



THE SCOTTISH HOUSING REGULATOR

Weslo Housing Management Inspection Report  
June 2010

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## 1. Introduction

### About this inspection

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

### How we assessed performance

1.2 Our inspectors asked two key questions:

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

1.3 In order to answer these questions inspectors:

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

1.4 We have awarded a grade for the overall performance of the organisation. The grade and our judgements are based on evidence. The grade summarises performance in the following ways:

- Grade A = Excellent
- Grade B = Good
- Grade C = Fair
- Grade D = Poor

- 1.5 When we provide a summarised assessment and award a grade, we take various factors into account. These factors are:
- outcomes for service users;
  - how far the service or organisation meets Performance Standards;
  - performance against key indicators in comparison with others;
  - compliance with legislation;
  - how good the leadership and accountability are;
  - how far good practice is followed;
  - the organisation's level of self-awareness;
  - how well value for money is being achieved;
  - local context and legitimate local priorities; and
  - commitment to, and track record of, improvement.

### The inspection team

- 1.6 The inspection team was led by John Jenkins (Inspection Manager) and included Joyce Stewart, Scott Crossley, Robbie Fraser and Tom Burns (Inspectors), Carolynne White (Inspection Officer), Jan O'Neill (Financial Analyst), Esnat Mbisa and Gordon Mason (Tenant Assessors). We were on site between 7<sup>th</sup> and 17<sup>th</sup> December 2009. We would like to thank everyone involved in the inspection, particularly the governing body members, staff, service users and tenants for their time and co-operation.

### Responding to this inspection

- 1.7 We expect all inspected bodies to make the inspection grades and overview section of this report available to anyone that wants it, report our findings to tenants and other stakeholders and respond to the issues raised in this report.

## 2. Inspection grade and overview

In this section we set out our overall assessment of Weslo Housing Management's performance, including inspection grade and we summarise our inspection findings.

### Grade

- 2.1 The inspection of Weslo Housing Management took place between 7<sup>th</sup> and 17<sup>th</sup> December 2009. We awarded the following grade:

Weslo Housing Management has achieved a **C** grade overall. This is a **fair** performance.

- 2.2 Our assessment is that Weslo Housing Management has some strengths but also some areas where improvement is needed. Some of the areas of weakness identified are significant.
- 2.3 We found that Weslo has a good appreciation of its strengths and also the areas where it needs to improve. It responded well to our inspection and made a number of immediate improvements to its services following our feedback. We saw that Weslo has a clear focus on improving the services it delivers to its tenants and at the time of our inspection, was investigating a number of further initiatives.
- 2.4 While Weslo is a well established organisation, it was only registered in February 2007. This is the first inspection of the organisation by the Scottish Housing Regulator. Our assessments and grading reflect the organisation's under developed documentation and limited use of information, both internal and external, to improve the efficiency and cost effectiveness of its services. The award of a C grade shows a relatively good level of progress and achievement in a short space of time.

### How well is Weslo Housing Management delivering?

- 2.5 We found that Weslo has some strengths in delivering its services:
- it works closely with local authority partners and allocates a high percentage of its houses to homeless people;
  - it evicts few tenants;

- it works well with partners to provide good tenancy sustainment and support; and
- its performance in rent collection is good.

2.6 We also found that Weslo has some weaknesses:

- it does not know how effective its arrangements are for people accessing its houses;
- it has a number of weaknesses in its management of allocations and the lettings process;
- its management of antisocial behaviour services is underdeveloped;
- it does not have a formal asset management strategy;
- it does not monitor the performance of its out of hours repairs service;
- its repairs targets are not clear and its reported performance information is not accurate; and
- it does not always comply with the Right to Repair legislation.

### Is Weslo Housing Management managed for improvement?

2.7 Weslo has some strengths in its approach to managing improvements in its services. It has a well established Executive team and Board with a wide range of skills and experience. Weslo has good self awareness and has a number of plans to improve its internal processes. It has a good approach to Equalities issues.

2.8 We found areas where Weslo needs to make improvements. It is aware of weaknesses in its approach to business planning and performance management. It also has a number of weaknesses relating to Schedule 7 and its administration around potential conflicts of interest. Weslo has not routinely used information it gathers to improve the services it provides. We found that Weslo could be doing more to routinely monitor and investigate its cost effectiveness and potentially, improve the efficiency of its operations.

## Key recommendations

2.9 Our inspection report covers a wide range of issues. Weslo must respond effectively to them. These are our most important recommendations. Weslo should:

- improve its Business Plan and the processes used in its production;
- improve its awareness of, monitoring and recording of Schedule 7;
- improve its management around potential conflict of interests;
- improve its performance management framework;
- routinely test the efficiency and cost effectiveness of its services;
- put in place a formal asset management strategy;
- reduce its reliance on cloned stock condition survey information;
- comply with the Right to Repair legislation;
- do more to monitor people's access to its housing and improve the management, monitoring and reporting of its lettings;
- improve the management of its antisocial behaviour service;
- make its responsive repairs targets clear to tenants and accurately record and report its responsive repairs performance; and
- establish an annual performance evaluation for its Board.

## Weslo's Regulation Plan

2.10 Weslo's Improvement Plan should show how it intends to respond to our findings. The Plan will be agreed with us and we will follow up progress at regular intervals. Our regulatory engagement with Weslo will remain at **Medium**. We will publish a revised Regulation Plan for Weslo shortly.

### 3. Context

In this section we look at Weslo Housing Management as an organisation and the context in which it operates.

#### About the organisation

- 3.1 Weslo Housing Management Ltd. is a company limited by guarantee, with charitable status. It operates mainly in two local authority areas; West Lothian, where it owns some 1,700 properties, and Falkirk, where it owns approximately 400 properties. Weslo's headquarters are located in Bathgate town centre and it has a local area office in Bo'ness.
- 3.2 Weslo Housing Management was established in 1994 as a result of its first stock transfer of Scottish Homes' properties and operated as an independent landlord until it was registered by Communities Scotland in February 2007. Weslo's key objective is to provide affordable, good quality rented housing suited to the needs of people in West Lothian and Bo'ness.
- 3.3 The Annual Performance and Statistical Return allocates Registered Social Landlords (RSLs) to a peer group which best describes their organisation. Weslo Housing Management is in the group described as Stock Transfer RSLs with more than 1,000 units. This is the group we used to compare Weslo's performance.
- 3.4 Weslo's governing body comprises a Board of 12 members, including its Executive Team, which is made up of its Chief Executive, Operations Director and Finance Director. The Board includes four Tenant Directors, each of whom are recruited through an election process of all Weslo tenants. The Board deals with strategic and operational policy issues and delegates the operational running of the company to the Executive Team. In 2008/09, 77% of its governing body members were present at Board meetings, which is slightly higher than the national figure of 74%. Weslo's Board has Tenant Participation Committee that supports its work. It is made up of the Board's four Tenant Directors and eight other tenants from a variety of Weslo's estates.

- 3.5 Weslo has recently established a subsidiary company, Weslo Initiatives Ltd. It provides the management and letting functions for a small development of mid-market rented properties in Bathgate, owned by Weslo Housing Management. These properties are part of a specifically designed development, facilitating clients who are either looking to rent privately, or who would be considered a low priority for social housing.
- 3.6 Weslo maintains a Community Budget for the purpose of assisting local groups and initiatives and operates a Committee of staff members to evaluate applications for support or assistance. Through its Community Budget Weslo has supported a number of local causes, including schools, projects, events and individuals.

#### **About its current and future tenants**

- 3.7 In the West Lothian area, Weslo lets its properties through the West Lothian Common Housing Register. In the Falkirk area, Weslo receives 100% nominations from the Falkirk Council waiting list. Consequently, Weslo does not hold information on the ethnicity or disabilities of applicants for its housing.
- 3.8 In 2008/09, Weslo let 100 houses or 4.7% of its stock. This is lower than its peer group turnover of 10.2% and the national figure of 8.4%. 91% of Weslo's new tenants describe themselves as having a white ethnic background.
- 3.9 The Scottish Index of Multiple Deprivation shows that 6.6% of West Lothian's datazones and 9.6% of Falkirk's fall within the most deprived 15% of datazones in Scotland.
- 3.10 In 2008/09, 50.7% of Weslo's tenants were in receipt of either full or partial housing benefit, which is below the national figure of 57%. Scottish Labour Market Statistics, updated in January 2010, show that 79.7% of people in the West Lothian area and 78.5% of people in the Falkirk area are in employment. Both figures are higher than the national rate of 76.3%. 5.5% of people in both areas are currently unemployed, slightly higher than the Scottish figure of 5%.

### About its housing stock

- 3.11 At 30 September 2009, Weslo owned 2,136 properties. Around three quarters of Weslo's stock is cottages, with the remainder made up primarily of flats. 100% of its stock is general needs accommodation. It has no difficult-to-let stock.
- 3.12 In the past Weslo has increased its stock numbers through participation in a variety of initiatives. Its involvement in the New Housing Partnership initiative added 300 new build houses, 77 homes were added through the Empty Homes Initiative and 43 properties were added by the operation of its own Flexible Tenure Scheme, which it no longer operates.
- 3.13 Weslo is part of the West Lothian Strategic Alliance, which includes Almond Housing Association, Horizon Housing Association and the West Lothian Housing Partnership. The Alliance seeks development opportunities in partnership with West Lothian Council. In 2009/10, Weslo let 24 new-build general needs flats in Livingston and expects to commence work on a further 14 houses in Whitburn 2010/11. In the Falkirk area, Weslo works in partnership with its development agent, Almond Housing Association and in 2009/10, it purchased 5 'off the shelf' flats in Falkirk with assistance from Housing Association Grant funding.
- 3.14 In 2008/09, Weslo purchased eight homes through the Mortgage to Rent scheme. At the time of our inspection, it had purchased six properties to date in 2009/10, with a further six purchases planned.

## Key facts

	2006/07	2007/08	2008/09
Houses owned	2,119	2,112	2,096
No. of applicants on housing list as at 31 March	n/a	n/a	n/a
Employees (equivalent fulltime posts)	54.0	59.5	59.0
Annual turnover (£)	5,830,231	6,047,806	6,519,906
Total possible rental income (£)	5,722,504	5,863,910	6,147,373
% of rental income from Housing Benefit (HB)	49.0	48.5	47.1
Average weekly rent (£)	50.60	53.09	55.54
Average rent increase	3.2%	4.9%	5.3%
Houses re-let*	115	96	100
Response repairs carried out		7,513	8,150
Right To Buy sales	29	21	13

Sources: Weslo's inspection submission and Annual Performance and Statistical Returns

## 4. How well is Weslo Housing Management delivering?

In this section we set out our assessment of Weslo's performance in delivering its housing services for tenants.

### Tenant satisfaction

- 4.1 Weslo carried out its last comprehensive tenant survey in 2005. At that time:
- 91% of respondents were satisfied with Weslo's service overall;
  - 89% of respondents were satisfied with their accommodation;
  - 95% of respondents who had contacted Weslo within the previous year had found staff helpful; and
  - 71% of respondents felt that they received good value for money from their rent.

The organisation plans to carry out its next comprehensive survey of its tenants in 2010.

### Access to housing

- 4.2 Weslo allocates its empty houses in the Falkirk area through a 100% nomination arrangement with Falkirk Council. Since 2007/08, it allocates its houses in the West Lothian area through a local Common Housing Register (CHR). West Lothian Council host and administer the CHR, operating in partnership with Weslo and Almond Housing Association.
- 4.3 In 2008/09, Weslo let 84% of its empty houses through the West Lothian CHR. Applications for its housing are processed by the CHR and are pointed according to Weslo's allocation policy. The CHR partners commissioned a report reviewing its performance, but the partners are still discussing improvement actions.
- 4.4 Weslo promotes its housing and provides potential applicants with guidance on how to apply through its website. Its website also contains links to both Councils' housing options guides. Weslo also makes its application forms and guidance on applying for housing available in its local offices. These publications are available in different formats and in community languages. Our tenant assessors reviewed these documents and found them to be informative, but in their opinion, overly complex in some areas.

4.5 West Lothian CHR and Falkirk Council monitor and manage Weslo's housing list. Weslo does not routinely request any information on:

- how long it takes for applicants to be added to its housing list;
- if applicants are being suspended appropriately;
- if applications are being cancelled appropriately; and
- if applications for housing are being regularly reviewed.

This is a weakness.

4.6 In summary, Weslo's understanding of how people access its housing is poor. It does not know how effective its access arrangements are. Its involvement in West Lothian CHR does widen choice for applicants and simplify the process of applying for housing.

## Lettings

4.7 Weslo's allocation policy reflects the statutory categories of housing need as outlined in the Housing (Scotland) Act 1987. Through pointing applications for housing in accordance with its allocation policy, it seeks to allocate its homes to applicants in greatest housing need. We saw examples where Weslo allocated its houses to people in need; however it does not have enough information from its partners to satisfy itself, in all cases, that it allocates properties to those in the greatest need.

4.8 Weslo routinely receives three nominations from the council or CHR for each house it wishes to allocate; however we saw that it does not always follow its own allocation policy when it does not house the people nominated. Weslo also receives section 5 referrals from its council partners and we saw a small number of examples where, contrary to legislation, it did not house some referrals.

4.9 We saw that managers did not check or countersign proposed offers of housing.

4.10 Weslo monitors the outcomes from its allocation policy and regularly reports this to its Board. It does not routinely analyse the lettings information it gathers to improve its strategic planning.

- 4.11 Weslo performs well in providing accommodation for homeless people and this is a strength. In 2008/09, 33% of its homes were allocated to statutorily homeless people as section 5 referrals. This is significantly higher than the national figure of 17% and its peer group figure of 25%. In addition, Weslo allocated a further 21% of its available properties to homeless applicants through nomination agreements.
- 4.12 In summary, Weslo works well to support local authorities in discharging their duties to homeless people. It works closely with partners and allocates a high percentage of its houses to homeless people. However, there are a number of weaknesses in its approach to managing its allocations and lettings process.

### **Tenancies and neighbourhood management**

- 4.13 Weslo began to sign up its tenants to a Scottish Secure Tenancy (SST) following its registration in February 2007. It has still to complete this exercise and at the time of our inspection, it had signed up around 80% of its tenants to an SST agreement. We saw that Weslo has clear targets in place for staff and that it regularly monitors its performance.
- 4.14 The provision of good information and access to support are important ways in which a landlord can help to manage and sustain tenancies. Weslo provides a comprehensive range of information to its tenants through its regular newsletter, a wide range of leaflets and through its website. It is currently bringing much of this information together in the form of a tenants' handbook and plans to present this to its Tenant Participation Committee in 2010. Weslo has provided its tenants with contact details by issuing calendars and fridge magnets.
- 4.15 Weslo has a good approach to signing up new tenants. Its sign-up process is comprehensive and it provides a copy of the Summary SST in advance of the interview. Tenants are encouraged to ask any questions they may have about the agreement at the sign up interview. At the interview Weslo also provides detailed local information. It gives new tenants a wide range of leaflets, including details of local credit unions, Weslo's own repairs compensation scheme and information on Right to Buy. Whilst there is a detailed checklist for staff to follow, we saw that it did not cover energy performance certificates (EPCs). When we

- raised this with Weslo, it took immediate action to remedy this. It also provides new tenants with a welcome pack including basic goods and household cleaning materials.
- 4.16 Weslo has a target to visit all new tenants within six weeks. It told us that it achieves this, but it has only recently started to formally monitor its performance in this area.
- 4.17 We saw that Weslo provides significant support to local councils in their duties to make temporary accommodation available for homeless people. Weslo has an annual target to make 5% of its houses available to local councils as temporary accommodation. We saw that it monitored and reported its performance.
- 4.18 Weslo has only granted one short Scottish Secure Tenancy (SSST). This was used to prevent a tenant becoming homeless after a decree for repossession was granted. Weslo did not follow the statutory guidance as it failed to serve the appropriate notice before the tenant signed the SSST.
- 4.19 In 2008/09 4.5% of Weslo's houses became empty, which is lower than both the national figure of 8.9% and its peer group figure of 9.9%. Weslo uses pre-paid questionnaires to collect information on the reasons why its tenants are leaving their tenancies and reports this annually to its Board. However, we saw no evidence that it analysed this information or used it to assess the sustainability of its tenancies.
- 4.20 While the number of its tenants who abandon their home has increased, Weslo still has a low level of abandonments, well below its peer and national figures.
- 4.21 Weslo has agreed procedures in place to meet its duties under section 11 of the Homelessness etc (Scotland) Act 2003. It also works with a range of partners to promote tenancy sustainment. Weslo:
- has improved access to Housing Benefit by having a member of West Lothian Council's Housing Benefit team located in its Bathgate office;
  - makes referrals to local advice organisations;
  - makes referrals to Home Aid West Lothian who provide furniture packages;

- works with the Richmond Fellowship to provide support to people recovering from mental ill health;
  - makes referrals to Money Advice at Falkirk Council's One Stop Shop in Bo'ness; and
  - refers older tenants to the local Home Security scheme.
- 4.22 In the current recession, Weslo aims to ensure that its tenants claim all the benefits they are entitled to. In July 2008 it became involved in the Older Persons Advice Project, run by Linkwide. This has resulted in some £170,000 of additional benefits for its tenants. This is a positive outcome.
- 4.23 Weslo issued 222 Notices of Proceedings (NOPs) in 2008/09, 217 for rent arrears, 3 for antisocial behaviour and 2 for other breaches of tenancy conditions. This was 44 less than in the previous year. For the first 6 months of the current year, 2009/10, Weslo has issued 98 NOPs.
- 4.24 In recent years Weslo has evicted very few of its tenants. Its performance is significantly better than both peer and national figures. This is a strength.
- 4.25 Weslo takes appropriate action against tenants who have fallen into rent arrears. We saw that its use of legal action is proportionate and that it gives good levels of advice and support to tenants who are subject to legal action for repossession. Weslo carries out evictions only as a last resort and it has good records on the decisions it makes.
- 4.26 Weslo manages its processes well when it makes the decision not to evict a tenant, following the issuing of an order for repossession. It routinely puts in place a new tenancy agreement. However, we saw that Weslo did not always create a new rent account, which could mean that any future action could include debts from the previous tenancy. When we raised this with the organisation, it took immediate action to remedy this weakness. Overall, Weslo has a good approach to maximising security of tenure for its tenants.
- 4.27 Weslo has a good approach to dealing with antisocial behaviour. It works well with a wide range of partners including local community police, the Safer Neighbourhood project in West Lothian and the Police and Communities

- Together (PACT) in Falkirk. We saw that Weslo maintains a high level of liaison with these partners with Weslo participating in both joint visits and follow-up actions. We saw that its staff maintain good records of the actions taken and that managers receive regular updates on individual cases of antisocial behaviour.
- 4.28 Weslo received 157 service requests about antisocial behaviour in 2008/09. This was a decrease on 2007/08 when it received 208 requests. To the end of September 2009, it had received 62 service requests. Weslo is aware that its approach to the management of requests for service in this area is currently underdeveloped. It does not:
- prioritise complaints by severity in accordance with its antisocial behaviour (ASB) policy;
  - have timescales in place for each stage in the process;
  - formally close cases;
  - monitor outcomes; or
  - gather the views of service users in order to improve its performance.
- Weslo has clear plans to address these weaknesses in its processes.
- 4.29 The neighbourhoods we visited were generally in good condition with any common areas well maintained. Currently it uses the services of West Lothian and Falkirk Councils to have the grass cut and gardens maintained for its less able tenants. From 2010, it plans to provide this service itself in Bathgate and the surrounding areas. Weslo has clear procedures and a well-structured approach to monitoring the condition of its estates. It gives its tenants a formal role in this process by writing to them to seek their views in advance of on-site inspections. This is a positive approach to engaging with tenants.
- 4.30 In summary, Weslo has a good approach to tenancy and neighbourhood management. It evicts few tenants and it is working to minimise the number of its tenants evicted. Weslo provides good information to new tenants and it works well with partners to provide good tenancy sustainment and support. Its estates are generally in good condition. Its management of its antisocial behaviour services is underdeveloped.

**Income maximisation**

4.31 Weslo provides its tenants with a number of ways to pay their rent. Recently, while the office at Bathgate was undergoing renovations, Weslo provided cash collection facilities at its maintenance depot in the town. This is a positive and customer focused approach to maintaining local services to tenants.

4.32 The table below summarises Weslo’s reported performance in collecting rent.

	2006/07	2007/08	2008/09		
	Landlord	Landlord	Landlord	Peer group	National median
Total arrears as % of total gross rental income	4.0%	3.4%	3.9%	5.5%	4.3%
Total current arrears as % of total gross rental income	2.1%	2.0%	2.6%	3.8%	3.4%
Current arrears (non technical) as % of total gross rental income	1.6%	1.5%	1.9%	3.3%	2.5%
% of current tenants in serious arrears	2.7%	1.7%	1.5%	5.1%	3.4%
Total former tenant arrears as % of total gross rental income	1.9%	1.3%	1.5%	1.7%	0.9%
Rent arrears written off (£,000)	3.7	27.7	14.8		

4.33 The level of rent arrears owed by Weslo’s tenants has increased slightly over the last three years. However, at March 2009, Weslo’s figure for current arrears (non technical) of 1.9% was significantly below its peer and the national figures. The number of Weslo’s tenants in serious rent arrears has continued to decrease and in 2008/09 its reported performance was significantly better than both its peer group and the national figures.

- 4.34 Weslo has a good approach to the management of rent arrears. It:
- makes early and sustained contact with tenants when they get into rent arrears;
  - makes realistic re-payment arrangements following financial assessments;
  - has good monitoring and follow-up arrangements in the event that tenants do not maintain re-payment arrangements;
  - has appropriate processes for escalation and approval of court action; and
  - ensures active case management and communication between staff and managers.

4.35 Weslo’s performance in managing former tenant rent arrears has improved. Following a recent internal audit of how it collects former tenant debts, Weslo introduced new procedures. It now sends a letter to the former tenant, within one month of tenancy end, requesting payment of the rent arrears in full. If the former tenant fails to reply, make an arrangement or pay in full, then Weslo refers the case to a debt recovery company. In 2008/09 it wrote off £6,293 of former tenant rent arrears which was a reduction on the previous year when it wrote off £14,377.00.

4.36 Weslo considers that very few of its houses are difficult to let. The houses involved are mainly isolated and are generally low demand for reasons other than the type or condition of the property. The table below summarises Weslo’s reported performance in letting houses that have become empty.

	2006/07	2007/08	2008/09		
	Landlord	Landlord	Landlord	Peer Group	National Median
Rental income lost due to empty houses (£,000)	2.4	2.6	2.6	-	-
As % of total rental income	0.4%	0.5%	0.4%	1.8%	0.6%
Total no. of re-lets	115	96	100	-	-
% re-let in <2 weeks	17.4%	9.4%	11.0%	27.7%	45.8%
% re-let in 2 - 4 weeks	32.2%	37.5%	23.0%	30.5%	25.6%
% re-let in >4 weeks	50.4%	53.1%	66.0%	41.8%	18.1%
Average time to re-let (days)	28	33	36	39	21

- 4.37 In 2008/09 Weslo lost 0.4% of its total rental income because of empty houses. Its performance is better than both its peer group and the national figures.
- 4.38 Weslo is aware that its average time to re-let its houses has deteriorated. As a consequence it has recently introduced a revised inspection procedure for its staff. At the time of our inspection Weslo was carrying out a comprehensive review of its void houses procedures. The condition of its empty houses is good and we saw that it lets these to a high standard.
- 4.39 In summary, Weslo works well to support its tenants in rent arrears, has good performance monitoring and is focussed on further improvements. This is a strength. Its average time to re-let its empty houses has deteriorated, but Weslo is aware of this and has taken action.

### Asset management strategy and planning

- 4.40 Weslo does not have a formal asset management strategy or a SMART action plan that outlines its objectives and targets for how it will manage its property assets. It is aware of this weakness and plans to develop an asset management strategy during 2010/11. Weslo's current business plan includes a general objective to provide good quality rented housing and its main goal for its houses is that they will all meet the SHQS by 2015.
- 4.41 Weslo has not carried out any detailed analysis of current and future need and demand for its houses. It liaises with local authorities when considering the proposed house mix for all its new build developments and has attempted to reflect general demographic changes and the move to smaller households. Weslo has recently asked its tenants to complete a census form in order to provide up to date information on who is living in its houses, their ages and any special needs requirements. It plans to use this information when formalising its asset management strategy.
- 4.42 Weslo has also increased its housing stock numbers through its continued participation in the Mortgage to Rent scheme. In 2008/09 it purchased eight homes through this scheme. It provides staff with detailed procedures and gives participating owners good information.

- 4.43 Beyond its four tenant Board members and its Tenant Participation Committee, Weslo does not formally involve its tenants, or seek their views, in identifying strategic investment priorities for the organisation.
- 4.44 Weslo considers requests from tenants with particular needs for aids and adaptations. In 2008/09 its total grant expenditure for this type of work was £113,640 and has included building extensions to meet the specific requirements of its tenants. It has recently started to gather tenant feedback using telephone surveys and intends, in future, to monitor and report this information to its Board. Tenants we spoke to were very happy with the adaptation work carried out to their homes.
- 4.45 Weslo has carried out two sample stock condition surveys and holds approximately 30% actual information of its properties. The information gathered has been cloned to provide a stock data base and this is regularly updated following works carried out through its planned investment programme. Weslo recognises that it needs to reduce its reliance on cloned information and it has proposals to carry out further surveys. It is also currently developing plans to improve its ICT systems in order to make more effective use of the stock condition data it holds.
- 4.46 Weslo has a small number of its houses constructed using non-traditional methods. Following stock condition surveys, it has reflected the works necessary to bring these properties up to the SHQS in its planned investment programmes.
- 4.47 Weslo is good at planning investment works. Its investment programme is principally driven by the requirement to achieve the SHQS by 2015 and takes into account its available stock condition information. The investment programme for 2009/10 reflected only essential works necessary for its properties to meet the SHQS.
- 4.48 Scottish Ministers have set a target that all social landlords' houses should meet the Scottish Housing Quality Standard (SHQS) by 2015. Weslo's projected and reported performance in bringing its properties up to the SHQS is not accurate. During our inspection we found that the reported number of its properties

presently failing the SHQS was not accurate. Prior to our inspection it was reporting that 148 of its properties were not meeting the SHQS but this figure has now been revised to 521 or 24.4% of its houses. Weslo is still confident that all its properties will meet the SHQS by 2015, although it is now reviewing its investment programme to demonstrate how it will meet the SHQS by 2015.

- 4.49 In summary, Weslo currently does not have a formal asset management strategy and it has still to improve its understanding of the current and future need and demand for its houses. Weslo recognises that it needs to reduce its reliance on cloned stock condition information. It has recently reviewed the number of its properties failing the SHQS and now intends to revise its investment programme to ensure that all its properties will reach the standard by 2015.

### New homes

- 4.50 Weslo identifies in its present business plan that it will maximise new development opportunities. We saw that Weslo carries out detailed option analysis on all new build development opportunities. It presently uses Almond HA as a development agent. Weslo is a member of the West Lothian Strategic Alliance and delivers its programme of new build through this partnership. During 2009/10 Weslo added 24 new build flats in Livingston to its housing stock and also purchased a further 5 completed flats in Falkirk. It plans to commence work on a further 14 homes in 2010/11.
- 4.51 Weslo's new build houses have Secure by Design accreditation, are energy efficient and designed to varying needs standards. It aims to use local materials and where possible, specifies components with re-cycled content. It has received positive feedback from tenants on the quality of its recently constructed new homes.
- 4.52 Weslo recently organised a meeting with the tenants in its Livingston new build development to establish their level of satisfaction. It received positive feedback and it will carry out a similar exercise in future new build developments when the tenants have moved in.

- 4.53 In summary, Weslo is working well with a range of partners to develop new build opportunities.

### Investment & home safety

- 4.54 Weslo's investment programme is developed using available stock information, the requirements to achieve the SHQS and discussions with staff. Beyond its four tenant Board members, it does not formally involve tenants, or seek their views in planning its proposed investment programme. Its draft annual investment programme is presented to its Tenant Participation Committee, for comment, prior to consideration by the Board. Weslo includes details of the proposed annual approved investment programme in its tenant newsletter and it sends letters to those tenants who are directly affected.
- 4.55 Weslo has delivered its investment programmes within budget and to specified timescales. It spent £1.86m in 2007/08, £1.52m in 2008/09 and £0.74m in 2009/10 on capital works to its houses. We saw that it effectively manages individual contracts and regularly monitors and reports expenditure and progress to its Board.
- 4.56 Weslo is good at ensuring its investment programmes achieve the standards it sets out in its contracts. It does this by ensuring that each contract has a dedicated member of staff to liaise with the contractor and provide tenants with information throughout the contract. Weslo holds a series of structured meetings with its contractor to closely monitor the contracts and ensures quality through regular inspections. Weslo issues its tenants with satisfaction surveys on the completion of each contract. It monitors survey returns from tenants but we found no evidence of it routinely analysing or reporting results.

- 4.57 By law, Weslo must make safety checks every 12 months on all gas appliances and flues that it provides for its tenants. The table below summarises its performance in carrying out gas safety checks.

	October 2009	
	No of houses	% of houses
Houses with gas appliances	2093	-
Houses with current gas safety certificates	2081	99.4%
Houses where safety check was carried out within 12 months of previous check	2012	96.1%
Houses where safety check was carried out up to one month after the due date	59	2.8%
Houses where safety check was carried out between one and three months after the due date	9	0.4%
Houses where safety check was carried out more than three months after the due date	1	0.04%

Source: Weslo's Inspection Submission.

- 4.58 Weslo meets its statutory duty on all but a small number of its houses and we found that its management of gas safety is good and it effectively monitors its performance. It undertakes gas servicing work every ten months. Weslo's own workforce carry out the gas safety checks but it chooses not to arrange for independent quality assurance of this work. Weslo has smoke alarms fitted in all its properties and carbon monoxide detectors in homes where gas central heating is installed. It tests these alarms during the gas safety checks and records any replacements or maintenance work required on the gas safety service record.
- 4.59 From May 2004 social landlords have had a statutory duty to manage asbestos in the common areas of their properties and to produce an asbestos management plan. Weslo is meeting its statutory duty to manage asbestos. It has an Asbestos Management Plan in place which is reviewed annually. The organisation's Asbestos Register is held on its ICT system and it updates this regularly. It includes details of known asbestos on the job lines it issues to its tradesmen and to external contractors. Weslo has delivered asbestos awareness training to all its technical staff.
- 4.60 From January 2009 social landlords must have a valid Energy Performance Certificate (EPC) for every house they let and provide the new tenant with a

- copy. Weslo is managing this process well. It uses an external contractor to produce EPCs and displays a copy of the certificate within its houses.
- 4.61 Weslo has good procedures to ensure it meets its relet standard for empty properties. We found that the close working relationship between housing management and repairs staff is a strength.
- 4.62 In summary, Weslo is good at managing the maintenance of its houses, although it does not involve its tenants in discussions regarding its investment programme. Weslo is effective at managing gas safety and it is meeting its legislative duties regarding the management of asbestos.

### Response repairs

- 4.63 Weslo delivers its responsive repairs service through its in-house repairs team and a number of approved local contractors. It works in partnership with West Lothian Council and Falkirk Council to provide an out of hours repairs service. Weslo does not monitor or report on its performance in completing out of hours repairs. This is a weakness.
- 4.64 Weslo operates an accessible repairs service and tenants can report repairs by a good range of methods. Most tenants report their repairs by phone. Tenants we spoke to were positive about the accessibility of Weslo's repairs service and the way in which its staff dealt with their enquiries. Tenants can access repairs information on the organisation's website, its tenant newsletters and in its tenancy pack.
- 4.65 Weslo does not operate a repairs appointment system but we saw good examples where its staff had arranged to carry out repairs in accordance with tenants' access preferences.
- 4.66 Weslo provides its tenants with a pre-paid comment and satisfaction card on completion of repairs. It regularly analyses and reports tenant satisfaction to its Board and we saw examples of Weslo acting on feedback from tenants to improve its service. In an effort to increase response rates, Weslo enters respondents in a quarterly prize draw. In the period between September 2008 and September 2009, 10% of repairs satisfaction cards were returned and these

reported high satisfaction levels with its repairs performance. Weslo has recognised that it could do more to gather feedback from tenants who have had repairs carried out. It has recently started a telephone survey of a further 10% of its tenants who have reported repairs.

4.67 The table below outlines Weslo’s reported performance for completing response repairs.

Repair category	2007/08	2008/09			At October 2009
	Landlord	Landlord	Peer Group	National Median	Landlord
Emergency (%) - 2 hrs	100.00	100.00	91.80	93.70	100.00
Urgent (%) - 3 days	99.88	99.83	96.00	95.10	99.82
Routine (%) - 5 days	99.75	99.46	93.20	94.20	100.00

Source: Annual Performance and Statistical Returns and Weslo’s Inspection Submission.

4.68 Weslo is aware that its reported performance does not reflect the categories of repair and associated targets that it advises to its tenants. Its website also amends the emergency repairs target to attendance within 2 hours and restoration of service within 24 hours. Weslo details a number of repairs categories on its website and in addition has target timescales for individual trades including 5, 10, and 20 working days, together with separate Right to Repair categories and targets. We found this section of Weslo’s website to be unclear and potentially confusing for tenants and service users.

4.69 Weslo’s published repairs target for emergency repairs is challenging; however the organisation does not record the time in hours between tenants reporting repairs and their completion. Its reported emergency repairs performance is therefore potentially inaccurate and may not reflect the service provided to tenants. In practice, Weslo reports emergency repairs on a next working day target and is successful at achieving this. During our inspection it changed the way it recorded its performance in order to allow it to, in future, accurately report on both the 2 hour attendance and 24 hour completion target for emergency repairs.

4.70 Tenants we spoke to confirmed that Weslo provided an excellent repairs service with works carried out on time; however, it does not always accurately record or

- report how quickly it carries out repairs. It also does not include the time taken pre inspecting repairs in its reported performance timescales and does not communicate this to its tenants.
- 4.71 Weslo is not fully complying with its responsibilities under the Right to Repair (RTR) legislation in that it does not always accurately identify qualifying repairs. This is a significant weakness. When Weslo were made aware of this, it put in place measures to improve its performance in this area.
- 4.72 Pre and post inspections are important tools for a landlord to use to ensure that it accurately targets repairs and has them carried out to a high standard. Weslo's use of pre and post inspections is underdeveloped. It does not have a target for pre inspections or guidance for staff in their selection. Weslo carries out a pre inspection when it is unable to accurately identify repair work. It pre inspected around 20% of routine repairs from April 2009 to October 2009. Weslo has not used pre inspection information to improve repairs identification. It meets its target to carry out 10% post inspections of repairs. Weslo uses the post inspection visit to identify other repairs work, which contributed to tenants' high levels of satisfaction with the service. We also saw positive examples of Weslo ensuring work was completed to a high standard; however, it does not routinely use any selection criteria to help it target its use of post inspections.
- 4.73 In summary, Weslo provides a good responsive repairs service. Tenants we spoke to confirmed that it delivers a good, customer focused service. Weslo's repairs targets are not clear and its reported performance information is not accurate. It does not always comply with the Right to Repair legislation and has not routinely used information it gathers to improve the services it provides.

## 5. Is Weslo Housing Management managed for improvement?

### Leadership and strategic planning

- 5.1 Weslo's Board is responsible for the direction and control of the organisation and for regularly reviewing its objectives. The Chief Executive formulates Weslo's strategy; however its approach to strategic planning is developing. Its Business Plan is reviewed and updated annually and currently covers the period 2009/10. Weslo has acknowledged that there are gaps within its Business Plan and the process it followed for developing it. It proposes in future to:
- commence its Business Plan review earlier to allow the Board to consider the document at its meeting in April;
  - present the draft Business Plan to its Tenant Participation Committee for comment prior to consideration by the Board;
  - include in the plan a more comprehensive review of its operating environment;
  - make an assessment of its strengths and weaknesses;
  - make clear its key assumptions;
  - detail a more extensive range of key performance indicators and show how these relate to Weslo's objectives; and
  - discuss the Plan's content with its staff through an away day event.
- 5.2 Weslo's Chief Executive and two directors form its Executive team. The Board aims to take a strategic role and has devolved a number of key operational matters to the Executive Team. We saw effective working between the Board and members of Weslo's Executive team. The Board receives regular reports from the Executive team on a wide range of topics.
- 5.3 Weslo's Board and Executive Team have clear written remits which confirm the division of their respective decision making responsibilities. We saw that these arrangements operated successfully and Directors we spoke to confirmed that it allowed them to effectively deal with the organisation's business. We also saw that members of the Board and Tenant Participation Committee were given adequate opportunities for scrutiny and challenge.

- 5.4 In summary, Weslo has effective leadership; however its Business Planning processes are underdeveloped.

### Governing body

- 5.5 At the time of our inspection Weslo's Board had 12 members, the maximum permitted by its company rules. The Board has three places filled by Weslo's senior staff members; its Chief Executive, Operations Director and Finance Director. In addition to its Chairman, four Board places are reserved for tenants, two for community representatives and an elected member nominated from West Lothian and Falkirk Councils.
- 5.6 Weslo's rules provide for the longest standing community representative on its Board to stand down at the Annual General Meeting. The two longest standing tenant directors on its Board stand down every second year. Its tenant newsletter includes an article, some months in advance, advising tenants of the impending election process. Weslo then writes to all tenants providing further information and formally seeking nominations for the vacancies on its Board. The two tenant directors standing down can seek re-election. The election process and postal ballot is independently administered with the appointment of the successful tenants being confirmed at the subsequent Annual General Meeting.
- 5.7 The Board of Weslo Housing Management meets eight times each year. Its Chief Executive meets with the Board Chairman every three weeks. Weslo's Board has two Committees that support its work; the Tenant Participation Committee which meets four times each year and the Community Budget Committee that meets six times.
- 5.8 Weslo's staff and Board have an effective and positive working relationship. Through its community representatives, Weslo ensures that its Board includes a wide range and balance of relevant specialist skills and experience. Its last vacancy for a community representative was filled following a comprehensive recruitment process. Weslo sends a letter of welcome to new Board members together with its Members' Handbook. It last reviewed the Handbook in April 2009 and will review this annually in future. Weslo carries out a comprehensive

- induction process for new Board members and includes an extensive presentation, written material and tour of its offices and local estates. It is currently reviewing and formalising this into an induction programme.
- 5.9 Weslo is aware that it needs to introduce a process to allow its Board to regularly gauge the effectiveness of its operation. It has plans in place to introduce an annual appraisal framework for its Board and Tenant Participation Committee in 2010.
- 5.10 The organisation's tenant directors are provided with membership of the Chartered Institute of Housing over their term of office. Weslo maintains a record of the training undertaken by its Board members. We found that members take up a wide range of opportunities to attend events and conferences. The Board last undertook a comprehensive training needs assessment in September 2006 and following this, Weslo put in place a training programme. In 2010 it proposes to introduce an annual self assessment of the Board and Tenant Participation Committee's training and development needs to inform annual training programmes for the groups and for individual members.
- 5.11 A Weslo staff member is invited to attend every Board meeting. Weslo makes the minutes of its Board and Committee meetings available on its website, but at the time of our inspection, did not publish its agendas or supporting papers. Following our feedback Weslo agreed that it would in future publish its agendas and all non-confidential papers on its website and its intranet.
- 5.12 Weslo plans to introduce an annual programme for both its Board and Tenant Participation Committee, which will provide members with a schedule of the business topics to be covered in future meetings over the coming year.

### **Ethical standards and clear values**

- 5.13 Weslo is aware of the need for its Board and staff to be able to demonstrate that they maintain the highest ethical standards. It has codes of conduct contained within handbooks for both its staff and Board members. We found that following their appointment, not all Board members had confirmed in writing their agreement to comply with Weslo's code of conduct. Following our feedback it

- immediately ensured that it put this in place. Weslo advised us that it had adopted the Regulatory Code of Governance; however we found only a limited awareness that it could grant payments and benefits to staff and Board members only in accordance with Schedule 7 of the Housing (Scotland) Act 2001. We found no evidence of a register being maintained or potential Schedule 7 issues being reported or discussed at the Board. This is a significant weakness.
- 5.14 We found that following their appointment, not all Board members had completed and returned Conflict of Interest declaration forms. Following our feedback Weslo immediately addressed this. Contrary to good practice and its prescribed Order of Business, Board members are not asked at each meeting to declare any potential conflicts of interest. In addition, Board members are not requested to update annually and confirm their conflicts of interest return. Weslo's staff handbook contains guidance to staff around conflicts of interest, however it does not maintain a register or annually update details of any conflicts. These are significant weaknesses.
- 5.15 Weslo provides detailed guidance to its Board members and staff on Gifts and Hospitality. It maintains a Gifts and Hospitality Register, however, contrary to its guidance, it does not routinely enter estimated values. Under the circumstances it is difficult for its Chairman to assess whether these go beyond the "modest scale" specified in its guidance.

## Financial performance and management

- 5.16 Weslo's audited financial statements provide the following information:

<b>Financial year</b>	<b>2006/07</b> (restated) £,000	<b>2007/08</b> (restated) £,000	<b>2008/09</b> £,000
Turnover	5,830	6,047	6,519
Operating surplus	1,162	1,042	1,642
Net surplus/(Deficit)	(458)	37	321
Capital & reserves	2,204	2,503	1,783

Source: Weslo's audited financial statements.

- 5.17 Weslo's five year projections indicate that the company is financially viable and should remain so in the medium term. It has some exposure to financial risk, but

- this is due to its funding structure which is mainly debt funded. Weslo's balance sheet remains stable with cash balances in excess of £1.90m, net current assets of £2.30m and net assets of £1.78m.
- 5.18 Weslo's financial management framework shows some strengths. We reviewed its budgeting process and the information provided to its Board and found this to be satisfactory. We saw that the Tenant Participation Committee and the Board make adequate challenges. Weslo puts regular financial reports to each Board meeting. It undertakes six monthly budget reviews in order to ensure that it accurately reflects actual spend or updated projected figures.
- 5.19 Weslo has a prudent approach to treasury management and has no exposure to any new or innovative financial products. It has processes in place to monitor the conditions attached to its financial covenants. It confirmed that it has met the terms of its financial covenants in 2008/09. Weslo has made efforts to give its Board regular assurance around its financial stability; however, to date this has not included the likelihood of future loan covenant compliance. This is a weakness.

### Management of risk

- 5.20 Weslo has an established risk management framework which it developed with its internal auditors. Its Board and senior management team have a good appreciation of the framework's operation, however it has yet to establish this through out its staff structure and embed within in its operations.
- 5.21 Weslo has a comprehensive risk register which clearly identifies potential risks, likely impacts and actions required. The register sets target dates and identifies individuals with responsibility for taking these actions forward. Following a recent review of its Governance by its internal auditors, Weslo now intends to report risk register updates to its Board quarterly. We saw that Weslo carries out reviews of its risk register but these did not ensure that identified risks were aligned with its current organisational objectives.
- 5.22 Weslo regularly provides financial information to its lender as part of its covenant obligations. Our review of these returns highlighted an inconsistency in the

method of calculating the interest cover ratio. While Weslo follows the calculation requested by its lender, it should address this anomaly as it constitutes a risk.

- 5.23 Weslo recognises that gathering and maintaining accurate stock information is a key priority for the organisation. It has a number of initiatives underway and expects these to be in place by early 2011. These will reduce its reliance on cloned information and the risk of its financial projections not reflecting the investment works needed in order that its properties meet the SHQS by 2015.
- 5.24 Weslo has appointed a firm of chartered accountants to act as its internal auditor. It has a comprehensive programme of internal audits which is agreed annually with, and monitored by, its Board. Individual audit reports and associated action plans are also reported to, and monitored by, its Board.

### Performance management and planning

- 5.25 Weslo's Board is responsible for ensuring the organisation's compliance with published standards and targets. It has an established performance management framework which allows it to monitor the services it provides. This includes a number of indicators relating to service user feedback. However, it has recognised that its current performance management framework is underdeveloped and could be improved.
- 5.26 Weslo currently compares its annual performance across a limited range of Key Performance Indicators (KPIs) to published information for a number of similar sized stock transfer landlords. At present, it has performance targets in rent arrears, empty properties and responsive repairs. Its performance is regularly reported to and monitored by its Board. It has also recently joined the Millennium Benchmarking Group of RSLs. The group circulates to members a standard range of performance figures on a quarterly basis, but Weslo has not, as yet, used this information in setting targets for its KPIs.
- 5.27 Weslo is presently reviewing the way that it manages its performance and aims to have a new framework in place by April 2010. Its new performance management framework will include a wide range of KPIs directly linked to the

- strategic aims of the organisation. Weslo also plans to introduce an associated personal appraisal system with individual targets for its staff.
- 5.28 Weslo has a comprehensive range of policy and procedures to support its delivery of services. All of its policies and procedures are available on its intranet. It maintains a diary to ensure that it regularly reviews its policies.
- 5.29 In summary, Weslo presently has a fair approach to performance management and it is in the final stages of developing and introducing a revised, more comprehensive framework.

### Customer focus and influence

- 5.30 Weslo's Board approved its customer care standards and procedures in June 2008. Its standards are available on its website but are not well publicised and it did not involve tenants in their development. The standards outline the quality of service that Weslo aims to provide when in contact with customers by correspondence or telephone, during home and office visits and when carrying out repairs. The organisation does not continuously monitor and report on how well it is meeting its care standards in all areas of its work. Weslo's five yearly tenants' satisfaction survey contains broad questions designed to obtain feedback on the organisation's performance on some standards. The organisation's information on the number and type of customer contacts is limited to these survey responses.
- 5.31 Weslo has an informative and easy to use website which it is in the process of developing further to include more opportunities for tenants to directly report and feedback to the organisation. It also provides all its tenants with a newsletter twice a year. Recent copies were reviewed by our Tenant Assessors who found the publications to be informative, well presented and easy to understand, but could be improved by reference to their availability in alternative formats and of translations to community languages if required.
- 5.32 The Housing (Scotland) Act 2001 requires Weslo to publish a tenant participation strategy. Its current Tenant Participation Strategy was developed and agreed with its Tenant Participation Committee in 2008. The strategy is supported by a

- procedure note which is available for its staff. Weslo is aware that its strategy is underdeveloped as it does not include specific objectives or targets. The organisation has not routinely reported on the progress it has made in implementing its Tenant Participation Strategy. This is a weakness. It intends to review its Tenant Participation Strategy in 2011.
- 5.33 Despite its activities to promote tenant involvement, Weslo currently has no Registered Tenants Organisations (RTOs). Weslo's approach to accountability focuses heavily on its Tenant Participation Committee. It plays the principal role in Weslo's consultation arrangements and consists of up to 15 members, 12 of whom are Weslo tenants, broadly covering the organisation's area of operation. We saw that meetings were held regularly, well administered and attended and that tenants contributed fully to discussions.
- 5.34 Weslo promotes tenant participation on its website, in its regular tenant newsletter and by a specific leaflet available from its offices. A copy of this leaflet is given to tenants at the start of their tenancy. The leaflet was reviewed by our Tenant Assessors who found it useful but felt it could be improved by Weslo updating some of its content.
- 5.35 Members of Weslo's Tenant Participation Committee that we spoke to were positive about the committee's role and the way they were supported by the organisation. Committee members are given the opportunity to take part in appropriate training events.
- 5.36 The Act also requires landlords to consult tenants before increasing rent and inform and consult tenants about changes to its services and take tenants' views into account when making decisions that will affect them. Weslo presents options for its proposed annual rent increase to its Tenant Participation Committee for comment, prior to its Board decision. In addition it included an item in its December 2009 tenant newsletter, inviting tenants to submit their views. We also saw recent evidence of draft policies being presented to Weslo's Tenant Participation Committee for comment, prior to consideration by its Board.
- 5.37 Weslo has recognised the need to widen opportunities for its tenants to influence the development of its services. Over recent years it has developed a

- consultation panel of around 230 tenants who have expressed an interest in providing feedback by email on proposed policies or services. This is a positive step, although to date, its use of the consultation panel has been limited.
- 5.38 Weslo carried out its last comprehensive tenant satisfaction survey in 2005. All 2163 of its tenants were issued with satisfaction questionnaires; 843 (39%) were returned. It followed this by holding a number of focus group meetings with tenants. We saw evidence that Weslo had responded positively to feedback received and made a number of improvements to its services in response. It has plans in place to carry out a further comprehensive survey of its tenants later in 2010.
- 5.39 Weslo also routinely gathers feedback when tenants end their tenancies, have repairs or investment works carried out in their homes. We saw some evidence of the organisation amending its services following feedback from its tenants.
- 5.40 Weslo has recently extended the level of performance information included in its tenant newsletters. Its newsletter distributed in December 2009 provided details of the organisation's performance in a number of key service areas. It plans to include this information in future editions of its tenant newsletter. Weslo also includes some limited performance information in its Annual Report, copies of which it makes available from its offices and on its website.
- 5.41 Weslo's has recently established its approach to complaints. It makes its complaints policy and forms available from its offices and website and a copy is given to tenants at the start of their tenancy. Weslo clearly sets out its complaints process and provides information on where independent advice may be obtained and on the role of the Scottish Public Services Ombudsman. We saw that formal complaints are rare and that the organisation had dealt well with those it had received. However its written responses did not repeat information on the appeal procedure and sources of independent assistance included in the policy leaflet, which complainants may not have seen. Weslo does not record details of complaints resolved early in its process, nor does it ask complainants about how satisfied they are with the way their complaint was dealt with. This limits Weslo's ability to use feedback to improve its services. Weslo's recent

newsletter for tenants included an item promoting feedback from service users and the use of its complaints process.

## Equalities and diversity

- 5.42 Weslo is committed to embracing equalities and diversity. It's Equalities and Diversity policy outlines its responsibilities as both a landlord and employer and defines the potential impact upon individual staff and Board Members. The policy also includes details of Weslo's Equalities Action plan and the role of its Equalities Action Plan Focus Group.
- 5.43 Weslo's Equalities Action Plan Focus Group was established in 2007 and consists of staff members and two tenant Directors. Its role is to:
- discuss data gathering issues;
  - agree the objectives set out in the action plan; and
  - monitor and report progress to the Executive and Management Teams.
- 5.44 Weslo has a good approach to working with partners on equalities issues. It has recently invited a representative of Age Concern to a meeting of its Equalities Action Group in light of the high number of its tenants who are elderly. Following this meeting Weslo's staff received training on the services provided by Age Concern and it included Age Concern's leaflet in its newsletter. Weslo plans to extend this invitation to representatives of other equalities groups in the future.
- 5.45 In 2008, Weslo started to gather ethnicity and equalities information from all of its tenants. At the time of our inspection, it had information on over 93% of its tenants and had started to record this on its ICT system. Weslo plans to provide this information to visiting staff and contractors in order to tailor its services to the needs of its tenants. It also intends to review the information it holds on different groups in the community and thereafter, develop a strategy to address the needs of these groups.
- 5.46 Weslo has installed a "Browsealoud" facility following its recent review of its website, allowing visitors to "listen" to its content. It is also affiliated to "Language line" which provides access to translation services when necessary. While it has only a small local Polish community, Weslo has taken the

opportunity to use a Polish speaking member of staff to assist Polish speaking applicants and tenants.

5.47 Weslo's offices are not all fully Disability Discrimination Act compliant. Our Tenant Assessors identified that both its Bathgate headquarters and Bo'ness office did not have hearing loops installed. In our view, Weslo's offices did not have prominent, clear signage and did not always advertise the availability of translation services at its reception areas.

5.48 In summary, Weslo is committed to and has a good approach to mainstream equalities and diversity issues. It continues to make good progress through its action plan and Focus Group and it is working to improve its information base. However, its offices are not fully DDA compliant.

### Efficiency and value for money

5.49 Weslo has identified continued growth in its stock numbers as a driver for the organisation. It has arrested the steady erosion of its stock base in recent years by its new Housing Association Grant (HAG) funded development activity and participation in the Mortgage to Rent scheme. At the time of our inspection Weslo owned 2136 properties; an increase on its 2008/09 stock of 2096. It expects to see this trend continue and is actively looking at development opportunities for affordable rented housing without recourse to HAG.

5.50 In 2008/09 Weslo charged its tenants an average weekly rent of £55.54. Its rents been consistently lower than both its peer and national figures. Weslo has a positive focus on tenants and has given a commitment to limit its annual rent increases to a maximum of the Retail Price Index (RPI) +1%. It is aware of the challenges associated with negative inflation and the potential impact upon the rent increase that will be recommended for 2010/11.

5.51 Weslo's annual accounts and financial forecasts to 2014 provided the following information.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	Actual (re-stated) £'000	Actual £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000
Turnover (£,000)	6,048	6,519	6,915	7,403	7,849	8,054	8,320
Operating costs (£,000)	5,007	4,878	5,627	6,294	6,177	6,330	6,488
Interest payable (£,000)	1,855	1,829	1,732	1,852	2,049	2,154	2,174
Costs and interest (£,000)	6,862	6,707	7,359	8,146	8,226	8,484	8,662
As % of turnover	113.5%	102.8%	106.4%	110.0%	104.8%	105.3%	104.1%
Staff costs (£,000)	1,904	2,170	2,227	2,320	2,408	2,481	2,555
As % of turnover	31.5%	33.3%	32.2%	31.3%	30.7%	30.8%	30.7%

Source: Audited financial statements and five year financial projections

5.52 The total of Weslo's interest and operating costs exceeded its rental income in 2007/08 and 2008/09. Its 2009 Five Year Financial Projections indicate that this situation is likely to continue over the next five years as it brings its properties up to the SHQS. However, at present, Weslo is a cash-rich organisation as the above table does not reflect other gains from sales of assets or interest received. In recent years this additional income has made a significant contribution to Weslo's positive financial position. It recognises that future contributions from these sources are likely to be constrained due to the prevailing economic conditions. Weslo will need to develop a strategy to contain its costs and achieve efficiencies in order to secure its longer term viability. At the time of our inspection we found little evidence of progress in this area, although Weslo has subsequently told us that it intends to address this in its 2010/11 Business Plan.

5.53 Weslo's management costs per unit have fallen from £939 in 2007/08 to £885 in 2008/09. In the corresponding period, the national figures reduced from £1083 to £1048 per unit. Weslo's reported staff costs are high; however, when the figures associated with its "in-house" maintenance operatives are removed, its annual staff costs, when expressed as a percentage of its turnover, are comparable with its classification group and national figures for both 2007/08 and 2008/09.

5.54 Weslo does not routinely compare its management costs with those of other similar organisations. Although Weslo has recently joined the Millennium benchmarking group, we found no evidence of comparative cost or financial information being reported to or considered by senior managers or its Board, when setting its annual budgets. We also saw little evidence of higher cost areas being analysed and reported to the Board. It has not yet fully developed its processes in this area and therefore cannot demonstrate that it is delivering cost effective services to its tenants. This is a weakness.

5.55 It is more cost effective to invest in planned and cyclical maintenance rather than reactive repairs. Weslo’s spend on reactive repairs has increased over recent years. At the same time, its investment in planned and cyclical maintenance has fallen; however we note that Weslo’s financial projections show a significant increase is projected in planned and cyclical maintenance expenditure in coming years.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	(restated)		(updated)				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Planned &amp; Cyclical</b>	691	472	301	1,084	810	829	849
<b>Reactive</b>	1,100	1,248	1,074	1,072	1,106	1,136	1,167
<b>Total Repairs</b>	1791	1720	1,375	2,156	1,916	1,965	2,016
<b>% Planned &amp; Cyclical</b>	<b>39%</b>	<b>27%</b>	<b>22%</b>	<b>50%</b>	<b>42%</b>	<b>42%</b>	<b>42%</b>

Source: Audited financial statements and five year financial projections.

5.56 Weslo carries out a high proportion of its responsive repairs in more expensive categories with targets of one day or less. In 2008/09, 2091 (or 26%) of its 8150 responsive repairs fell into these categories of repair. Weslo has no strategy in place to reduce its costs in this area.

5.57 Weslo has put in place procedures to assist and encourage owners to participate in common repair works. To reduce the financial risks to the organisation, it requires all owners participating in repair contracts to sign a mandate at early stage. In situations where owners find it difficult to meet their contribution, Weslo will negotiate re-payment arrangements as a way of encouraging owners’ participation in investment works.

- 5.58 The vast majority of Weslo's responsive repairs are carried out by its in-house team of operatives. It contends that this system for delivering responsive repairs provides the organisation with a cost effective, tenant focussed service. However, in the absence of regular detailed analysis and benchmarking of costs, it is not possible for Weslo to demonstrate that these arrangements represent value for money. This is a weakness.
- 5.59 In order to minimise disruption to tenants, Weslo carry out much of its SHQS work, wherever possible, to individual properties when they become empty. We found no evidence of Weslo checking and demonstrating the cost effectiveness of this working arrangement.
- 5.60 The majority of Weslo's investment contracts are tendered and the process is set out in its Financial Procedures Manual. It invites tenders from its approved list of contractors which it reviews annually. Weslo will negotiate with contractors that have provided a good service and delivered a consistent level of high quality workmanship.
- 5.61 Weslo procures its investment contracts through a traditional process of two stage selective tendering. However we saw that it will, on occasion, not accept the lowest tender received if it holds concerns where a substantially lower price has been submitted. Weslo is aware of European Union (EU) procurement rules however contracts to date have been below threshold levels.
- 5.62 Weslo's new build properties in the West Lothian area are procured by the West Lothian Strategic Alliance using the balancing quality and price method.
- 5.63 Weslo collects feedback from tenants on completion of investment works; however it does not routinely analyse or report the results. It will however discuss any concerns raised with its contractors during the contract. Weslo organises post completion meetings and it discusses any issues arising from the returned tenant satisfaction surveys. We saw that it uses this information when drawing up its future tender lists.

## 6. Next Steps

- 6.1 This report highlights our findings following this housing inspection. We expect all organisations to respond effectively to our recommendations using their own improvement planning processes. We ask organisations that receive fair or poor assessments to submit an improvement plan to us within eight weeks of the publication of this report.
- 6.2 Weslo's improvement plan should show how it intends to respond to our findings. The plan will be agreed with us. We follow up improvement plans at regular intervals.
- 6.3 If you would like to see the Weslo's improvement plans you should contact the RSL by:
- **Telephone: 01506 634286**
  - **Email: [enquiries@wesloh.co.uk](mailto:enquiries@wesloh.co.uk)**
  - **Website: [www.weslo-housing.org](http://www.weslo-housing.org)**

## Sources of evidence

### Groups and third parties consulted

- Falkirk and West Lothian Councils
- Scottish Government – Housing and Regeneration Team
- Scottish Government – Housing Investment Division
- Scottish Housing Regulator – Support Team
- Scottish Housing Regulator – Business Analysis Team
- Citizens Advice Bureaux
- Scottish Public Sector Ombudsman (SPSO)

### Interviews / meetings

- Interviews with members of Weslo's governing body
- Weslo's Chief Executive, Operations Director and Finance Director who collectively form the organisation's Executive Team
- Weslo's heads of department, senior staff and team members
- Members of Weslo's Tenant Participation Committee

### Reality checks

- Observation of meetings of the governing body and committee meetings
- Review of APSR completion
- Review of complaints
- Review of gas-safety management
- Review of performance reports and improvement plans
- Review of responsive repairs
- Review of tenant-information leaflets
- Shadowing Board workshop on tenancy-sustainment management
- Shadowing repairs reporting
- Shadowing of reception areas
- Validation of performance measures and reporting mechanisms
- Shadowing of allocations
- Shadowing of tenancy sign up interview
- Shadowing of an accompanied viewing
- Shadowing of repairs call handling
- Shadowing of repair pre- and post-inspections
- Shadowing of void repairs visits
- Review of short SST's
- Review of housing list applications and allocations
- Review of information for applicants and tenants
- Review of homeless assessments and appeals
- Review of complaints
- Review of antisocial behaviour cases
- Review of arrears cases
- Review of legal actions against tenants
- Review of reported repairs
- Review of planned maintenance and improvement projects
- Empty property visits
- Estate visits

## Key documents reviewed

- Weslo's Inspection Submission
- Weslo's Business Plan
- Housing management performance reports
- Repairs and maintenance performance reports
- Relevant policy and procedures
- Minutes of meetings and associated reports
- Tenants' newsletters and other publicity material
- Website
- Outcome reports for housing management, property maintenance and homelessness
- Protocols with other agencies
- Scottish Housing Quality Standard Delivery Plan

### Examples of Positive Practice

These are areas we would highlight as working particularly well, taking account of the organisation's operating context:

- Weslo's Equalities and Diversity Working Group includes both staff and tenant board members and regularly reports its progress in Weslo's tenant newsletter.
- Weslo has census information on 93% of its tenants and has started to record this on its ICT system. Initially, Weslo plans to provide this information to visiting staff and contractors in order to tailor its services to the needs of its tenants. It also plans to review the information it holds on different groups in the community and thereafter, develop a strategy to address the needs of these groups.
- When dealing with antisocial behaviour, Weslo maintains a high level of communication with its partners. Weslo's staff participate in joint visits and follow-up actions.
- Following the completion of its recent new build development in Livingston, Weslo organised a social meeting for its new tenants. Housing Officers took the opportunity to reinforce tenancy conditions and introduce the new tenants to their local community police. It also took the opportunity to gather tenants' feedback on their new homes. The meeting resulted in the tenants forming a Neighbourhood Watch. Weslo is working with this group to encourage further tenant involvement.
- Weslo has an annual Community Budget which is administered by a separate staff Committee. The Budget is used to provide support to a wide range of local voluntary projects, schools and individuals.

## Glossary

<b>Annual Performance and Statistical Return (APSR)</b>	A statutory return required by the Scottish Housing Regulator and completed by all RSLs each year. It is used to gather annual information about RSLs, and to track their performance.
<b>Asset management</b>	Ensuring that current and future assets (houses, land, etc) fully support the organisation's objectives – working towards having the right assets, of the right quality, in the right place at the right time.
<b>Banking sensitivities</b>	A series of financial tests that lenders apply when assessing the ability of RSLs to manage lending risk and repay debt.
<b>Benchmarking</b>	A process used by organisations to systematically compare service processes and performance with others to identify best practice.
<b>Care Commission</b>	The organisation that regulates the provision of care in Scotland. This includes housing support.
<b>Choice-based letting (CBL)</b>	A lettings scheme that allows people to apply for advertised vacant houses. The successful applicant is the person with the highest priority for the property they have bid for.
<b>Cyclical maintenance</b>	Planned programme of work to deal with predictable deterioration of building components, for example regular maintenance of window frames.
<b>Focus group</b>	A group of people brought together for a structured discussion on a specific subject(s).
<b>Group structure</b>	Several organisations linked legally through parent and subsidiary relationships.
<b>Happy to Translate</b>	An initiative to improve the quality of life of people in Scotland who speak or read little or no English or who use a non-verbal language. Member organisations display a logo to indicate that they will provide language assistance in the form of confidential translation and interpretation.
<b>Housing Association Grant</b>	A grant that the Scottish Government or a local authority awards a RSL to acquire land or buildings and to build, convert or improve housing for rent or low-cost home-ownership.
<b>ICT</b>	Information and communication technology systems.

<b>Industrial and Provident Society</b>	An organisation registered under the Industrial and Provident Societies Act 1965.
<b>Inspection submission</b>	Documents the landlord submits at the start of the inspection to provide information on its performance, context and structure.
<b>Intranet</b>	A restricted web-based network of information within an organisation.
<b>Key performance indicator</b>	A measure of how an organisation is achieving its objectives or performing in particular activities. Performance indicators can be compared with a pre-set standard (a benchmark) or with other organisations.
<b>National median</b>	In a series of performance values for all Scottish RSLs, the value in central position.
<b>Partnering</b>	In contract-management, a structured approach to improving efficiency and quality of work. It aims to reduce confrontation between the RSL and its consultants and contractors. Partnering requires formal objectives, agreed methods for solving problems and searching for continued, measurable improvements.
<b>Paypoint</b>	The facility to pay bills, including rent, in local shops with the appropriate terminal. There are over 20,000 outlets in the UK.
<b>Peer group</b>	A group of organisations facing similar tasks and challenges with which comparisons can be made. The Annual Performance and Statistical Return allocates Registered Social Landlords (RSLs) to a peer group which best describes their organisation.
<b>Performance Standards</b>	The nationally-agreed standards RSLs and local authorities are expected to meet in providing housing services and in managing their organisations.
<b>Post-inspection</b>	Inspection to check on quality of work for completed repairs.
<b>Pre-inspection</b>	Inspection to check what work is needed before ordering a repair.
<b>Registered charity</b>	An organisation with charitable purposes, registered with the Office of the Scottish Charity Regulator.
<b>Registered social landlord (RSL)</b>	A landlord providing or managing social rented housing that is registered and regulated by the Scottish Housing Regulator.

<b>Registered Tenant Organisation (RTO)</b>	A tenant-representative group meeting certain conditions set down in the Housing (Scotland) Act 2001 and registered with a social landlord.
<b>Re-lets</b>	Lets made to the second or subsequent tenants. Distinguished from new lets – made when the property is first built or modernised.
<b>Response repairs</b>	Day-to-day repairs done in response to request from tenants, as opposed to planned, capital or cyclical maintenance.
<b>Right to Buy</b>	The right of many Scottish tenants to buy their property at a discounted price, depending on length of tenancy.
<b>Right to Repair</b>	Statutory scheme which sets out timescales for some repairs, and what can be done by a tenant if a landlord does not do the repair within the timescales.
<b>Schedule 7 of the Housing (Scotland) Act 2001</b>	Part 1 of Schedule 7 of the Housing (Scotland) Act 2001 restricts the types of payments and benefits that RSLs can make to employees, governing-body members and the families of employees and governing-body members.
<b>Schedule of rates</b>	A costed list of all or most of the day-to-day repairs that a client is likely to instruct a contractor to do.
<b>Scottish Housing Quality Standard (SHQS)</b>	A minimum quality standard for all of Scotland’s social homes. Landlords should achieve the standard by 2015.
<b>Scottish Public Services Ombudsman (SPSO)</b>	The independent body appointed to investigate individual complaints against public-service bodies, including Registered Social Landlords (RSL).
<b>Section 5 referral</b>	Where, under Section 5 of the Housing (Scotland) Act 2001, a local authority can request a registered social landlord that has accommodation in its area to provide accommodation to homeless people.
<b>Secure by design</b>	A UK-wide accreditation scheme under which building designs and specifications are endorsed as including crime-prevention measures to help reduce the opportunity for crime and the fear of crime.
<b>Serious arrears</b>	Where a tenant owes more than 13 weeks’ rent payments and this is more than £250.
<b>Shadowing</b>	An inspection technique that involves accompanying and observing staff while they carry out their day-to-day tasks.
<b>Stakeholder</b>	Any person or organisation using a landlord’s service,

affected by the landlord's actions or having an interest in the landlord's activities – an interested party.

**Technical arrears**

Rental charges owed to a landlord as a result of outstanding Housing Benefit claims or delayed payments.

**Tenant assessor**

Trained tenants (not of the landlord being inspected) who are part of the inspection team. They are involved in preparing for the inspection, reading landlord materials and on-site visits as well as talking to tenants.

**Treasury management policy**

A policy governing the way an organisation manages borrowing and investments.

**Turnover (empty houses)**

The number of houses that are vacated in a year, expressed as a percentage of the landlord's lettable housing stock.

**Wider action**

Actions that a landlord takes outside of its normal landlord role to promote social inclusion in the communities it serves.

## About the Scottish Housing Regulator

The Scottish Housing Regulator (SHR) is an executive agency of the Scottish Government. We exercise independently the regulatory powers of Scottish Ministers in the Housing (Scotland) Act 2001. We register and regulate independent social landlords. These are usually housing associations, but they can also be housing co-operatives or companies limited by guarantee. We also inspect the housing and homeless services provided by local authorities.

We operate independently and impartially, while remaining accountable to Scottish Ministers for the standard of our work and for inspecting and reporting within the overall context of Scottish Ministers' strategic objectives for the social housing sector and tackling homelessness. A code of practice sets out what Ministers expect from us in delegating their regulatory powers to us. Our independence is further safeguarded by a Regulation Board that supports the Chief Executive to manage and direct the organisation.

Our purpose is to:

- protect the interests of current and future tenants and other service users;
- ensure the continuing provision of good quality social housing in terms of decent homes, good services, value for money, and financial viability; and
- maintain the confidence of funders.

Our work supports the principles of public service reform by promoting good services that are organised around the needs of the people who use them. We encourage registered social landlords (RSLs) and local authorities to be open, accountable, efficient and well governed. And we expect them to provide equal opportunity and open access to their services.

[www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)

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**The Scottish  
Government**



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