetings occurs in accordance with the Co-op's rules.
18. Generally the Co-op publishes a good range of information for its tenants. The Annual Report details the performance in operational areas and informative newsletters are issued quarterly. Newsletters could also contain performance information that allows tenants to monitor the Co-op's performance on a more regular basis. This could also be used to emphasise the Co-op's key management issues such as rent arrears. The Co-op is to consider developing a document that contains a summary of all its policies. This is a good development and could be included in the tenant's handbook, when this is reviewed. A satisfaction survey undertaken in 2000 indicated that 88% of respondents thought the Co-op was good or very good at keeping tenants informed.

Governance and Accountability: Performance Assessment Summary

1. There is a very high quality of compliance with performance standards in this function and consequently an 'A' grade has been awarded. Key to the success of the Co-op is its ability to meet its demanding strategic aims and objectives. The organisation is operating in a dynamic planning environment and is successfully providing quality accommodation, and management services, during a period of significant growth.
2. Management Committee members are experienced and demonstrate good control over the Co-op's business. They are serviced by highly capable staff.
3. Operational areas assessed in this function, such as risk management, recruitment, and performance monitoring were all of a high quality and clearly followed recommended good practice. The Co-op is currently putting in place new internal audit arrangements and is aware of the importance of this function in further reducing risk.

4. Written information is of a good quality. Policies and procedures generally follow good practice and tenant satisfaction is high in relation to the provision of information.

PART B: HOUSING MANAGEMENT

B1 ALLOCATIONS

19. The Co-op has a very comprehensive document in place for the allocations function. The document contains the allocation policy and procedures, and a lettings plan. The lettings plan discusses the Co-op's approach to allocating properties over a three-year period and is reviewed annually when performance targets are updated. In general terms this is a very informative and useful document.
20. Although priority for allocations is given to Pineview tenants who are affected by the development programme all other lets are principally made on the basis of need. Overall the policy is good however the Co-op should review its approach to dealing with homeless applicants. Currently anyone presenting themselves as having no residence are referred to Glasgow City Council (GCC). The Co-op awards no points for roofless applicants. This, in effect, operates as a blanket ban (for access to the waiting list) on the most serious cases of homelessness. The Co-op attempts to address this matter through the nomination agreement with GCC where 30% of nominations are targeted at homeless applicants. Furthermore less serious cases of homelessness i.e. individuals who have insecure tenancies or are sharing amenities do gain access to the waiting list. Paradoxically should these applicants housing situation deteriorate and they lose their residency they would no longer qualify for housing through the waiting list. On reviewing the allocation policy the Co-op should consider these matters further and attempt to more closely reflect good practice as detailed in 'Raising Standards in Housing' (SFHA: Allocations, chapter 1, 5.1)
21. Social points are awarded in cases where there is an unusual housing need that cannot be addressed through the normal points system. Points awarded in these circumstances are minimal in comparison to other categories of need however the Co-op should define in its procedures the types of situations where these points will be awarded. A number of applications were checked where these points had been awarded and although in each case the award seemed reasonable the Co-op needs to be confident that awarding these points is fair and equitable across all applicants.
22. File checks were undertaken on allocations that had been made and these showed that allocations were made in line with policy.
23. As noted above, a written nominations agreement is in place with GCC. The Co-op's general approach in this area demonstrates that effective assistance is being given to the Council in meeting its statutory

requirements in relation to homeless people (although as noted above the Co-op must also review its own allocation policy in relation to homeless applicants). The nomination agreement, and practices such as regular meetings with GCC, closely reflects good practice as detailed in 'Raising Standards in Housing'.

B2 MANAGEMENT OF VOIDS

24. Performance in managing void properties is generally good. The table below details the Co-op's performance since 1999 and compares this with peer organisations (1999/2000 peer group: post 1919 urban areas, less than 250 units. 2000/2001 peer group: post 1919 urban areas, greater than 250 units). Performance is favourable although for the year 2000/2001 there was a poorer performance in comparison to peer organisations. It is acknowledged that this was as a result staff shortages and significant work pressures in relation to stock transfer issues. Figures provided during the audit show that performance has improved for this year, which matches the good performance in 1999/2000.

	99/00	<i>Peer Median 99/00</i>	00/01	<i>Peer Median 00/01</i>	Outturn as @ 30/9/01
Void Loss as a % of the gross rental income	0.3%	0.3%	0.6%	0.5%	0.2%
Average relet times	7days	6.1days	17days	11days	7days

(Source APSR 1999/2000 and 2000/2001)

B3 TENANCY AGREEMENTS

25. This performance standard was not assessed as part of the tailored audit.

B4 RENTS AND OTHER CHARGES

26. A number of services are provided for tenants such as stair cleaning, delittering and communal stairlight maintenance. All services are fully costed and tenants only pay for the particular services they receive. Tenants receive the annual breakdown of service charges, which is attached to their rent increase letter.

27. Rent arrears levels have been variable over the last 4 years. Non-technical arrears in 1996/97 were 3.8% of the gross rental income and at the time of the audit were 3.8%. However the Co-op did manage to reduce arrears to approximately 2.5% for the 2-year period between April 1997 to March

1999. There was a 1% increase in arrears in the year April 1999 to March 2000. This increase correlates to the time when there were staffing shortages, a move in office premises and an increase in workload due to the stock transfer initiative. The median for the Co-op's peer group is 2.9% (APSR 2000/2001). Considering the operational environment the Co-op has been working in, and the fact that arrears levels are at the 1996/1997 level is a reasonable performance.

28. The Co-op has an appropriate rent arrears policy and procedure in place. File checks undertaken on a number of arrears cases showed that frequent contact was occurring with tenants and that practices followed procedures. In line with the comments in the Governance and Accountability section of this report (paragraph 6) consideration should be given to reviewing the current reporting format for the Property Services Sub-Committee. For example at the Sub-Committee meeting on 23 October 2001 a report on fifty-five rent arrears cases was presented. Each case noted the amount of arrears, the case reference and a commentary on payments received and actions taken. This is an excessive amount of reporting and an inefficient use of staff resources. Members of the Sub-Committee should consider receiving only information on the most serious arrears cases.

B5 ESTATE MANAGEMENT

29. A tour of the stock and environmental areas conducted as part of the Performance Audit showed that the Co-op's estate is well maintained and in good condition. A comprehensive Estate Management Policy and Procedure is in place that clearly identifies estate management as an important management function in improving the quality of life for the community. Regular estate inspections are undertaken and detailed documentation is completed on the results of inspection. This is very good practice although the reporting to the Property Services Sub-Committee on all details of these inspections would seem unnecessary. It should be sufficient for the Committee to know they are being completed. Detailed reporting should only occur in exceptional circumstances.
30. The Co-op's approach to dealing with anti-social behaviour and neighbour complaints is good, and generally follows the recommendations contained within the new Anti-Social Behaviour and Harassment Chapter in Raising Standards in Housing (SFHA). Detailed procedures are in place to deal with complaints. Cases are categorised and targets are set and monitored for responding to different types of complaints. A register is maintained although for ease of reference it would be beneficial to have a brief commentary on the details of the complaint.
31. Reporting to the Property Services Sub-Committee on neighbour complaints is of a good quality. Reports detail the number of complaints outstanding; the number resolved; the number received since the last

period and a table that details action being taken for each category of complaint. Consideration should be given to the frequency these reports are prepared for the Management Committee. If neighbour complaints are not a major issue for the Co-op it could be more efficient to report less frequently, possibly 6-monthly. Serious cases particularly where legal action is being considered would however need to be regularly reported on.

B6 QUALITY OF CUSTOMER SERVICE IN HOUSING MANAGEMENT

32. The Co-op's last comprehensive satisfaction survey was completed in 2000. Results were, generally favourable. 83% of respondents thought the quality of service was good or very good. 79% thought the Co-op was good or fairly good at taking account of tenants views. In relation to customer service and helpfulness issues over 90% of respondents were very or fairly satisfied for each category. 90% were also very or fairly satisfied with the Co-op as a Landlord. Overall evidence would suggest that tenants are receiving a good quality housing management service. Response to the survey was relatively low at 59% and the Co-op is aware of the need to encourage a better response during the next satisfaction survey.
33. An effective approach to tenant participation has been developed. Phase meetings are arranged 6-monthly to discuss estate issues and receive feedback. Information is issued regularly to tenants and feedback is encouraged. Observers attend committee meetings and the Co-op is continually promoting membership of the Management Committee. The Tenant Participation Policy clearly details how it will encourage tenant participation and this policy is being followed. The policy does not however discuss the formation and promotion of independent tenants groups or the support the Co-op would offer should tenants express an interest in forming a group. The Co-op's previous small size may have made this an unrealistic goal, however as the Co-op grows, consideration should be given to developing more opportunities for tenants to participate in, and influence, the decision-making process.

Housing Management: Performance Assessment Summary.

1. Overall the quality of compliance with performance standards is good and consequently the Co-op has been awarded a 'B' grade. It was clear during the audit that the pressures on staff during the stock transfer from Glengarry had reduced the Co-op's ability to maintain performance in every area This was particularly noticeable in void management and rent arrears control. This was however a temporary situation and arrears are now under control and void management performance is good.

2. The Co-op's allocation policy is well written and lettings conform to procedures. The report highlights some issues that the Co-op should review particularly its approach to homeless applicants.
3. Estate Management is clearly given a high priority and good practices are in place to ensure that the Co-op's stock is well maintained. The level of tenant satisfaction with the quality of customer service is high.

PART C: MAINTENANCE

C1 LEGAL REQUIREMENTS AND POLICIES

34. The Co-op has a range of policies and procedures covering most of the key maintenance activities. At the time of the visit the Co-op was working on a revised maintenance policy and procedures that will have an increased focus on monitoring, control and delivery. The revised policy will be presented to the Management Committee in December 2001 for approval.
35. The Co-op has an appropriate system in place for recording gas safety inspections. Sample checks on safety certificates found that these were in place in all cases where the Co-op identified inspections having taken place.
36. At the time of the Performance Audit the contractor had been unable to gain access to three properties where the gas safety certificate had expired. While attempts to gain access were being progressed, timescales could be improved. No access to properties represents a risk to the Co-op. To reduce the risk the Co-op should review the timing of contracts to ensure that sufficient time is built into the inspection cycle to accommodate no access cases.
37. Whilst the Co-op has a policy on Rechargeable Repairs this is not being fully operated. The Co-op is, however, aware of the need to operate a more robust rechargeable repair system. We would also suggest that the Co-op adopt a specific target for recouping rechargeable repairs and incorporate this into the revised maintenance policy.

C2 RESPONSIVE REPAIRS

38. Clear response times are in place for reactive repairs. Emergencies are to be made safe within 4 hours and completed within 24 hours. Urgent repairs are to be completed within 2 days, and routine repairs are to be completed within 5 working days. The APSR 2000-01 indicated that the Co-op was performing in line, or better, than peer group medians for emergency and routine repairs but below in relation to urgent repairs. The methods used to monitor and collate response times have recently been improved. Contractors must now submit the works order for the repair and this must be signed by the tenant. Clear procedures must also be put in place to monitor the 4-hour make safe response time as no precise audit trail exists for this category of response time.
39. The Co-op has a target of 20% pre inspections, however, the amount of inspections being undertaken was difficult to verify, as some of the pre-

inspections are not being formally reported. The Co-op's current policy also states that 20% to 30% post-inspections should be achieved. In practice no post-inspections are being undertaken. The Co-op needs to identify a clear set of criteria for undertaking both pre and post-inspections. We would also suggest that the current target for post-inspections is high. It is therefore recommended that account is taken of the need to ensure that the quality of workmanship, and value for money is achieved, while ensuring that there is an efficient use of staff resources in undertaking inspections. Unless there are specific issues to deal with it is recommended that 10% to 15% post-inspections should be carried out.

40. Over a three-month period the Co-op carried out 281 repairs of which 194 related to improved properties. The Co-op is aware that this level of repairs is high and as such are introducing an IT based system of analysis which will record and monitor repairs by type, component, and contractors performance. The Co-op is confident that this will be in place by March 2002. This is a good development.
41. The quality of reporting on reactive repairs is good. Reports provide a range of relevant performance information; analysis of response times; types of repair; contractors performance by trade; spend to date including budget variances; and results of weekly satisfaction surveys. It is recommended that a report detailing the value of works awarded to each contractor is added to provide a full suite of reporting to the Management Committee. However in line with comments in the Governance and Accountability and Housing Management sections of this report consideration should be given to reviewing the frequency and content of all reports.

C3 PLANNED MAINTENANCE

42. Life Cycle Costing (LCC) information is in place for the Co-op's improved and new build properties. Reasonable assumptions have been made in relation to component replacements, and financial implications have been included in 30-year projections. A clear programme of cyclical and major repairs has been developed from the LCC information. The Co-op is aware of the need to update the information through stock condition surveys, and as new developments come off site.
43. The Projects Officer confirmed that the planned maintenance programme for 2000/2001 will be completed this financial year. Draft programmes and budgets are currently being developed over a 10-year cycle. These will be included in the Co-op's Internal Management Plan when completed.

C4 ACCOUNTABILITY IN PROCURING MAINTENANCE WORK

44. The Maintenance Policy clearly details the Co-op's approach to procurement. There is a good description of how contractors will be

selected for inclusion onto the approved list, and how performance will be monitored. The policy could be strengthened to include details on how contractors from the approved list are selected for work. This would better demonstrate that the approach adopted by the Co-op is accountable and transparent.

45. At present the majority of the reactive maintenance work is awarded to one contractor. It is understood that the Co-op is reviewing this and is considering appointing two main contractors to deliver the reactive maintenance service. This is a good approach as it will allow the Co-op to spread work between different contractors and better assess value for money between contractors and, in general, the cost effectiveness of it service.

C5 QUALITY OF CUSTOMER SERVICE IN MAINTENANCE

46. In the January 2000 tenant satisfaction survey only 60% of tenants indicated satisfaction with the repairs service. This represents a 27% drop in satisfaction from the previous survey. The aspects of the repair service that attracted the lowest approval ratings were the time taken to undertake repairs and tradesmen timekeeping. The Co-op believes that these results may have been due to issues of defect repairs rather than being a reflection on the reactive repairs service. It is however acknowledged that the loss of a key member of the repairs service had a negative impact on the quality of service that could be provided at that time. As was noted in the Housing Management section of this report the survey only achieved a 59% response rate and the Co-op are aware of the need to maximise response for future surveys.
47. Since June 2001 the Co-op has been assessing tenant satisfaction on a weekly basis through telephone surveys. A random sample of 20% of repairs is undertaken and results are very good and demonstrate high satisfaction levels across a number of indicators. As the Co-op develops its approach to post-inspections, consideration should be given to using these as a further method of assessing tenant satisfaction. Linking tenants opinion to the Co-op's assessment on the quality of workmanship would allow for a good overall indication on value for money. The information obtained could also feed into the annual report on contractors performance.
48. The satisfaction results are detailed in the Annual Report as recommended in the last Performance Report. The Co-op could also incorporate performance information within quarterly newsletters.
49. The Co-operative provides an appropriate range of information on the maintenance service through the tenancy agreement, tenant handbook, newsletters and annual report.

Maintenance: Performance Assessment Summary

1. It is recognised the Co-operative has undergone major changes as an organisation since the last performance audit including restructuring its core activities to amalgamate the Housing Management and Maintenance Functions. The Co-op has also lost a key member of the maintenance staff and has only recently employed a projects officer, who will have a key role in developing the maintenance service. During the visit it was clear that performance in some areas of the maintenance function had slipped since the last audit, although in key areas such as planned and major repairs performance is of a high quality.
2. Tenant Satisfaction at the last major survey raised worrying indicators in relation to the quality of service tenants were receiving. However since then weekly surveys have been introduced and these are demonstrating a very high level of satisfaction.
3. There are a number of areas where improvements would enhance the overall quality of the maintenance service. Further work is required to implement systematic procedures in areas such as rechargeable repairs, pre and post inspections and monitoring response times. The report has also highlighted aspects of the gas safety inspection process which should be addressed
4. Overall performance, although having reduced since the last audit, remains good and consequently the Co-op has retained its 'B' grade. This is a good performance particularly in light of the operational and organisational changes that have occurred over the last 3 years.

PART D: DEVELOPMENT

D1 PLANNING

50. Communities Scotland (formerly Scottish Homes) Regional Office confirmed that the information contained in the Co-op's Strategy and Development Funding Plan (SDFP) was of a good quality. The Regional Office also commented that the Co-op's development strategy clearly linked with their planning priorities and local housing strategies.
51. The Co-op operates in a strategically dynamic planning environment. Significant growth has occurred through stock transfer and ongoing development work. This growth is set to continue with a further stock transfer due in the spring of next year and an increased development programme planned over the next 3 years. The Co-op is also considering becoming a Local Housing Organisation (LHO) that will manage approximately 300 properties under contract with Glasgow Housing Association (GHA) should there be a stock transfer from Glasgow City Council's to GHA. New Housing Partnership funding has also been awarded to allow the development of a new build scheme to assist GCC in its clearance programme for the New Housing Neighbourhood Initiative in Drumchapel.
52. The Co-op's development programme has been largely driven by the need to rehouse its own tenants in good quality affordable accommodation. However as the Co-op has generally fulfilled its initial strategy the programme is changing to meet wider demands. Future development projects will be targeted at waiting list applicants, nominations from GCC and the rehousing of former Glengarry tenants.
53. Overall the Co-op works effectively with partner organisations such as GCC, Communities Scotland, Drumchapel Community Ownership Groups (DRUMCOG) and the Social Inclusion Partnership Board. This ability to work with partner organisations and the ability to effectively plan and deliver projects has enabled the Co-op to transform its community in Drumchapel.

D2 ADMINISTRATION AND MANAGEMENT

54. The Co-op clearly demonstrates the ability to manage and administer the development function in an efficient and effective manner. Agreed programmes of work and grant planning targets are successfully met with site starts generally occurring on time. Where slippage in spend has occurred on specific projects the Co-op have successfully accelerated spend in other areas.

55. The merger between Pineview and Glengarry Co-op and a further stock transfer has resulted in a significant increase in the Co-op's development programme. The grant-planning target (GPT) for 2000/2001 was £0.887 million. This will increase to £3.263 million for 2001/2002. It is anticipated that for 2002/2003 and 2003/2004 the Co-op's GPT will be £2.637 million and £4.115 million respectively. To maintain effective administration and management of the development programme a Projects Officer has been appointed. This appointment, in line with good practice, followed a full structural review.
56. An examination of schemework and recording systems was tested through a review of files for the Co-op's Phase 6 development. The quality of this was good with clear audit trails and compliance with statutory requirements.
57. The previous audit report had raised a concern that the Co-op's approach to the payment of Homeloss and Disturbance Payments may not be upholding tenants rights. Appropriate legal advice was sought and the Co-op's approach gave no cause for concern. Importantly the Co-op has made many Homeloss and Disturbance Payments and no appeals for non-payment, or general complaints about the Co-op's handling of the process, have been made.
58. The development cost centre is showing to be in surplus (£73,000) over the last 3 years. At the time of the last audit, the cost centre was in deficit (£100,0000). This is a good result although the Co-op should consider using timesheets to more accurately demonstrate this allocation. This is particularly important in accurately allocating the Projects Officer's salary who will have a joint role for development and maintenance.

D3 ACCOUNTABILITY IN PROCURING DEVELOPMENT WORK

59. The Co-op's approach to appointing consultants can depend on the nature of specific projects. Negotiation will occur where value for money can be demonstrated such as the New Housing Partnership site or where a project is clearly linked to a previous project e.g. initially the project was one phase and had been split into two phases for organisational reasons. Consultants for Phase 7 were appointed on the basis of 'Selecting Consultants for the Team: Balancing Quality and Price'. In general the Co-op make use of a pool of consultants who were all initially interviewed by a panel of Committee Members and staff. Overall the Co-op demonstrates that consideration has been given to issues of quality, as well costs, in procuring consultants.
60. The Co-op is however considering changing its approach to procuring consultants. It is the Co-op's intention to adopt the 'Brookes' method of procurement whereby consultants will be involved in quality based

assessment process, with negotiation occurring with the successful consultant.

61. Due to work and staffing pressures, consultants and contractors on the Phase 5 project have not yet had their performance formally assessed despite the project having been completed in May 1998. The Co-op are aware of the importance of assessing consultants and contractors performance and the role this plays in informing future procurement decisions. It is the Co-op's intention to develop its approach in this area and performance will now be assessed following each key stage in the development process.
62. Contractors are appointed, where appropriate, on a traditional tendering basis. The Co-op will, however, negotiate contracts where this will achieve efficiencies or where other factors such as a requirement to bring contracts forward necessitate a quick appointment.
63. The Co-op's procurement policy and procedures are of a good quality and reflect the Co-op's practices in this area.

D4 QUALITY OF NEW HOMES

64. Communities Scotland Regional Office undertook a Post Completion Review (PCR) of the Phase 6 development. The subsequent report highlighted a good achievement by the Co-op in meeting project objectives and providing accommodation of a quality acceptable to the tenants.
65. In general terms the Co-op's projects meet appropriate quality standards in terms of SAP ratings, floor and bedspace, secure by design and barrier free standards.
66. The Co-op needs to develop a closer link between the maintenance service and the development function. It was noted during the visit that significant repairs were being undertaken on improved properties. There was however no system in place to assess the reason for this, or to demonstrate that maintenance issues on previous projects fed into the design and specifications for new projects. The Co-op will be addressing this matter and intend to develop an IT system that will allow for more effective analysis of maintenance issues, and this information will be considered designing future projects.

D5 QUALITY OF CUSTOMER SERVICE IN DEVELOPMENT

67. The Co-op undertakes satisfaction surveys within a reasonable time-period following project completion. Satisfaction results for Phase 5 and Phase 6 were reviewed as part of the audit. Although results of the surveys are generally satisfactory the Co-op needs to develop its approach in encouraging responses from tenants. As with the organisation

wide survey (noted in the Housing Management section of this report, paragraph 32) there is a relatively poor response (51% for Phase 5) that makes it difficult to fully analyse tenant opinion. The inability to capture significant formal responses also reduces the ability of the Co-op to demonstrate that tenants are influencing design or specification standards of future projects.

Development: Performance Assessment Summary

1. The development work that the Co-op has undertaken has transformed the Pineview area of Drumchapel. Significant growth has occurred through development and stock transfer and this is set to continue over the next three years. Despite the strategic and operational pressures that the Co-op has been dealing with compliance with performance standards has remained good and consequently a 'B' grade has been awarded for this function.
2. An appropriate approach to procurement has been adopted. The Co-op was however behind in formally assessing contractors and consultants performance following its Phase 5 development. There is however a clear awareness of the importance of assessment to inform future procurement decisions.
3. A post completion review of the Co-op's Phase 6 development showed that this development met project objectives, and that quality standards were acceptable.
4. A closer link should be developed with the maintenance function in order that maintenance issues feed into the planning process. The Co-op should also attempt to maximise tenant response to post completion satisfaction surveys. This would better demonstrate that tenant opinion and suggestions were feeding into the design stage of future projects.

PART E: FINANCIAL MANAGEMENT

E1 FINANCIAL PLANNING AND RISK MANAGEMENT

68. Communities Scotland regional office carried out a Financial Viability Risk Assessment (FVRA) in conjunction with the performance audit. The FVRA concluded that Pineview had a 'below average' exposure to risk. This is a very good result for the Co-op and demonstrates effective financial control. The stock transfer from Glengarry Housing Co-operative has allowed the Co-op to improve its overall financial position significantly since the last audit.
69. The Co-op's budget setting process is good. The proposed budget is drafted well in advance of the new financial year. It includes projected monthly income and expenditure, the allocation of costs to cost centres, a monthly cashflow statement and a supporting narrative to describe the main budget assumptions. The budget is prepared in conjunction with the rent setting process. Good discussion takes place at Committee meetings as detailed in minutes of the General Purposes Committee Meeting.
70. The budget for 2001/2002 was the subject of a mid-term review as some budget headings were not in line with initial projections. This mainly arose due to the Glengarry stock transfer. Assumptions made at that time were based on a limited knowledge of the new stock.
71. There is a good use made of cost-centres to apportion staffing costs and to analyse expenditure under relevant activities. Consideration should be given to introducing timesheets particularly where staff have a joint role such as the Projects Officer who has a responsibility for development and maintenance. This would better demonstrate that the allocation of costs is appropriate.
72. Financial performance is very good. The Financial accounts for the year to 31 March 2001 show the Co-op as having in excess of £1.0 million in cash at bank and in hand which compares to £0.614 at the same time the previous year. Designated reserves are fully cash backed. The transfer of the Glengarry stock has significantly improved, not only the Co-op's cash position, but has improved financial viability in the longer-term.
73. The Co-op has in place 30-year financial projections that have been subjected to sensitivity analysis using realistic assumptions. In general these show the Co-op as having a very healthy financial future. The projections show the Co-op generating deficits in some years due to the implications of major repair spend, however the Co-op's cash position in these years is very strong. Furthermore there is a significant amount of stock unencumbered by security that could be used against future

borrowing. Generally the Co-op will consider self-funding a proportion of project costs in order to limit the requirement to offer standard security. The level of self-funding will depend on the requirements of individual projects.

74. An appropriate treasury management policy is in place and the Co-op demonstrates that this is being followed. As at the 31 March 2001 £2.065 million of loans were in place. In line with the Co-op's policy there is a good balance of fixed and variable interest rate loans. The Co-op's cash is appropriately invested.

E2 FINANCIAL CONTROL

75. The Co-op's Financial Policy and procedures provide an appropriate framework for controlling the finance function.
76. Management Accounts are prepared and reported to the Finance Sub-Committee on a quarterly basis. The quality of information contained within the accounts is good with appropriate commentary backing up financial information.
77. The table below details the Co-op's performance in relation to three financial indicators.

	Pineview	Peer Group Median 2000/2001
Average admin cost per tenancy	£607.00	£674.00
% of revenue income spent on staff	35.3%	30.1%
% of revenue spent on overheads	3.1%	5.1%

(Peer group: Post 1919 urban, greater than 250 units)

78. The above table indicates that the Co-op is, in general terms, an efficiently run organisation in comparison with its peer group. The Co-op, despite major challenges in relation to the stock transfer from Glengarry and other strategic planning pressures, has demonstrated that effective financial management is occurring. The Co-op needs to monitor the percentage of income spent on staff. However should growth continue, and staffing remain stationary, then this indicator will naturally reduce as stock increases.

Finance: Performance Assessment Summary.

1. Pineview has demonstrated a very high compliance with performance standards for this function and consequently an 'A' grade has been awarded.
2. In awarding this grade consideration has been given to the good work undertaken in demonstrating the Co-op's long-term viability through 30-year financial projections. It also acknowledges the current healthy financial position.
3. The planning environment is robust and the Co-op demonstrates a good approach to minimising risk in all functional areas.
4. The Co-op has handled issue of organisational growth very well and consequently future planned growth is unlikely to present any significant risk to the Co-op.

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 (BQP)	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 a 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 RSL.
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.
Registered Social 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 that 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.