

Pathfinder Inspection Report

April 2004

Thistle Housing Association



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1. Introduction

The role of Communities Scotland

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

The standards we use

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

How we assessed performance

- 1.5 Our inspectors asked three key questions about this RSL:
 - How good are the services we have inspected?
 - How well are the RSL and its services being managed?
 - Are the services and the RSL likely to improve?
- 1.6 In order to answer these questions inspectors:
 - spoke to tenants, owners and staff at Thistle and to members of Thistle's governing body;
 - asked other organisations that work closely with Thistle for their views;

- visited homes that it owns and manages;
 - saw and tested first hand how well services were being delivered and how well Thistle responds to its service users by doing things like shadowing and observing staff and sampling cases;
 - checked key policies, publications and information for service users; and
 - took account of Thistle's self-assessment submission.
- 1.7 You will find more details about who we spoke to, what kind of checks we carried out and what documents we reviewed in Appendix 1.
- 1.8 Following our assessment, we awarded grades for:
- the overall performance of the RSL;
 - governance and financial management;
 - housing management services; and
 - property management services.
- 1.9 This is what our grades mean:

A	Excellent	Major strengths
B	Good	Many strengths and some areas where improvement is needed
C	Fair	Some strengths, but with significant areas where improvement is required
D	Poor	Major areas where improvement is needed

The inspection of Thistle

- 1.10 The inspection team for Thistle was led by Ian Kerr (Inspector) and was supported by Erika Hudleston (Inspection Officer) and Luise Siekman (Financial Analyst). We were on site at Thistle between 28 October and 13 November 2003. We would like to thank everyone involved in the inspection, particularly the Management Committee, staff, tenants and owners for their time and co-operation.
- 1.11 This report presents our findings and recommendations. It is published, together with a summary, on our website at <http://www.communitiesscotland.gov.uk>. Thistle must make the summary available to anyone that wants it, report our findings to tenants and other stakeholders, and implement an improvement plan to respond to our recommendations and the issues raised in this report.

2. Context

Thistle Housing Association Ltd

- 2.1 Established in 1995, Thistle Housing Association Ltd was registered with Scottish Homes as a Registered Social Landlord in January 2001. Thistle is a general, community based Industrial and Provident Society. Its main objective is to provide mainstream housing although it also has a sheltered housing complex with 34 units. Thistle's office is in the Gorbals area of Glasgow. Plans are in place for a new office to be built in Toryglen during 2004, as this is where Thistle's houses are.
- 2.2 Thistle is governed by a Management Committee, drawn from its membership. Membership is open to anyone living within Toryglen or individuals living outwith Toryglen who have an interest in social housing. The Management Committee currently has eleven members. Eight members of the Committee are tenants and three are owner occupiers. There is also one co-optee who is an owner occupier.
- 2.3 Thistle became owners of 1010 Scottish Homes houses in January 2001, following a successful ballot of tenants. Thistle's landlord responsibilities began from this date.

Key statistics

- 2.4 Thistle's original housing stock of 1010 had fallen to 974 at September 2003 as a result of tenants exercising their Right to Buy. All of Thistle's houses are in the Toryglen area of Glasgow.
- 2.5 As the table below shows, tenemental and high rise properties account for 94% of the housing stock. All of the properties were built between 1950 and 1964. Just under 64% of the properties are 3 apartment: a further 29% are 4 apartment: the remainder are 2 and 5 apartment.

Thistle's Property Types

	Number and % of total housing stock	
House	53	6%
High Rise	226	23%
Tenement	695	71%
Total	974	100%

Source: Inspection Submission (September 2003)

2.6 The table below gives background information about Thistle, and shows how things have changed over the last two financial years.

Key Statistics

	2001-2002	2002-2003
Number of properties owned	992	977
Number of properties factored	738	753
Number of members	9	180
Number of Committee members	9	8
Number of Committee members who are tenants	7	8
Number of employees	19	21
Annual turnover	£2,739,000	£2,408,000
Total possible rental income	£2,719,951	£2,362,690
Rental income from housing benefit (%)	71%	75%
Average weekly rent	£42.28	£45.98
Average rent increase	2.90%	2.70%
Number of relets	70	87
Number of responsive repairs	3,902	2958
Number of Right To Buy Sales	15	15

Source: Annual Performance and Statistical Returns/annual accounts

3. Overall Performance

- 3.1 The overall grade takes account of Thistle’s performance in governance and financial management, performance in each service area, its organisational effectiveness, its commitment to social inclusion, services to owners, and its likelihood of improvement.

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

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

Key findings on overall performance

3.3 Overall, these areas are working well in Thistle:

- ✓ Tenants and other service users find it easy to access Thistle's services.
- ✓ Thistle is developing a good approach to customer participation and tenants have influenced the way services are delivered.
- ✓ Thistle has made significant progress in its communications with owner occupiers, involving them in discussions about the major works programme.
- ✓ The quality of information about services is good, and the appeals process is well publicised and effective.
- ✓ Thistle shows a high level of awareness of its own strengths and areas where further improvements are needed.

3.4 Overall, these areas could be working better:

- Thistle does not obtain regular feedback on a range of its services.
- Thistle knows it must do more to build on its early work in promoting equal opportunities and meeting its legal obligations.
- Strategic planning is only short term.
- Thistle does not monitor complaints or use information to improve services.

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

- ❖ Thistle's strategic planning needs to be longer term and more detailed to show how objectives will be met.
- ❖ Thistle must actively address equality and diversity issues.
- ❖ Thistle must consult with tenants over future annual rent reviews.
- ❖ Thistle should seek feedback on a wider range of its services.
- ❖ Thistle should monitor complaints, report complaints to the Management Committee and use the information to improve services.

How good are the services overall?

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

Accessibility

- 3.7 Thistle provides good access to its services. For example, tenants have a range of options for paying rent and for reporting repairs. Tenants confirmed that they were happy with the arrangements in place.
- 3.8 At present, Thistle's office is not fully accessible. It is in the Gorbals area of Glasgow and can be reached using public transport. The office is on the first floor and access is by a flight of steps. As a result, access is denied to those with a physical disability. Thistle offers tenants home visits and arranges meetings with service users in barrier free venues to enable anyone to attend. Nevertheless, the lack of easy access to Thistle's office currently creates inequality. Plans are in place for a new, barrier free office to be built in Toryglen during 2004. As Thistle's houses are all in Toryglen, the location will also improve accessibility for all service users.

Participation and responsiveness

- 3.9 Thistle is developing a good approach to tenant participation. Thistle supports a number of representative groups to promote involvement, and there are good examples of how participation is beginning to influence service delivery. It has, for example:
- made staff available and given financial help to support new residents' groups, and consulted with the groups;
 - set up a Customer Database so interested individuals can receive information and be consulted on issues and services;
 - involved tenants in choosing kitchen and bathroom fitments as part of a modernisation programme;
 - responded to the views of tenants by fitting showers as a standard appliance during bathroom replacement contracts; and
 - re-scheduled contracts in the five-year maintenance plan to take account of tenants' priorities.
- 3.10 Thistle has developed a satisfactory Customer Participation Strategy which clearly sets out the organisation's aims with regard to participation. However, no timescales have been set for achieving its objectives and individual responsibility for each objective has not been identified.
- 3.11 Thistle has made good attempts to get comments on the Strategy from tenants, in order to reflect their priorities. As few comments have been received from tenants, it is not clear whether their priorities are reflected in the Strategy. Thistle organised a series of open days and the issuing of newsletters specifically relating to participation. A booklet was also prepared and issued to tenants and tenant groups to provide them with

information on their rights to participation under the Housing (Scotland) Act 2001.

Recommendation 1:

Thistle should further develop its Customer Participation Strategy. In particular it should:

- make sure comments from tenants are reflected in the strategy; and
- prepare an action plan which includes timescales and individual responsibilities for objectives to be achieved.

- 3.12 On the basis of advice it received at the time from an appropriate source, Thistle did not consult tenants over this year's rent increase. Whilst this approach was reasonable in the circumstances, Thistle should ensure future rent increases are subject to a full consultation process.

Recommendation 2:

Thistle should consult with tenants about future annual rent reviews, in line with the Housing (Scotland) Act 2001.

- 3.13 Thistle has taken good steps to seek users' views on services, but recognises that its approach needs to be developed further. It asks tenants to give feedback on the repairs service, adaptations and planned maintenance, and the results show high satisfaction levels. Thistle has recently started to ask for comments from housing applicants on the applications process. A satisfaction survey seeking all service users' views on the services they receive had just been completed at the time of the inspection. In addition to less frequent satisfaction surveys, feedback should be collected on a regular basis across service areas, and used to continually improve services.

Recommendation 3:

Thistle should build on the good work already completed to seek regular feedback from service users through a range of methods on all the services it provides.

- 3.14 Thistle provides tenants and other service users with a range of good quality information on its services. This includes a useful information pack for new tenants and a quarterly newsletter for tenants and owners. There is a good range of written information available at the office reception.

Thistle also promotes the benefits of the Scottish Federation of Housing Association's home contents insurance to its tenants through leaflets and, for new tenants, when they sign up.

- 3.15 Thistle communicates well with its service users. We found that Thistle's staff are helpful and responsive to enquiries and requests for information.

Accountability to service users

- 3.16 Thistle provides good quality information about its achievements to tenants and other service users. Information on its performance against targets for most key indicators is included within its Annual Report. The Association provides its tenants groups with information on its performance on a monthly basis. Thistle intends to extend its reporting by providing information on performance against targets in its regular newsletters.

Recommendation 4:

Thistle should strengthen its current approach to make sure that all its tenants and service users, and not just tenants groups, are provided with regular information on how well it is performing against targets, across its service areas.

- 3.17 Thistle has a good quality complaints policy which is well publicised. The Scottish Public Services Ombudsman has received no complaints about Thistle. The Ombudsman advised us that Thistle's complaints procedure is satisfactory, but has suggested that Thistle should:
- allow a complainant the right to talk to the Sub-Committee which considers the appeal and to be accompanied by a friend or adviser;
 - insert a paragraph on whistleblowing; and
 - note that the Housing Association Ombudsman has been replaced by the Scottish Public Services Ombudsman.
- 3.18 We found that complaints are largely dealt with satisfactorily. However, a number of complaints resulting from a kitchen and bathroom replacement contract were not responded to within published timescales. Complaints are not monitored and reports are not prepared on the outcomes, for example, which complaints were upheld, or whether any payments of compensation had been made.

Recommendation 5:

Thistle should monitor the outcomes of complaints received, prepare regular reports for the Management Committee and use complaints to improve services.

Promoting equality and embracing diversity

- 3.19 Thistle has made a satisfactory start in meeting its equalities obligations and commitments, but recognises itself that it must do more to promote equalities in all areas of its work. We found no evidence of discriminatory practices. Thistle's Equal Opportunities Policy needs to be reviewed to make sure it complies with the Housing (Scotland) Act 2001. A detailed equalities action plan needs to be prepared to ensure that equality issues are considered across all service areas throughout the organisation. Thistle does not have equalities information on its existing tenants but this is being gathered as part of the Scottish Secure Tenancy sign-up process. Thistle is giving priority to equal opportunities training for all staff and Management Committee Members.
- 3.20 Thistle monitors the ethnic background of waiting list applicants and new tenants and reports the results to the Housing Management Sub-Committee. Recruitment exercises are also subject to monitoring. Reporting is not carried out on all equalities issues, including gender and disability, neither does it cover all service areas.
- 3.21 Good arrangements are in place to make information available in other community languages, large print, Braille and on tape if required. To date no-one has requested this service, but individuals are made aware that it is available.

Recommendation 6:

Thistle must act on its commitment to address equality and diversity throughout its operations. In particular it should:

- make sure it meets its legal obligations relating to equal opportunities and review equalities issues on an ongoing basis;
- develop and implement its equal opportunities policy;
- carry out equal opportunities training for Management Committee and staff as planned; and
- monitor and report on equalities issues across relevant service areas.

Sustainability

- 3.22 Thistle is making decisions about products with a view to protecting the environment, for example, water based paints are used in its houses. The design and specification for its new office will make it energy efficient.
- 3.23 Thistle has been actively involved in addressing the economic and social issues which contribute to the sustainability of the community in Toryglen. It is represented on a number of Social Inclusion Partnership Sub-Committees dealing with, for example, issues relating to the youth of the area.

How well is Thistle managed overall?

Planning and performance management

- 3.24 At this stage in its development Thistle's approach to strategic planning is not well developed. The 30-year business plan that was developed at the time of the stock transfer is still Thistle's key planning document. It is scheduled to be reviewed, incorporating updated costs. Thistle does not have operational plans for the medium or long term showing how services will be developed in the future.
- 3.25 Staff throughout the organisation are clear about what they are required to do. Objectives and targets feed into the appraisal process for senior staff and Thistle intends to extend this practice to all staff.

Recommendation 7:

Thistle should develop a more comprehensive approach to its strategic planning by completing the good work it has started in this area. In particular it should:

- ensure that its business plan is reviewed by including updated costs;
- prepare medium and longer term operational plans to show how services will be delivered in the future;
- ensure that operational plans are reviewed regularly; and
- include objectives and targets in the appraisal process for all staff.

- 3.26 Thistle has started to develop a performance management framework but could build upon its current approach. It sets targets but does not monitor and report on performance against targets in all its service areas.

Recommendation 8:

Thistle should set itself clear and realistic targets for all its service areas review its performance against them, and report achievements against these targets.

- 3.27 Thistle has taken positive steps to confirm its strengths and weaknesses. In reviewing its performance it will be able to continue making improvements to its services. It has joined a benchmarking club to compare its performance in key areas against peer RSLs. As progress with the benchmarking club is slow, Thistle is meantime comparing its performance with similar RSLs from information contained within Scottish RSL Statistics, published by Communities Scotland.

Policies and procedures

- 3.28 Thistle has good policies in place to support the provision of its services. A timetable for review of policies has been established, however some policies have been reviewed earlier owing to the introduction of the Housing (Scotland) Act 2001. Thistle acknowledges that work is needed to improve the quality of some of its procedures.

Managing its resources

- 3.29 Thistle effectively reviewed its staff structure in response to a weakness in one of its service areas. The process involved consultation with staff and was approved by the Management Committee. Initial indications are that the restructuring has been a success.
- 3.30 Thistle takes a good approach to the procurement of its goods and services, reflecting the need to get value for money. It has done well in building longer-term relationships with contractors and consultants through partnering. For example, to ensure value for money, fee tendering was carried out to employ a consultant. The property maintenance contractor was employed following negotiation on costs previously obtained through competitive tender. This approach is in line with Communities Scotland's Building a Better Deal policy.

How likely is Thistle to improve?

Overall, Thistle's likelihood to improve is **promising**.

3.31 There are some uncertainties about Thistle's likelihood to improve overall because:

- the Association has not formalised its medium and long term operating plans; and
- a fully developed performance management system is not yet in place.

3.32 However, these uncertainties are outweighed by the following issues that suggest that Thistle's likelihood to improve is promising.

- The Association has a good understanding of its own strengths and areas where improvement is required, as demonstrated by the good quality of its inspection submission.
- Thistle has made good progress in terms of the quality and responsiveness of its services, as shown by trends in performance, since becoming a landlord in January 2001.
- The Association has taken action to tackle weak areas of performance.
- Thistle has recognised, and is addressing, the need for equalities training.
- Thistle has responded well to new approaches such as sustainability and Building a Better Deal.

4. Governance and Financial Management

Overall Assessment of Governance and Financial Management

- 4.1 Thistle has established a satisfactory framework for governance and financial management. The Management Committee controls the organisation well. Thistle's long-term projections require to be updated to re-confirm long-term viability, taking into account changes since the original business plan was produced in 2001. In coming to a view of performance in this area, we have balanced the good work being done by the Management Committee, its commitment and many strengths, with the importance of addressing some of the areas for improvement in the organisation's financial management.

C	Thistle is a fair performer in governance and financial management. The prospects for improvement in governance and financial management are promising.
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- 4.2 These are the areas that are working well:

- ✓ The Management Committee controls the organisation effectively overall.
- ✓ There is a good awareness among Committee members of Thistle's strengths and weaknesses.
- ✓ There is a good awareness of the risks Thistle faces and there are procedures in place to minimise and manage them.

- 4.3 These are the areas that could work better:

- Long-term financial projections need to be updated.
- The budget setting process could be made more formal.
- The time taken to prepare and present management accounts could be improved.
- Records retained to support the figures presented in the annual accounts are inadequate.
- There could be better control of the finance function by the governing body.

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

- ❖ Thistle should re-confirm its long-term viability by updating its long-term projections, as planned.

- ❖ Thistle should continue to try and attract additional Management Committee members with relevant experience.
- ❖ Thistle should expand the information provided in the budget and formalise the budget process to make it more robust, informative and transparent.
- ❖ Management accounts should include cashflow information and be prepared and presented to the Committee more quickly.

Context for Governance and Financial Management

- 4.5 Thistle's Management Committee consists of ten elected members and one co-optee. Of the eleven Committee members seven are tenants and four are owner occupiers. The Management Committee has a core of experienced members who have been in place since the stock transfer together with three new recruits following the last AGM in September. Attendance levels have decreased over the last two years and, at 73% for 2002/03, are around the national average.
- 4.6 The finance team consists of a Finance Manager, Finance Officer, Factoring Officer and Finance Assistant. Thistle's finances are discussed by the Finance and Staffing Sub-Committee, which meets quarterly.

How Good are Governance and Financial Management?

Membership

- 4.7 Thistle has an accessible approach to membership. All residents within Toryglen, as well as individuals outwith Toryglen with an interest in social housing, can apply to join.
- 4.8 Thistle has achieved a significant increase in its membership from 9 at March 2002 to 180 at March 2003. It has promoted membership through its newsletters, and to new tenants and existing tenants when they sign up for their Scottish Secure Tenancy. By increasing its membership Thistle has provided greater scope for wider involvement in Thistle's management, particularly by tenants. As its membership still remains relatively low for an RSL of Thistle's size, Thistle should continue with its successful approach to increasing its membership.

Recommendation 9:

Thistle should continue to focus on promoting membership particularly among tenants.

Governing body

- 4.9 The Management Committee controls Thistle's activities well. Committee members possess a range of relevant skills and experience. The longer serving members show a good understanding of Thistle's business, engage in a good level of discussion and present challenging questions to staff. If Thistle could recruit an additional committee member, or members, with financial expertise, it should be able to exercise even greater control over its business decisions.
- 4.10 A training needs analysis was carried out last year by SHARE and each member is encouraged to attend appropriate courses. A wide-ranging training programme has taken place and new members are about to undergo comprehensive induction training.
- 4.11 Clear remits and delegated authorities are in place for the staff, the Management Committee, and the Housing Management, Finance and Staffing and Technical and Property Services Sub-Committees. This provides a framework for the effective running of the organisation.
- 4.12 Thistle acknowledges that it would be preferable if membership of the Management Committee could be increased. As noted earlier in this section, there are currently 10 out of a possible 15 members, and 1 co-opted member. Thistle has made great efforts to promote membership of the Management Committee by, for example, advertising in its newsletter and encouraging members of its tenant and resident groups to become involved. This approach resulted in an additional 3 members being recruited at the last AGM which is a good achievement. Thistle currently has a smaller but well motivated Management Committee. However, efforts should be continued to attract new Committee members to build on strengths for the future.

Recommendation 10:

Thistle should increase its efforts to attract additional Management Committee members with appropriate skills and experience. In particular, it should attempt to recruit an additional individual with financial expertise.

Risk management

- 4.13 The management team and Committee have a good awareness of the risks Thistle faces. For example, Thistle clearly recognises the risk to the organisation if it fails to get owners involved in its major repairs

programme. Considerable progress has been made in this area as detailed in Section 7 of this report.

- 4.14 Thistle's risk management strategy, in conjunction with the Internal Management Plan, comprehensively identifies both strategic and operational risks. The strategy also provides details on how Thistle would minimise and manage risks that have been identified.
- 4.15 While Thistle identifies risks well, not all are prioritised and assessed in terms of their potential impact on the organisation or their likelihood of occurring. Also information from the various areas of the organisation is presented in different ways.

Recommendation 11:

Thistle should make sure that as well as identifying risks, presentation of information should be in a consistent manner, and the risks should be assessed on their likelihood of occurring and their potential impact on the organisation.

- 4.16 Thistle has taken a good approach to the internal audit of its work. Its internal audit plan is satisfactory and links well with the risk management strategy. Thistle has employed an external firm to carry out the internal audit function and a three year programme has been prepared with those areas representing a high risk to the organisation taking priority. The plan has been reviewed to make sure that the areas being covered are still relevant. The internal audit of various functions began earlier this year. Reports received so far have provided useful information and have been acted on by Thistle.

Financial viability

- 4.17 Long-term financial projections show that Thistle will remain financially viable. However, at the time of inspection, these projections had not been updated since Thistle became a landlord in January 2001. This issue was discussed with Thistle at the Post Registration Liaison meeting in May 2003 and was also highlighted in Thistle's Internal Management Plan with a target completion date of summer 2003.

Recommendation 12:

Thistle should, as a priority, confirm that its 2001 financial projections are realistic. In particular:

- up-to-date costs and assumptions should be built into these long-term projections.

- 4.18 Thistle's financial performance, as a new stock transfer organisation, is satisfactory as shown by the ratios in the following table.

Key Financial Ratios for Thistle

	2001-2002	2002-2003
Interest Cover (%)	351.2	(43.1)
Net Housing Debt per Unit (£)	3,020	3,539
Gross Surplus/(Deficit)(%)	34.3	(6.8)
Net Surplus/(Deficit)(%)	25.4	(14.8)

Source: Thistle annual accounts

Brackets indicate a negative figure

- The gross and net deficits in 2002/03 are in line with Thistle's business plan. Deficits are a common feature for new stock transfer RSLs when investment in the houses commences. The organisation is currently producing deficits, and projections show that Thistle will return to making surpluses in future years when the investment is completed.
 - Thistle's net debt per house will rise as investment in the houses continues and this is also in line with the business plan.
- 4.19 Thistle currently has "non-charitable" status which means that the Association must pay tax on any surpluses. Section 54 grant that currently reimburses this tax charge is due to be phased out and the Association's financial projections do not take account of this change. Thistle is aware of this issue, however, it is unlikely that the Association will be in surplus over the next few years to incur a tax charge.

Recommendation 13:

Thistle should consider the financial effect of tax payable in future years and incorporate this into its financial projections, or take steps to reduce or remove the tax liability for future years.

Financial management

- 4.20 Thistle's day-to-day financial management is good. Staff carry out routine financial tasks competently, in line with financial procedures.
- 4.21 However, there are some weaknesses in the overall financial control of the organisation and some weaknesses in record keeping:
- The External Auditor's Management Letter for the year ending 31 March 2003 highlighted three areas for attention. At the time of the inspection a response had not been issued to the External Auditor, however two of the three areas identified had been addressed, leaving one of the areas recommended for attention awaiting action.
 - Information to confirm the year-end figures contained in the annual accounts for 2002/03 had not been retained in all cases. An example of this is the Association's net rental debtor position for which no supporting documentation had been kept to reconcile the ledgers to the audited accounts.

Recommendation 14:

Adequate records should be maintained to support all figures presented in the annual accounts. For example, Thistle could prepare and retain a "year-end audit file".

- 4.22 Thistle's budget setting process could be more formalised. The completed budget for 2003/04 was discussed at a Senior Staff Meeting and minutes were taken. There are, however, limited formal records available to support the budgeting process during the period in which the budget was being compiled. Also, a forecast Balance Sheet for financial year 2003/04 was prepared but was not presented with the budget papers.

Recommendation 15:

Thistle should improve upon its budget setting process and provide additional information in the final budget. In particular it should:

- formalise the budget setting process; and
- include a forecast balance sheet.

- 4.23 Thistle's quarterly management accounts provide a satisfactory level of detail and useful financial information. The management accounts include an income and expenditure statement, for the latest month, the year to

date, projection for the full year, and a comparison for the previous year. A balance sheet for the year to date and limited narrative is also provided.

- 4.24 Thistle does not routinely allocate its central overheads, such as electricity bills and rates, to functions or departments within the Association. This means senior staff, and the Committee, do not have clear information on the actual costs of running each section.

Recommendation 16:

Thistle should review the content and presentation of its management accounts. In particular it should:

- expand the information to include cashflows; and
- allocate central overheads to functions or departments within the Association.

- 4.25 Management accounts are presented to committee on a quarterly basis. At the time of inspection, and partly as a result unavoidable absence of a key member of staff, the latest set of management accounts presented to the Finance Sub-Committee on 24 October 2003 was for the quarter to June 2003. Generally, however, the time elapsed between the end of a financial reporting period and presentation to committee is lengthy. Thistle confirmed that it takes approximately one month to prepare the management accounts, and presentation to committee can be further delayed due to the timing of committee meetings.

Recommendation 17:

Thistle should prepare its management accounts within shorter timescales and ensure that the committee timetable meets the needs of the finance function.

- 4.26 Thistle carries out its treasury management in line with an appropriate policy. However, it does not keep formal loan schedules, to track payments made to the lender, to plan future payments due to the lender or to review the balance outstanding to the lender.

Recommendation 18:

Thistle should introduce and maintain an up-to-date schedule of loan payments and balance outstanding.

How Likely are Governance and Financial Management to Improve?

4.27 There are some uncertainties about Thistle's likelihood to improve because:

- long-term financial plans have not been updated since the stock transfer in 2001, although it is acknowledged that Thistle is fully aware of the need to do this; and,
- delays in financial reporting have been considered acceptable.

4.28 Overall, however, Thistle's likelihood to improve is promising because:

- the Association has increased its membership significantly over the year;
- it has a stable and committed Management Committee and senior staff team; and
- it has a good awareness of the risks facing the organisation and has set up good internal audit arrangements to make sure it is managing and controlling different areas of the business.

5. Housing Management

Overall Assessment of Housing Management

- 5.1 Thistle provides an effective housing management service. It has achieved particularly good outcomes in keeping rent arrear levels low. There are some weaker areas, however, and we have made a number of recommendations for improvement.
- 5.2 The grade we have awarded takes account of those areas where Thistle is performing well and the weaker areas. It also takes account of the fact that Thistle has done well as a relatively young organisation and we have confidence it will continue to improve.

B	<p>Thistle provides a good service in housing management, with many strengths and some areas where improvement is needed.</p> <p>The prospects for Thistle to improve in housing management are promising.</p>
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- 5.3 These are the areas that are working well:
- ✓ Thistle's rent arrears are very low and very well managed.
 - ✓ Significant improvement during 2003 in the time taken to relet properties.
 - ✓ Good progress made in signing up tenants to the Scottish Secure Tenancy.
 - ✓ The estate Thistle manages is well kept
 - ✓ A good range of policies and procedures is in place and these are largely being followed to support good service delivery.
- 5.4 These are the areas that could work better:
- Thistle's allocation policy is not entirely consistent with how the service is being delivered in practice.
 - Time taken to relet empty properties is longer than for similar organisations.
 - It is not clear what support is provided to help tenants to avoid eviction through antisocial behaviour.
- 5.5 These are our key recommendations. They are broadly in order of significance:

- ❖ Thistle's allocation policy needs to be amended to reflect what is happening in practice.
- ❖ The current improvement in the time taken to relet empty houses should be consolidated with a move towards pre-allocating its properties.
- ❖ Thistle should make clear its approach to providing support to help tenants avoid eviction through antisocial behaviour.

Context for Housing Management

- 5.6 All Thistle's housing management services are delivered in-house. The staff team consists of a Housing Services Manager, Senior Housing Officer, two Housing Officers, Housing Assistant, Sheltered Warden, Relief Warden and a Sheltered Cleaner.

How Good is the Service?

Access to houses

- 5.7 Thistle gives access to its housing list to all applicants aged 16 and over, and people can apply at any time. This is a good approach and is in line with Thistle's statutory duty. Thistle actively publicises the availability of its housing through, for example, partner agencies, adverts in the local press, local shops and doctor's surgery. This action has been successful as Thistle has increased the number of applicants on its housing list from 152 to 342 during the year ending 31 March 2003. New tenants we spoke to were very satisfied with the application process.
- 5.8 Thistle treats existing tenants with rent arrears and who are applying for a move differently from applicants who are not existing tenants but who have rent arrears. This introduces the potential for inequalities in the outcomes for the two types of applicants.

Recommendation 19:

To ensure fairness and transparency in allocations, Thistle should amend its policy and practice on tenants' arrears to be consistent with the requirements of the Housing (Scotland) Act 1987, as amended by the Housing (Scotland) Act 2001, and the approach taken for external applicants.

- 5.9 Thistle reviewed its allocations policy in light of the Housing (Scotland) Act 2001 and is meeting its legal obligations. We found a number of areas where the policy was not being followed in practice:

- The policy states that applicants will be fully advised of the realistic possibilities of housing with the Association. This is not happening in practice.
- The policy indicates that varying levels of support required by an applicant will be reflected in 3 categories of points. This is not reflected in the points appendix.
- Reference in the policy to a 50% quota for Glasgow City Council (GCC) nominations is no longer applicable following the transfer of GCC housing stock to Glasgow Housing Association.

Recommendation 20:

Thistle should review its policy documents relating to allocations and tenancies to ensure that they are in line with practice in service delivery.

- 5.10 Thistle processes, responds to and points applications in accordance with its policy. Thistle acts fairly in making limited use of suspending or bypassing applicants. On examining a number of cases we found that action taken was in accordance with its policy and legislation. Applicants are provided with reasons for the action being taken. Details are also provided to applicants of what they have to do for their application to proceed, and the appeals process should they be unhappy with the decision.
- 5.11 Thistle has improved the internal liaison between sections so that it can match suitable applicants to properties with an adaptation and make best use of its houses.
- 5.12 Thistle is not currently engaging with partners on the development of a common housing register. Participating in a common housing register would bring potential benefits of widening access to applicants.
- 5.13 As the management of a waiting list is a new task for Thistle it feels that it does not have the expertise to usefully contribute to discussions. Evidence indicates that Thistle has done well in setting up its own waiting list and could provide valuable input into discussions on the establishment of a register.

Recommendation 21:

Thistle should consider becoming involved in the development of a common housing register. This approach could bring benefits through:

- potentially increasing access to its houses through a common housing

register;

- Thistle sharing its experience on the setting up of its waiting list; and
- ensuring its interests are represented by working with other housing providers at this development stage.

- 5.14 Thistle has not yet agreed a homelessness protocol with Glasgow City Council. Informal arrangements have, however, been introduced since April 2003 with the Council making seven homeless referrals to Thistle. One was being processed within the statutory timescale whilst the remainder had refused the offer of a tenancy predominantly because they did not wish to live in Toryglen.

Lettings

- 5.15 The Housing (Scotland) Act 2001 requires social landlords to give reasonable preference in allocations to persons falling into specified categories of need. Thistle's policy is geared to meeting its legal obligations and in practice it clearly meets this requirement. The allocations policy has a points system that gives points for a range of need categories. The housing of homeless applicants and those threatened with homelessness is given priority through the award of a high number of housing need points.
- 5.16 Thistle carries out good, regular assessments of the outcomes of its lettings which confirm that it is meeting its statutory duty to give reasonable preference to people in housing need. Monthly and annual reports are provided to the Housing Management Sub-Committee. Thistle does not, however, make this information widely available to demonstrate transparency and accountability in its allocations process.

Recommendation 22:

Thistle should make information widely available on the outcome of its allocations process to demonstrate transparency and accountability.

- 5.17 A quota system is operated whereby housing is allocated to different categories of applicant. This good approach allows Thistle to tackle the needs of external applicants as well as its existing tenants. Where the quota is not being achieved the Sub-Committee considers what action to take. As at the end of September 2003 the outcome is as the table below shows. The recent receipt of homeless referrals is beginning to result in the granting of tenancies and this will be reflected in future reports.

Quota	2003/04 Target	Outcome as at 30 September 2003
Homeless referrals	20%	0%
Transfers	25%	9%
Waiting list	50%	88%
HOMES or other	5%	3%

Source: Thistle's HM Sub-Committee Report (Sep 2003)

Tenancies

- 5.18 Thistle offers its tenants a Scottish Secure Tenancy Agreement. The Agreement is based on the Model Scottish Secure Tenancy Agreement. Thistle has yet to develop a Short Scottish Secure Tenancy. It acknowledges that this needs to be prepared and is planning to consult with its tenants on its preparation.

Recommendation 23:

Thistle should develop a Short Scottish Secure Tenancy in consultation with its tenants.

- 5.19 Good progress has been made in signing up tenants to the Scottish Secure Tenancy. At the time of our inspection around 90% of tenants had signed, and arrangements were in place to sign up remaining tenants. New tenants we spoke to felt that the tenancy sign up process was explained well, easy to understand and provided useful information.

Supporting tenants

- 5.20 Thistle has to date satisfactorily managed and provided support for 34 sheltered housing tenants. With the introduction of Supporting People and National Care Standards it believes that it does not have the expertise to provide the level of support which is now required. Discussions are currently ongoing with Glasgow City Council Supporting People Team to identify an appropriate organisation to take over the management of the complex.
- 5.21 Thistle also leases one property to Enable and two properties to the Church of Scotland. These organisations provide specialist support to the tenants. The leases are out of date and Thistle acknowledges that the arrangements for leasing these properties require to be revisited.

Recommendation 24:

Thistle should update and re-negotiate the leases, or consider alternative

management arrangements to continue this service and maximise security for tenants.

Empty houses

5.22 Thistle has made significant progress in reletting properties more quickly in recent months. The average time it took Thistle to relet properties was high compared to similar RSLs. In 2001/02 Thistle's average relet time was 73 days, which was significantly higher than its peer group average of 52 days. Thistle's time rose further to 82 days in 2002/03. For the period April to September 2003 the average time to relet properties had fallen to 55 days. Costs incurred in bringing the properties up to lettable standard had also fallen. This is a very good outcome for Thistle.

5.23 Thistle has tackled this weak area well. It has concentrated on reducing:

- the length of time it takes to relet its empty properties; and
- the level of costs incurred in bringing the properties up to lettable standard.

5.24 Thistle has changed staff responsibilities on a trial basis. One member of staff is now responsible for the whole process of ensuring that empty houses are available for reletting as quickly as possible. Consideration is also being given to pre-allocating its properties. Thistle has also employed a handyman to carry out empty house repairs rather than use its repairs contractor. Performance monitoring and reporting to the Management Committee is satisfactory although it could be improved by including performance against target and comparison with peers.

Recommendation 25:

Thistle should move towards pre-allocating its properties to further reduce the time its houses remain empty.

5.25 Thistle has not yet set a standard in respect of repairs and decoration for houses being let to new tenants, though one is planned. This means that tenants do not know the standard they can expect. Staff do, however, inspect the quality of repair work carried out before a property is relet. The properties we viewed were in a satisfactory condition. Information on the reasons for refusing properties is collected but not analysed to identify any trends.

Recommendation 26:

Thistle should consider:

- consulting with tenants (and if possible applicants) on the contents of its proposed relet standard to ensure that it is, as far as possible, consistent with their aspirations; and
- analysing its refusal information to identify any trends which could lead to a change in how it goes about reletting its properties.

Rents

- 5.26 In line with the large scale voluntary transfer contract, Thistle is tied into an annual rent increase of no more than inflation plus 1% for the first 20 years of operation and inflation plus 1.5% thereafter. However, rent increases for its Weir Phoenix properties are restricted to a maximum of the rate of inflation for the first 10 years and thereafter inflation plus 1%. It has applied the full permitted increase each year, in line with its business plan. Thistle has compared rent levels with other neighbouring RSLs and found that its rents are generally lower. Tenants we spoke to confirmed that they considered the rents charged compared favourably with other landlords. Thistle has not considered the affordability of its rents when deciding its rent levels.

Recommendation 27:

Thistle should consider the question of affordability to tenants as part of its annual rent setting exercise.

- 5.27 Thistle makes the service accessible by offering tenants a wide range of payment methods, including Bank Standing Order, by post to the Association's office or using a swipe card at any post office.

Arrears

- 5.28 Thistle is very good at collecting rent and pursuing tenants who don't pay. The rent arrears level was considerably lower than its peer group average at March 2002, and remained considerably lower at March 2003, as the table below shows.

Rent Arrears Performance

		Current Arrears as % of Gross Rental Income
Thistle	March 2003	1.34
Thistle	March 2002	1.3
Peer Group Average ¹	March 2002	4.7

Source: Annual Performance and Statistical Returns, Communities Scotland

- 5.29 Thistle regularly monitors its rent accounts. Staff contact tenants at an early stage where rent payments have been missed. We attended a home arrears visit which was conducted in a polite, helpful and non-threatening manner. Repayment arrangements are agreed and quickly followed up by written confirmation.
- 5.30 Thistle has established effective relationships with the Housing Benefit and Welfare Rights sections. Feedback from Glasgow City Council indicates that Thistle has improved the way it supports tenants and helps them manage their finances. Thistle is providing a good service to tenants in financial difficulties, which helps the tenants to maintain their rent accounts and avoid eviction.
- 5.31 During 2002/03 Thistle evicted three tenants for non-payment of rent. We found that action taken was in accordance with policy and procedures. Proceedings for recovery were only used as a last resort. Early, regular and sustained contact with tenants was attempted. Tenants were advised of the seriousness of not paying rent and the Council's Social Work Services was contacted.

Antisocial behaviour

- 5.32 Thistle has, to date, only had to deal with a limited number of reports of antisocial behaviour. Tenants and owner occupiers we spoke to were satisfied that Thistle's approach was appropriate. We reviewed some specific cases, and found that Thistle sets itself, and achieves, challenging targets for dealing with complaints. Thistle has good recording and monitoring systems with clear guidance to staff on the type of complaint which falls within each of the three categories. Performance against targets is not, however, monitored nor are the outcomes reported to the Management Committee and other relevant stakeholders.
- 5.33 Thistle's policy does not cover options for encouraging antisocial tenants to comply with their tenancy and avoid eviction on these grounds.

¹ For a comparison of Thistle's performance against its peer group we have used the peer group Thistle selected in the Communities Scotland Annual Performance and Statistical Return (APSR). The peer group selected is 'mainly debt-funded organisation, set up for Large Scale Voluntary Transfer'.

- 5.34 Thistle is exploring a range of actions to resolve antisocial behaviour. A senior member of staff has obtained a mediation qualification and legal advice is being sought on the possible use of Anti Social Behaviour Orders. As mentioned previously under 5.17, Thistle has not yet developed a Scottish Short Secure Tenancy Agreement which could be used in cases to manage antisocial behaviour and avoid homelessness.

Recommendation 28:

Thistle should further develop its approach to managing antisocial behaviour. It should consider:

- monitoring its performance against its targets and providing relevant stakeholders with information on the outcomes;
- introducing the option of granting a Short Scottish Secure Tenancy where it considers appropriate; and
- making clear its approach to providing support to help tenants to avoid eviction and possibly homelessness through antisocial behaviour.

Estate management

- 5.35 The estate Thistle manages is maintained to a good standard. Thistle acknowledges that estate management issues were neglected following the stock transfer, devoting its resources to issues it considered to have a greater priority. However, an intensive estate management programme has been carried out to return the estate to a satisfactory standard.
- 5.36 Thistle's records of estate management are poor. There is limited recording of estate visits carried out and their findings. Procedures and monitoring could be improved.

Recommendation 29:

Thistle should ensure that comprehensive records of estate visits, their findings and action taken are maintained.

How Well is the Service Managed?

5.37 Thistle's housing management service is managed effectively. There is a good range of policies and procedures in place to support service delivery and staff generally deliver the service in line with these. With the exception of estate management, the information management system works well. Thistle has a good framework for monitoring and reporting performance across most of the housing management service. Staff prepare reports monthly for senior staff and the Management Committee.

How Likely is the Service to Improve?

5.38 We consider the prospects for improvement are promising because:

- Thistle has already made progress towards improving its housing management service through, for example, the reduction in time taken to relet its empty properties.
- Thistle understands where performance could be better and is either already tackling them or has plans in place to address them.
- Shortcomings in the allocations policy were highlighted, accepted by Thistle and action planned to further review the policy.
- A very low level of rent arrears has been achieved and maintained.

6. Property Management

Overall Assessment of Property Management

- 6.1 Thistle provides a good property management service to its tenants and it has recognised a number of areas where improvements could make it even better.

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

- ✓ Tenants receive a very good responsive repairs service, with short response times and good performance in meeting challenging targets.
- ✓ Tenants are very satisfied with the repairs service.
- ✓ Thistle holds comprehensive information on the condition of its housing stock.
- ✓ Tenants are consulted to ensure that Thistle's planned maintenance programme reflects their priorities along with the organisation's.
- ✓ Thistle has a good approach to procuring reactive and cyclical maintenance.
- ✓ Performance and contract management in repairs is good.

- 6.3 These are the areas that could work better:

- Life Cycle Costing has not been updated.
- Thistle does not yet operate a Right to Compensation for Improvements scheme.
- High level of post inspections carried out which may not represent value for money.

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

- ❖ Thistle should update its Life Cycle Costing and link this with financial projections to show that it will be able to maintain and improve its houses in the long term.
- ❖ Thistle should introduce a Right to Compensation for Improvements scheme in order to comply with the Housing (Scotland) Act 2001.
- ❖ Thistle should review the level of post inspections it carries out so that it may make the best use of its resources.

Context for Property Management

- 6.5 Thistle's property management services are delivered by in-house staff. The team consists of a Senior Maintenance Officer, Property Management Officer, Maintenance Officer, Housing Officer (Voids), Handyman, two Caretakers and a Relief Caretaker.
- 6.6 Issues relating to repairs and maintenance are considered by the Management Committee through the Technical and Property Services Sub-Committee.

How Good is the Service?

Responsive repairs

- 6.7 Thistle sets itself very challenging target timescales for completing responsive repairs. These are shorter than the average of all other RSLs. Performance in achieving these targets has largely been very good over the last two years. As the table below shows, Thistle's repairs service has improved during 2002/03, and evidence shows that it is continuing to do well during the current financial year.

Responsive Repairs Performance

Year	Target Completion Time	Completion Rates
2001/02	Emergency (2 hours)	99.7%
	Urgent (1 working days)	93.4%
	Routine (5 working days)	88.4%
2002/03	Emergency (2 hours)	99.7%
	Urgent (1 working days)	96.2%
	Routine (5 working days)	94.5%

Source: Annual Performance and Statistical Returns, Communities Scotland

- 6.8 Tenants can report repairs by phone, in writing or in person. Thistle offers an appointment system for non-emergency work, with the contractor contacting tenants to arrange access and tenants are happy with this service. Staff we observed were knowledgeable about the service they were providing and dealt courteously with tenants. The quality of information available to tenants about the repairs service is good. Staff advise tenants at sign up of the types of repair for which they are responsible. The tenant handbook and newsletters have useful repairs information.
- 6.9 Tenants are very satisfied with Thistle's repairs service. Thistle collects its own feedback on repairs quality through a tenant satisfaction survey on all completed jobs. Monthly prize draws are held to encourage tenants to

respond and the winners are named in Thistle's quarterly newsletters. Results of these surveys are reported to the Technical and Property Services Sub-Committee and included in Thistle's annual report. They consistently show a high level of tenant satisfaction.

- 6.10 Thistle usefully pre-inspects 10% of repair requests. Pre-inspections are carried out where the repair required is not clear, doubt exists as to whether the repair is necessary or the anticipated cost is likely to exceed £2,000. This ensures that the repairs carried out are effective and represent value for money.
- 6.11 Thistle commits more resources to carrying out post inspections than may be necessary. Its ICT system automatically generates a number of repairs for post inspection to check the quality of work. Every fourth repair line is highlighted for inspection. Additional repairs are inspected where staff feel it is required. This large number of post inspections may be more than is needed as evidence, from both post inspections and tenants, indicates that the workmanship is of a high standard.

Recommendation 30:

Thistle should consider whether it needs to continue to carry out this level of post inspections now that problems have been identified and addressed, and costs have been reduced.

- 6.12 Thistle operates an effective Right to Repair scheme, in line with requirements of the Housing (Scotland) Act 2001. Tenants are advised if their repair request falls within this category. To date, no compensation has been paid to tenants as repairs have been carried out on time. The scheme is publicised annually and details are also included within the tenant handbook.
- 6.13 Thistle does not operate a Right to Compensation for Improvements scheme but plans are in place for its introduction.

Recommendation 31:

Thistle should introduce a Right to Compensation for Improvements scheme. A target timescale should be set for its introduction.

- 6.14 Thistle effectively checks tenants' gas heating systems annually in line with its statutory duty. We found that in all the cases we looked at the contractor had carried out appropriate checks. We also found that Thistle responds well to cases where the contractor has had difficulty in gaining

access to properties. Letters are issued by Thistle to tenants highlighting the need for tenants to provide access. If this is unsuccessful, a lawyer's letter is then issued explaining that forced entry will be used if necessary. To date, forced entry has not been required.

Lifetime maintenance

- 6.15 Thistle holds good quality information on the condition of all of its housing stock. Planned maintenance surveys of one-fifth of its stock are carried out each year. A full stock condition survey is planned during 2004/05. Maintenance history records are regularly updated following the completion of contracts. A detailed Life Cycle Costing is in place but it is not up-to-date. It will shortly be updated once the new ICT system for planned maintenance is operational. This updating is important so that Thistle can show that it will be able to fund future maintenance required in the long term.

Recommendation 32:

Thistle should update its Life Cycle Costing so that it can show that it will be able to fund future maintenance required in the long term.

- 6.16 Thistle has prepared a five-year replacement and improvement programme. A major roofing contract has been delayed due to ongoing efforts to get owner occupiers agreement to participate. Thistle is confident that the delay will not impact on its expenditure commitments set out in the stock transfer contract.
- 6.17 Thistle provides good information to residents on proposed maintenance and improvement work. It has been responsive to tenants' views by consulting on its maintenance programme. After obtaining tenants' views, Thistle agreed to install central heating this year in their Weir Phoenix properties, with kitchens and bathrooms being added to the 2004/05 programme. A wide variety of choices are provided in, for example, kitchen and bathroom equipment. Tenants also expressed a preference for showers to be installed as part of bathroom replacement contracts. This has resulted in showers now being fitted as a standard appliance. A tenant satisfaction survey of all tenants is carried out after all contracts and satisfaction levels are consistently high.

Adaptations

- 6.18 Thistle provides a medical adaptations service which allows tenants to remain in their home. Communities Scotland and the Association itself

fund such adaptations. Since becoming a landlord in January 2001 Thistle has adapted around 80 properties at a cost in excess of £161,000.

- 6.19 Realistic but challenging targets are set for spend against budget and number of properties to be adapted. These are regularly achieved.
- 6.20 Thistle works closely with the Council's occupational therapists. Referrals are received from the Social Work Department who point and prioritise applications.
- 6.21 All tenants getting an adaptation are asked to give feedback and satisfaction levels are consistently high.
- 6.22 Inspections are carried out on all completed adaptations and standards of workmanship are high. Thistle is considering a partnering arrangement with the current contractor who is providing them with a good service. This could further improve Thistle's good performance by reducing the time taken to place a contract.

Recommendation 33:

Thistle should consider building upon the good service it is already providing. Improvement could be achieved by considering partnering with its current contractor.

How Well is the Service Managed?

- 6.23 Thistle's property management service is generally well managed. Repairs reporting and monitoring are managed through an effective ICT system. The computer automatically generates a target date for completion and a description of the repair, based on the schedule of rates in the maintenance contract. The management of the service will improve further once planned maintenance information can be input into the system.
- 6.24 The quality of performance management and contract management is good. Reports showing performance against targets and the budget, tenant satisfaction and contractor performance are presented monthly to senior staff and the Technical and Property Services Sub-Committee. The quality of reporting is good. Staff hold regular, minuted meetings with all contractors, which helps to ensure that performance management issues and any specific problems can be dealt with quickly. Problems have been experienced with one of its partnering contractors. Thistle has taken steps to secure an improvement in performance and intend terminating the partnering agreement if this is not forthcoming.

How Likely is the Service to Improve

6.25 We consider the prospects for improvement are promising because:

- Thistle demonstrates a high level of self-awareness of the strengths and weaknesses of the property management service.
- Thistle has identified the need to improve, for example, its planned maintenance system and has taken action to address this and has put in place plans to do so.
- the percentage of repairs completed within target timescales has improved over the last year, showing that the repairs service has continued to improve over time.

7. Services for Owners

Overall Assessment of Services for Owners

- 7.1 Thistle has done well in recognising the importance of working with the substantial number of owner occupiers in its area. It has committed significant resources to this aspect of its operations and has achieved much in a relatively short space of time. An extremely significant element of this service is the major works programme which Thistle requires to carry out to tenemental properties. Thistle relies heavily on the participation of owner occupiers if its programme is to be a success. We found that Thistle has done all it could have reasonably been expected to do to convince owner occupiers of their need to participate to maintain their homes. Intensive consultation with owners has taken place through public meetings, newsletters and open days. An owners group has been established and Thistle meets with them regularly to discuss issues of mutual concern. Most importantly, Thistle has been successful in securing grant funding from the Scottish Executive for owners, ranging from 50% to 90%, which should encourage owners' participation in the proposed works. Thistle has achieved a great deal in this area of work.

House sales

- 7.2 Around 80% of Thistle's tenants have a preserved Right To Buy their property. As a non-charitable RSL, Thistle was affected by the extension to Right To Buy under the Housing (Scotland) Act 2001. Thistle had sold 30 properties through the Right To Buy by March 2003.
- 7.3 Thistle administers Right To Buy sales efficiently. It employs a consultant to process applications and a solicitor to carry out the conveyancing. One dedicated member of staff monitors the sales based on regular reports received from the consultant.

Factoring

- 7.4 Thistle provides a good quality factoring service for over 750 properties. Services provided include landscape maintenance, common repairs and building insurance.
- 7.5 Staff manage the factoring service efficiently. Invoices are issued half-yearly with a covering letter explaining the main elements of the account. At the time of the inspection £52,222 was outstanding representing 17% of the total sum due. This is a good outcome as a batch of accounts had only recently been issued and the amount outstanding is likely to fall significantly. Appropriate debt recovery procedures are in place which are effective in collecting outstanding payments.

7.6 Thistle charges a management fee which is unlikely to reflect the cost of the service provided. It plans to review it in the near future. It is important that Thistle charges a management fee which reflects the cost of the service provided so that the factoring services are not subsidised by tenants' rents.

8. Next Steps

- 8.1 This report is not the end of the process. We have asked Thistle Housing Association to produce an improvement plan within eight weeks of the publication of this report. This plan should show how it intends to respond to all our recommendations. The plan will be agreed with us.
- 8.2 If you would like to see the improvement plan you should contact:
- Thistle Housing Association Ltd
203 Old Rutherglen Road
Glasgow
G5 0RE
Telephone: 0141 418 3900
- 8.3 We will re-inspect Thistle Housing Association in five years time.

APPENDIX 1 – List of Evidence Sources

Groups and third parties consulted

- Toryglen Residents Group
- Toryglen Owners Group
- Toryglen Community Council
- Scottish Public Services Ombudsman
- Communities Scotland Area Team
- Housing Benefit Section, Glasgow City Council
- Social Work Services, Glasgow City Council

Interviews / meetings

- Director
- Housing Services Manager
- Finance Manager
- Senior Maintenance Officer
- Frontline staff
- Management Committee
- Tenants

Reality checks

- Observation of Technical and Property Services Sub-Committee
- Arrears file checks
- Evictions file checks
- Antisocial behaviour file checks
- Gas servicing file checks
- Complaints file checks
- Repairs file checks
- Factoring file checks
- Allocations file checks
- Tenancies file checks
- Void management file checks
- Staff appraisal file checks
- Shadowing arrears visit
- Shadowing tenancy sign-up
- Shadowing repairs staff
- Estate visits including inspection of void properties
- Repairs phone survey
- Tenancies phone survey

Key documents reviewed

- Inspection submission
- Customer participation strategy
- Equal opportunities policy
- Antisocial/neighbour dispute policy
- Allocations policy
- Void management policy and procedures
- Arrears policy and procedures
- Annual performance and statistical returns to Communities Scotland
- Performance monitoring reports for arrears, voids, allocations and repair response times
- Annual report
- Business Plan and financial projections
- Financial plan
- Financial policy
- Large Scale Voluntary Transfer contract
- Annual Contract Compliance return
- Life Cycle Costing information
- Annual accounts 2002/03
- Budget 2003/04
- Management accounts
- Aged creditors list
- Bad debt write-off policy
- Trial balance for year-end March 2003
- Risk management strategy
- Internal management plan 2003/04
- Facility agreement
- Treasury management policy
- Correspondence with lenders
- Delegated authorities for housing management, finance and technical and property services sub-committees
- Internal audit plan and internal audit reports
- External auditor's management letter

APPENDIX 2 – Key Examples of Positive Practice

We would highlight this area as working particularly well in Thistle:

Work with Owner Occupiers

The good work Thistle has carried out to date with the numerous owner occupiers it has as service users, is mentioned throughout this report. This is an area described as 'working well', and the work on managing risk associated with this particular stakeholder group is given recognition. Thistle has successfully carried out detailed consultation with owner occupiers. Another particular achievement for Thistle has been the securing of improvement grants for owners, following its work with a local MSP. More details of this are in Section 7 of this report.

Glossary

Annual Statistical and Performance Return (APSR)	Annual questionnaire completed by RSLs and sent to Communities Scotland. Used to keep the Register of Social Landlords up to date and to track the performance of RSLs.
Benchmarking	A process used by organisations to systematically compare service processes and performance to identify best practice.
Common housing registers	A register of all applicants for social housing used by two or more landlords within an area.
Convention of Scottish Local Authorities (COSLA)	The membership body for local authorities in Scotland.
Housing list	A list of applicants for housing which is used by the RSL to allocate its housing stock.
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 Registered Social Landlords (RSL).
Partnering	A structured contract management approach to improve efficiency and reduce confrontation between the RSL and its consultants and contractors. Partnering requires formalised objectives, agreed problem solving methods and an active search for continued measurable improvements.
Peer group	A group of organisations facing similar tasks and challenges with which comparisons can be made.
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	The planned renewal or maintenance of key property components.
Procurement	The way an organisation obtains services or materials from other organisations or agents.
Re-lets	Lets made to the second or subsequent tenant. Distinguished from new lets that are made when the property is first built or modernised.
Right to buy	Many Scottish secure tenants have the right to buy their property at a discounted price subject to length of tenancy.
Right to buy (preserved)	A Scottish secure tenant's right to buy which has been retained following a transfer to another landlord through Large Scale Voluntary Transfer.
Registered Social Landlord (RSL)	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
Scottish secure tenancy	The Housing (Scotland) Act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.
Scottish Federation of Housing Associations (SFHA)	The membership body for RSLs in Scotland.
Shadowing	An inspection technique that involves accompanying and observing staff while they carried out their day-to-day tasks.
SHARE	A training organisation for RSLs
Sustainability	Improving the economic, social and environmental circumstances of the wider communities to create and maintaining communities where people positively want to live.
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.

Financial Glossary

Financial Ratios

Interest cover

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

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

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

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

Net housing debt per unit

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

Gross surplus (or operating surplus)

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

Net surplus

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