

Capital City Homes

This inspection was carried out by Communities Scotland 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. The inspection of Capital City Homes took place in May 2005.

The initial concept for Capital City Homes (CCH) was to create a "Local Housing Company" to operate in Edinburgh to address issues of supply and demand and area renewal in the City. Its primary purpose was to deliver affordable housing in the City to "address the Council's strategic objective of increasing the provision of good quality, affordable rented housing in Edinburgh", but in the context of regeneration and the need to boost supply.

The selection of initial sites was very closely linked to a major demolition and renewal programme being undertaken by the Council, involving the promotion of sites that had recently been cleared or were due for clearance and their use, to the extent that that was needed, for the relocation of displaced tenants exercising the "right to return".

Issues of funding, financial capacity, viability and the benefits of wider renewal initiatives led the Council to look at the option of working in partnership with an existing housing group. Places for People was selected as the partner for this initiative in 2000.

CCH was registered as a social landlord (RSL) by Communities Scotland in February 2001. It is a non profit distributing company limited by guarantee with charitable status. This is its first inspection. The parent company is not registered with Communities Scotland and our inspection relates only to the services and performance of Capital City Homes.

Key Facts

Capital City Homes is still a relatively new organisation but the table below gives background information and shows some trends over the last three financial years.

Capital City Homes	2003-2004	2004-2005	2005-2006
Houses owned	12	59	94
Employees	2	0	0
Annual turnover (£'000's)	£1,533	£110,263	£184,638
Total possible rental income (£'000's)	£1,533	£110,438	£204,302
Rental income from housing benefit (%)	27%	53.5%	62.7%
Average weekly rent (£)	£66.91	£57.41	£57.10
New Lets	-	59	35
Responsive repairs carried out	-	0	182
Maintenance spend per house (£) (Direct cost excluding overheads)	-	£648	£605

Source – Communities Scotland, APSR and annual accounts

Inspection Findings

CCH is committed to the provision of affordable housing throughout the City of Edinburgh. So far, it has built 59 new properties for rent, all in West Pilton, an area of social housing which is undergoing regeneration. These properties are walk-up tenement flats and terraced houses, mainly for general needs but 2 are fully accessible to wheelchair users. This first development provided houses ready to let between March and October 2004. A second phase of 35 homes was completed in February 2006.

CCH acquired further sites for future development from Edinburgh City Council in March 2005, in various locations throughout Edinburgh. It plans to provide a further 156 affordable homes for rent, while 2 of the sites will also provide houses for sale and other tenures. House building has now started on several of these sites

The business plan contains strategic targets for achieving expansion and high service standards. There are no operational plans to help it manage this growth, although Capital City Homes does have the support and expertise of a larger parent group. Overall the board has a good range of expertise and experience to lead the organisation, but it has appointed only 2 tenant members to the board, when there are places for 5 tenants. The Board has made efforts to encourage others to participate but considers filling these places at present to be impractical. However, CCH has taken action to ensure that the board can remain quorate and operate effectively. It made a technical breach of legislation by making a non contractual payment to an outgoing staff member.

Financially, the organisation is in a start up position, supported by its parent and other group companies. It is financially viable but is dependent on its future development programme to remain so. Capital City Homes has not met the targets for developing new properties set out in its original business plan; therefore, its income stream is lower than originally projected. It has exposure to financial risk and its financial projections indicate that it will make deficits in the early years. There are some areas of weakness in Capital City Homes' financial management and reporting.

Strengths in Capital City Homes' services:

- the high quality of its houses and their immediate environment;
- good access to its office and repairs services;
- its developing work to improve service delivery and to sustain tenancies through its handbook and new tenant visits.

Key areas for improvement in Capital City Homes' services:

- access to its houses in accordance with good practice;
- its efficiency in letting, including the pre-allocation of new properties;
- early and preventative action in arrears management;
- compliance with gas safety legislation, and;
- arrangements to ensure repairs are completed to a high standard.

Next steps

Capital City Homes should respond to our findings by submitting an improvement plan for agreement with us within 8 weeks of the publication of this report.

How to get more information and contact details

If you would like to see Capital City Homes' improvement plan you should contact:

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Postscript

Since our inspection, Capital City Homes has reviewed its business with the intention of improving services to tenants and addressing longer term viability. It is proposing a transfer of engagements to Castle Rock Edinvar, who are also part of the Places for People Group. A Business Plan has been approved by the CCH Board and has been submitted to Communities Scotland for consideration. A tenant consultation exercise has recently been completed.

If the plans are accepted by Communities Scotland and supported by CCH tenants, the proposed transfer will go ahead in April 2007.

The full report is on our website at <http://www.communitiesscotland.gov.uk> .

This Summary can also be made available on tape, in Braille, large print and community languages. For information please contact Janette Campbell on 0131 479 5163 or email: janette.campbell@communitiesscotland.gsi.gov.uk