

Communities Scotland
Inspection report

**Dumfries and Galloway
Housing Partnership**

October 2006

Contents

	Pages
1. Introduction	1-2
2. Context	3-6
3. Challenges and commitments	7-11
4. Housing management	12-29
5. Property maintenance	30-41
6. Governance and financial management	42-52
7. Areas for improvement action	53-54
8. Next steps	55
Appendix 1: Sources of evidence	56-57
Appendix 2: Examples of positive practice	58-59
Glossary	60

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

اپنی کمیونٹی میں بولی جانے والی زبان میں اس دستاویز کے ترجمے کے بارے میں معلومات کیلئے برائے مہربانی
جینٹ کیمبل Janette Campbell کو 0131 479 5162 پر فون کریں یا اس پتے پر ای میل کریں

janette.campbell@communitiesscotland.gsi.gov.uk

如果索取這文件的翻譯版本，請致電 **Janette Campbell**
0131 479 5162，或電郵以下地址
janette.campbell@communitiesscotland.gsi.gov.uk

আপনার সম্প্রদায়ের ভাষায় এই দলিলপত্রের অনুবাদের জন্য জ্যানিট ক্যাম্বেল-কে 0131 479 5162 নম্বরে
ফোন করবেন অথবা janette.campbell@communitiesscotland.gsi.gov.uk ঠিকানায় ই-মেইল
করবেন।

لمزيد من المعلومات عن ترجمة هذا المستند الى لغة جاليتكم، الرجاء الإتصال ب:
Janette Campbell على رقم الهاتف 0131 479 5162. أو عن طريق البريد الإلكتروني على
التالي: janette.campbell@communitiesscotland.gsi.gov.uk

1. Introduction

About this inspection

1.1 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.

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, staff and members of the governing body;
- 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 grades for housing management and for property maintenance. This is what our grades mean:

A	Excellent	Major strengths.
B	Good	Many strengths and some areas where improvement is needed.
C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.
D	Poor	Major areas where improvement is needed or where a number of very significant weaknesses are found.

The inspection team

- 1.5 The inspection was managed by Lynn Sweeney (Inspection Manager), supported by Robbie Fraser, Janet Buchanan, Joyce Stewart, Elaine Rosie (Inspectors) and Jim Casey (Financial Analysis Manager). We were also assisted by our tenant assessor, Danny Mullen. We were on site between 2 and 25 May 2006. We would like to thank everyone involved in the inspection, particularly the Board of Management, staff and tenants for their time and co-operation.
- 1.6 A panel of our tenant assessors also carried out a desk-top appraisal of leaflets and documents that DGHP makes available to tenants and service users. The panel comprised Fiona Samson, Clare Newton, Bill Chapman and Isabell McLaughlin.

Responding to this inspection

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

2. Context

About the organisation

- 2.1 Dumfries and Galloway Housing Partnership (DGHP) was registered with Communities Scotland in April 2003, when it acquired 11,887 properties from Dumfries and Galloway Council. It is constituted as a company limited by guarantee.
- 2.2 The Partnership's headquarters are in Dumfries and it owns properties across four areas of Dumfries and Galloway: Annandale and Eskdale, Nithsdale, Stewartry, and Wigtown. The area office network is the same as the Council's management boundaries, based on the four former district council areas pre-dating local government reorganisation in 1996. DGHP owns 2,938 properties in Annandale and Eskdale, 4,068 properties in Nithsdale, 1,384 in Stewartry and 2,530 in Wigtown. Almost two-thirds of DGHP's properties, including sheltered accommodation, are houses (7116) and the rest are flats (3804). Although the majority are of traditional construction, almost 10% (1067) are non-traditional.
- 2.3 Dumfries and Galloway Housing Partnership is governed by a Board of Management. Membership of the Board comprises tenant and independent members who are elected by the members of the company, and local authority members who are nominated by Dumfries and Galloway Council.
- 2.4 The Partnership is currently undertaking a comprehensive Strategic Review of its services, which will result in major changes to service management and staffing structures during 2006.
- 2.5 The new structure includes a Customer Contact Centre to handle all customer enquiries and it is expected that it will resolve most enquiries at the first point of contact. More complex enquiries will be referred to one of the specialist teams in the Service Centre, which includes locally based staff working in the communities.

- 2.6 The Partnership will relocate its four area offices and aims to provide services to tenants and residents in their own homes and neighbourhoods. It will continue to provide walk-in facilities in four locations: Dumfries (2), Stranraer (1) and Annan (1).

Geography

- 2.7 The Partnership's housing stock is spread throughout Dumfries and Galloway, the rural southwest of Scotland, from the border at Gretna along the strategic transport route to the major port of Stranraer in the west. The main population centres are historic market and trading centres and ports along the 230-mile coastline and on the river plains. Agriculture and commercial forestry account for the majority of land use.

Population

- 2.8 The population in Dumfries and Galloway is about 148,000. Migration is a key demographic factor. Census data shows out-migration of the majority of young people in their late teens, and in-migration of older people at, or reaching, retirement.
- 2.9 Official population projections predict these trends will continue. Current migration of younger people means that in 2018 there will be fewer 33–45-year olds, and the number of children will fall. Consequently, the population of Dumfries and Galloway is officially expected to decline by 7.2% (10,000 people) by 2018, three times greater than the projected figure for Scotland, which is 2.4%. The evolving pattern has implications for labour supply and for the provision of services.
- 2.10 Despite an expected fall in total population, the number of households is expected to continue to grow. In 2002 there were an estimated 64,450 households living in Dumfries and Galloway and this is forecast to grow to 66,630 by 2013 – an increase of 3.3%, which is below the national forecast of 5.9%.

Economic factors

- 2.11 The unemployment rate for Dumfries and Galloway is 4.17%, which is slightly higher than the Scottish average of 3.97%. Scottish Enterprise Dumfries & Galloway's 2004 Economic Audit contains the following economic "headlines":
- The region continues to recover from foot-and-mouth disease and land-based industries remain fundamental to Dumfries and Galloway's economy.
 - Dumfries and Galloway has much more self-employment than elsewhere in Scotland, more working from home, and a significantly older workforce. Unemployment continues to fall, down to 2,400 claimants, from 8,700 at its peak.
 - Property markets boomed as a result of moves into the region, with house prices rising by 20% in 2003.
 - Average weekly earnings fell from £387 to £382 between 2002 and 2003. Earnings in the region are 13% below the Scotland average.
 - As changes take place to the Common Agricultural Policy, the developing economics of land-based industries will again be an important factor in shaping the region's future.
 - One of the region's defining features is land availability: 4.1 hectares per person compared to 1.5 across Scotland.

Social housing supply

- 2.12 Just under a quarter of properties in Dumfries and Galloway are in the social rented sector and DGHP is the largest social landlord. The houses it acquired from Dumfries and Galloway Council represents 80% of Dumfries and Galloway's social rented sector as recorded in the 2001 Census.
- 2.13 Dumfries and Galloway Council's Local Housing Strategy identifies aspects of the housing system where intervention, using public and other funding sources, may be required. The 2003 Housing Needs and Market Study of the owner occupied and social rented sector identified the following three key strategic housing issues where intervention through action and investment is a priority:
- The regeneration of communities within the principal towns of Dumfries, Annan and Stranraer where there is low demand for social-rented housing (particularly flats).

- The rationalisation of social-rented housing in remote, closed or economically weak communities.
- The provision of new additional social-rented housing and low-cost home ownership in pressured urban and rural settlements.

Key facts

	2003-2004	2004-2005	2005-2006
Houses owned	11,420	11,125	10,852
Employees	176	167	176
Annual turnover (£'000)	25,220	25,127	25 975
Total possible rental income (£'000)	23,921	24,801	25,307
Rental income from housing benefit (%)	55.4%	54.0%	54.0%
Average weekly rent (£)	43.85	41.61	45.17
Average rent increase (%)	N/A	3.1%	3.4%
Houses re-let	1045	858	815
Responsive repairs carried out	41,901	44,018	39,816
Maintenance spend per house (£)	£134.39	£143.00	£139.25
Right To Buy sales	445	276	273

Source: APSR and RSL Annual Accounts

3. Challenges and commitments

- 3.1 As part of the transfer process from the Council, DGHP made significant commitments to tenants and it continues to develop its relationship with the Council, strategically under community planning, and operationally as the largest social landlord in the area.
- 3.2 At the time of our inspection the Partnership had been in existence for three years. This is a short time for a new organisation to establish itself and become fully functioning and it is important to note that there have been developments beyond the core landlord services, such as DGHP taking an active role in regeneration. The Partnership increasingly supports the Council's strategies on anti-social behaviour and homelessness as well as the local housing strategy for the area.
- 3.3 Dumfries and Galloway Council is contracted by the Partnership to deliver a number of repair and maintenances services. This includes responsive and empty house repairs, grounds maintenance and gas appliance servicing (in three of the four operational areas). These works are undertaken under a five-year contract agreed as part of the stock transfer conditions and are in place until 2008.

Challenges

- 3.4 The Partnership has experienced a number of challenges since stock transfer in 2003 including:
- personnel and governance issues during its first two years of operation;
 - procuring and delivering the Investment Programme;
 - developing the organisation's capacity to achieve consistency in service delivery, and to be fully responsive to tenants' needs;
 - setting up and developing the role of its District Management Committees (DMC); and
 - establishing its own identity as a separate organisation from the Council.

- 3.5 The personnel and governance issues absorbed significant Board and senior management time in the first two years, and resulted in changes such as the appointment of a new Chief Executive, turnover on the Board of Management, and a focus on resolving issues about roles and relationships with the Council and individual councillors.
- 3.6 During this period, the Partnership has primarily had an inward focus and a significant amount of work has been done to secure and develop its work as a landlord and an employer. Due in part to the challenges the Partnership faced following transfer a lot of time has been spent responding to such circumstances and events. This has helped to ensure that DGHP has a good awareness of itself and its strengths and weaknesses, and has enabled the Board and senior staff to demonstrate their ability to make decisions during periods of real uncertainty. There is some evidence that DGHP is establishing a stronger outward-looking focus and this will be important in the next stage of operation for the Partnership.
- 3.7 DGHP has recently announced its involvement in a regeneration project for South Central Stranraer and North West Dumfries, involving key agencies such as Dumfries and Galloway Council and Communities Scotland. Over the next five years, the £63m neighbourhood-renewal project will involve the demolition of 389 sub-standard properties and the provision of over 600 new homes for rent, shared-equity and for sale.
- 3.8 It is also important for the people and the geographic areas that the Partnership serves, that DGHP works with the Council under its Community Planning leadership in a number of operational areas. It is noted that despite very significant challenges in relationships with the Council over this period of time, there are good operational arrangements in place to build on and assist future service delivery.

Promises

- 3.9 DGHP's Business Plan 2003 includes up to 60 commitments made to tenants covering six key aspects of the organisation. The Partnership has made good

progress in delivering these commitments and has contingency plans for those commitments which are ongoing or have been reconfigured due to changing circumstances. For example, DGHP has delivered significant achievements in its commitments to:

- ensure that tenants, independent people and the Council are represented on the Board;
- support the Council to meet its obligations to homeless and other vulnerable people by housing homeless people permanently, and by making properties available to the Council for temporary accommodation;
- work with the Council and other partners to achieve regeneration of communities in Dumfries and Galloway;
- ensure that tenants are the largest constituency group on the Board of Management, occupying eight out of nineteen places available;
- assign an officer to assist and work with each DMC and support the voluntary tenant movement;
- plan, procure and schedule work in a way that avoids unnecessary competition for resources;
- manage its investment programme by clearly defining the roles of the Board, DMCs, area and HQ staff;
- cap annual rent increases at no more than RPI +1%;
- include the rent guarantee in its tenancy agreement;
- create a district-based staff structure;
- identify an appropriate quality assurance scheme;
- set clear targets for income and expenditure and monitoring against budgets;
- adopt sound financial management policies and practices; and
- establish an internal audit function, reporting to its Audit Committee.

3.10 DGHP's promises to tenants regarding investment in their homes were a key aspect of the transfer. The main investment commitments given to tenants for the first five years after transfer related to the provision of new kitchens, bathrooms and external doors. In its first three years DGHP has invested over £57 million in its homes, through its investment programme and responsive repairs service, and £2.7 million in aids and adaptations to help tenants with support needs. The Partnership has replaced 3,224 kitchens (40% of 2008

- target), 1,746 Bathrooms (65% of 2008 target), 4,729 doors (44% of 2008 target), and has installed 1,314 central heating systems. Tenants have been given a variety of choices in relation to kitchens, bathrooms, and doors and DGHP reports high levels of satisfaction for its investment programme works.
- 3.11 During the first 18 months after transfer, it became apparent to the Partnership that procurement costs for the investment programme were significantly above the levels assumed in the independent valuation which were reflected in DGHP's Business Plan. This was partly due to cost inflation and market conditions. In response to these increasing costs, the Partnership reviewed its procurement strategy in 2005 resulting in a repackaging of the existing contracts into 10 larger contracts (4 door-replacement contracts, 4 kitchen-replacement contracts and 2 bathroom-replacement contracts). The new contracts were awarded, following a competitive tendering exercise, in October 2005.
- 3.12 As a result, the kitchen programme is running significantly behind initial projections. While DGHP remains confident that it will meet its five-year target, the works are some 900 units behind the original target of 8,090 kitchens replaced. The Partnership has taken action to address this situation and recently advertised a supplementary contract to help meet its target.
- 3.13 Another key transfer commitment focused on giving tenants the opportunity to be at the heart of the organisation, through having a tenant majority on the Board of Management and the introduction and development of District Management Committees (DMCs) made up entirely of tenants. DGHP has had some significant success in this area, for example there has been a full complement of tenant Board members since transfer, and the DMCs are now well established. The Partnership is aware that progress to fully develop the role of the DMCs is slower than intended. DGHP is working to address this and is committed to ensuring that their role and influence develops further over the next two years. The Partnership offers significant levels of assistance to the DMCs, through training and by providing staff resources to support DMC members. This was confirmed by a review of DMC minutes carried out by our tenant assessor who confirmed that meetings are supported through staff attendance and that senior

staff are available where appropriate. However, DGHP is also aware of some confusion between the roles of DMC members and Tenant and Resident Association (TARA) members and is holding a training event this year to clarify the respective roles and responsibilities of these groups. This potential for confusion was also highlighted by our tenant assessor.

3.14 In summary, DGHP has made good progress against its transfer commitments and objectives. To ensure further delivery it has also used them as the basis for its strategic plans. Where there has been slippage or reconfiguration, DGHP has plans in place to address these. This is a positive approach. The Board and senior staff have demonstrated effective leadership, particularly during difficult times and are developing a more outward focus as the organisation becomes more established.

3.15 DGHP's future challenges include:

- the successful delivery of its investment programme;
- the development of DMCs to enable them to take up their intended role in the Partnership's structure;
- the implementation of the strategic review and effectively managing communication with staff and stakeholders;
- supporting staff and stakeholders to meet the culture change that will result from the strategic review;
- continued working with partners, particularly in its regeneration initiative and in operational matters; and
- maintaining good relationships with the Council at strategic and governance levels.

Most importantly, the Partnership must focus significant effort to communicate effectively with its tenants, staff and the Council to help ensure that it successfully meets these challenges.

4. Housing management

4.1 The grade awarded for housing management is:

C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.
---	------	---

We explain at the end of this section how the assessments and judgements we have made result in this grade.

How good is the service?

Access

Social landlords should provide open, fair and equal access to their housing lists and should work with partners to simplify and maximise access to housing.

- 4.2 Dumfries and Galloway Housing Partnership operates an open housing list and anyone aged 16 or over can join at any time. The Partnership provides information about its housing and how to apply through its website and through its leaflet 'How to get a House'. DGHP has recently updated this leaflet to include information on equalities and is in the process of distributing it to its offices. Our tenant assessors commented on the lack of equalities information in the leaflets they reviewed. Applicants can apply at any of the Partnership's offices and can download application forms from its website. We found a lack of publicity materials about how to access housing in some of the Partnership's offices and in other public buildings throughout the area. DGHP can arrange for the translation of leaflets and other housing management and property maintenance material into large print or community languages and provide access to interpreters, but it does not publicise this routinely in its newsletters, website or at local offices. Our tenant assessors found that more references could be made in publications to the website as a further source of information.
- 4.3 We found that the Partnership offices and interview rooms are accessible to people with physical disabilities, but not all the offices have low-level counter facilities or a loop system for the hard of hearing.
- 4.4 DGHP is working with other RSLs in the area to develop closer cooperation and to produce a common housing application form.

- 4.5 At the time of our inspection the Partnership had 5190 housing applications. The target for processing housing applications is 10 days. DGHP has recently started to record and monitor the time taken to process new applications. We found that applications are processed within 10 days, although the Partnership's monitoring systems indicate that this is not consistent across the area offices. Also, the audit procedure to check the level of points awarded to applications is not being consistently implemented in all offices.
- 4.6 The Partnership provides applicants with a realistic assessment of their prospects of being allocated a suitable house in their preferred area. This information, including a breakdown of the points awarded, is routinely sent out with confirmation of inclusion on the housing list. Letters do not provide details of the appeals process or provide any guidance on alternative housing options. The Partnership was aware of this and is currently reviewing its letters to include this information.
- 4.7 DGHP actively manages its housing list. All applications are reviewed on the anniversary of application and this helps to provide an accurate indication of the demand for each area. We found that the Partnership only cancels applications in appropriate circumstances. This is positive.
- 4.8 The Partnership completes equal opportunities monitoring forms for applicants and at the point of signing for a tenancy. The information is collected and reported quarterly and annually to the Board, and some analysis is carried out to help ensure that fair outcomes are being achieved. DGHP has recently met the Dumfries and Galloway Multi-Cultural Association to discuss a range of issues aimed at improving access for members of the black and minority ethnic (BME) community.
- 4.9 The Partnership suspends applications in accordance with its published policy. In the cases we looked at, 57% were due to tenancy debt, 36% for refusing one offer and 7% for anti-social behaviour (ASB). Our case reviews confirmed that the Partnership is notifying applicants of the period and the reason for the

suspension. However, the letters do not tell applicants that they have a right to appeal or how to appeal. The Partnership has now amended its standard letters on suspensions. There is no monitoring of the number or the reasons for suspensions and a planned six-monthly review of suspensions has not yet begun.

- 4.10 In summary, DGHP provides good access to its housing lists. Access is open to anyone aged 16 or over, but promotion of the service is not consistent across its offices. The Partnership regularly updates its housing list and issues realistic information on an applicant's prospects of a suitable offer. DGHP has only recently started to notify applicants of their right to appeal suspension decisions.

Meeting need and maximising choice

Social landlords should meet housing need through lettings and should maximise choice for applicants.

- 4.11 The Partnership's allocation policy is points based on a range of housing needs which reflect the statutory reasonable preference categories*. In 2005/06, DGHP allocated 815 houses, of which 14% were to applicants from its existing tenants, 44% were to people from its housing list and 42% to homeless people referred by Dumfries and Galloway Council through Section 5 referrals*. All the allocations we reviewed were to people with one or more of the housing needs identified in the relevant legislation.
- 4.12 The Partnership ensures that all allocations are authorised by a second member of staff, who also checks the original assessment of the application for accuracy. It consistently applies this throughout its area offices.
- 4.13 The Partnership encourages applicants to select any number of areas and specify their preferred street, house type and form of heating on their application forms. However, it limits the offers of housing to one and suspends applications for one year if the offer is refused. This reduces choice for applicants and is an area of weakness.
- 4.14 Applicants with the most points should receive the next offer of housing. In 53% of the cases we reviewed, the Partnership had not offered the allocation to the

applicant with the highest points. We also found that it frequently bypasses homeless applicants in some area offices.

- 4.15 DGHP records the reasons for bypassing applications, but the outcomes are not monitored, there is no procedural guidance for staff and it is not clear whether or not homeless applicants are being treated reasonably. Bypassing categories include:
- high percentage of homeless applicants in the area;
 - previous tenant was a homeless applicant; and
 - high percentage of homeless applicants in the block.
- 4.16 The average number of days that a homeless applicant has to wait to receive an offer of housing from the Partnership is 104. While this performance is affected by individual factors, it is outwith the six-week target for housing S5 referrals.
- 4.17 The Partnership's policy states that Area Managers can give priority housing points after investigating harassment and domestic abuse, subject to authorisation from the Director of Operations. However, we found that decisions on awarding discretionary points are made by the Area Managers and are not authorised by Director of Operations. DGHP does not provide staff with procedures or guidance and does not formally approve cases.
- 4.18 In one area office we saw a mutual exchange where staff had refused the exchange on the grounds of a potential under-occupation, in line with the published policy. When senior staff reviewed the case it became apparent that other area offices operated different policies. DGHP reversed the original decision and approved the mutual exchange. The policy was amended to bring it into line with legislative requirements. However, frontline staff were not notified of the changes until four months later. We found that DGHP's intranet had not been updated. Tenants previously refused a mutual exchange by the area office, who would now qualify due to the change in policy, were not contacted until the issue was highlighted during the inspection.
- 4.19 The Partnership's allocations policy allows it to introduce local lettings initiatives, but there are currently none in operation. This is likely to change due to the

proposed regeneration in North West Dumfries and South West Stranraer. The Partnership is meeting tenants affected by the regeneration programme and the results will be reflected in changes to the allocations policy.

- 4.20 In summary, DGPH is fair at meeting need and maximising choice. Applicants are not restricted in the number of areas, or house types they can select to be considered for on their applications, and homeless applicants are given the same level of choice as other housing list applicants. The Partnership allocated 42% of its available houses to homeless applicants in 2005/06. However, the Partnership bypasses a significant number of homeless applicants and does not know if they have been disadvantaged by this. DGHP limits the number of offers to one and refusal will lead to suspension from the list for 12 months.

Sustaining tenancies and preventing homelessness

Social landlords should maximise security of tenure for all residents of their accommodation, and should work to sustain tenancies and prevent homelessness through their delivery of housing management services.

- 4.21 A large majority (98%) of the Partnership's tenants have signed Scottish Secure Tenancy Agreements (SSTs). At the time of our inspection DGHP had 11 Short Scottish Secure Tenancies (SSSTs).
- 4.22 The Partnership provides good information to tenants about their rights and obligations at the sign-up interview. However, the Partnership does not provide a tenants handbook, although it has recently developed one that will be issued to all tenants. The Partnership has a target to carry out settling-in visits within four weeks for every new tenancy. Between October and December 2005 it achieved this target in 53% of visits and results vary considerably between area offices. DGHP is aware that no-access calls impact on its ability to meet this target.
- 4.23 DGHP is committed to providing help and support services that enable people to sustain their tenancies. We found its housing officers are working well with a range of in-house and external support agencies. This includes Sheltered Housing Wardens and the Benefit Liaison Officer, Council support services and external agencies such as CAB*.

- 4.24 DGHP introduced a Floating Support Service (FSS) last year to help prevent homelessness and sustain tenancies. The service provides a planned programme of support that focuses on activities and skills that is agreed with the tenant and will help them sustain their tenancy. This service has a positive, proactive and well monitored case-management process, and is establishing good links with other support agencies and service providers. It has a growing waiting list of referrals from local offices.
- 4.25 The Partnership is improving its approach to preventing homelessness and sustaining tenancies. Although the level of evictions varies across its offices, overall it has achieved a consistent and significant reduction in the number of evictions in the last three years, from 56 in 2003/4 to 17 in 2005/6.** The Partnership's current eviction rate* of 0.23% compares favourably with the national average of 1% in 2004/05.
- 4.26 We found that DGHP uses eviction only as a last resort. It actively monitors the escalation of arrears actions and ensures that actions are fair, consistent and reasonable. In addition, the eviction report to the Head of Housing Management for approval is a good tool to ensure all possible courses of action have been taken.
- 4.27 The number of Notice of Proceedings* (NOPs) issued by DGHP has dropped from 1190 in 2004/5 to 734 in 2005/6 after a review of arrears-management procedures and a conscious effort to move away from routinely issuing NOPs.
- 4.28 The Partnership has introduced the use of other legal actions, including small-claims and debt-only actions in arrears cases that do not threaten tenancies. However, we found inconsistencies in how the local offices use these actions and that they do not always follow the Partnership's guidance. DGHP has used and monitored SSSTs appropriately as a way to manage anti-social behaviour.
- 4.29 We also found the number of abandonments has fallen, from 98 in 2004/05 to 74 in 2005/06, representing 0.88% and 0.67% of DGHP properties. Although above

*most up to date figures used. DGHP 2005/06 Performance Report
see glossary

the national median* of 0.56% for 2004/5, the significant reduction in 2005/6 demonstrates an improving trend. In addition, the number of post-decree abandonments has fallen, from 17 to 6 in 2004/5 and 2005/6 respectively. The Partnership demonstrates good practice by routinely offering new tenancies to tenants it allows to remain in their property after it has obtained a decree for vacant possession.

- 4.30 In summary, DGHP has a good approach to helping tenants sustain their tenancies and preventing homelessness. The Partnership has shown awareness by recognising gaps in its service provision and approach. It has now introduced a range of help and support services which have helped to reduce the number of evictions and improve the assistance available to tenants to sustain their tenancies.

Quality of neighbourhoods

Social landlords should deliver services to ensure that neighbourhoods are attractive, well maintained and safe places to live. They should deal appropriately with antisocial behaviour.

- 4.31 DGHP covers a wide area with rural and urban settlements, with a mixture of high demand cottage and four-in-a-block flats to less popular communal-entrance flats. We found that the majority of the Partnership's neighbourhoods we visited are well maintained, have little graffiti, vandalism or litter problems. This is also reflected in DGHP's 2005 tenant satisfaction survey which indicates an overall satisfaction level of 98% with its neighbourhoods.
- 4.32 DGHP recognises that some areas do require regeneration and investment, with problems ranging from vandalised closes and less popular house types to areas with high turnover and vacancy rates. In May 2006 the Partnership launched its regeneration project for the two identified regeneration areas in South Central Stranraer and North West Dumfries, involving key agencies such as Dumfries and Galloway Council and Communities Scotland. The £63m neighbourhood-renewal project will, over the next five years, involve the demolition of 389 sub-

* see glossary

standard properties and the provision of over 600 new homes for rent, shared-equity[†] and for sale.

- 4.33 The Partnership has a reactive approach to estate management services. At present staff follow-up estate management issues such as car parking, unkempt gardens and dumped rubbish, and in one area a number of flatted properties have a cleaning service for common areas. The Partnership lacks a framework for monitoring the outcomes and impact of actions. It acknowledges this is an area for development, and a key part of implementing its strategic review will be introducing neighbourhood managers to improve its service delivery and management.
- 4.34 DGHP takes a firm approach to neighbour nuisance and antisocial behaviour (ASB). We found:
- tenants are advised on issues relating to neighbour nuisance and ASB on signing their tenancy and during the housing officer's settling-in visit;
 - good staff awareness;
 - the appropriate use and escalation of ASB actions;
 - good examples of multi-agency working for the more complex cases;
 - established links with community wardens; and
 - contact with complainants is maintained.
- 4.35 We also found some examples of an inconsistent approach by staff to the recording of interviews, the investigation and categorisation of some complaints and the review of cases in some but not all of the offices. It has appropriate support and review protocols for the SSST cases and they are on track for conversion back to full SSTs. However, even in the more serious cases we found that DGHP does not refer victims for support.
- 4.36 The Partnership recognised the need to review its approach to ASB and approved new clear and comprehensive guidance and procedures in November 2005. Implementation has been slow, staff training on the procedures has only recently been completed and the recruitment of a specialist team is ongoing as part of the strategic review process. As a result, the Partnership has not fully

[†] see glossary

- implemented: the categorisation of complaints by severity, publicity information for tenants, monitoring of the office response, and the reporting framework to monitor response timescales to identify trends and patterns.
- 4.37 The number of neighbour nuisance and ASB complaints varies considerably across the four areas in the Partnership. At 16 March 2006, DGHP had 107 live complaints: 14 in Annandale & Eskdale, 75 in Nithsdale, 6 in Stewarty, and 12 in Wigtown. In addition, the tenant satisfaction survey highlighted that a significant majority of tenants, between 82–94%, did not consider there were problems with issues such as vandalism, anti-social behaviour, graffiti, car parking etc.
- 4.38 DGHP has played a key role in developing the Dumfries and Galloway Council's strategy on anti-social behaviour. The Partnership is working effectively with the Council in dealing with the more serious anti-social behaviour cases and has successfully obtained 19 ASBOs (anti-social behaviour orders) since 2003. DGHP's partners confirmed that the information protocol and links with Dumfries and Galloway police are working well.
- 4.39 In summary, DGHP's performance in this area is fair. The Partnership has a reactive approach to estate management and has no guidelines, targets or outcome-monitoring systems in place. It takes a firm approach to anti-social behaviour but has been slow to implement the new guidelines, a specialist team and a monitoring framework, and to provide publicity information to tenants. DGHP intends that its strategic review and the regeneration initiatives will have considerable impact in what services will be available in these areas and how they will be delivered. While it is too early to assess outcomes, these initiatives clearly demonstrate that the Partnership is intent on improving its estate management services.

Responsiveness to tenants

Social landlords should place the people they serve at the heart of their work, treat them with respect and be responsive to their views and priorities.

- 4.40 DGHP carried out its first comprehensive survey of tenants in 2005. This found that 95% of respondents were satisfied or very satisfied with DGHP as a landlord. Only 2% of respondents expressed dissatisfaction with the Partnership; 94% of respondents thought DGHP was good at taking account of their views and 95% thought the Partnership kept them well informed. Overall the survey suggests tenants have a very positive view of their landlord.
- 4.41 The Partnership is committed to finding out the views of its service users and promoting participation. Since 2003 DGHP has conducted a review of key policy areas in housing management including its allocations, complaints and arrears policies and procedures while introducing new initiatives such as the tenants handbook, customer care standards and tenants charter. Third party feedback and the tenant survey confirmed tenants and service users have been consulted and their input used in the review and development process. This was confirmed to our tenant assessor in discussion with District Management Committee (DMC) members.
- 4.42 Various consultation and information methods were used, including presentations, public meetings, the “count me in” initiative* (which includes 10% of DGHP’s tenants), newsletters and publicity material. A tenants’ panel was set up, which contributed to the tenant handbook and the design of the tenant satisfaction survey. However, routine feedback on services such as being allocated a property and estate management services have either just been introduced or are not in place. The Partnership acknowledge this as an area for development and, as part of the strategic review, its revised staff structure includes dedicated resources for collecting and analysing a wider range of tenant feedback.
- 4.43 DGHP has a tenant participation strategy outlining the Partnership’s commitment to tenant involvement. Tenant participation officers who promote and implement the strategy are located in each of the local offices. Links are well established between the nine tenant and resident associations (TARAs) and the tenant

- participation officers who encourage a good two-way flow of information. DGHP organised the district-wide tenant and resident group federation's first conference in September last year. This included workshops to help gather tenant views on service delivery.
- 4.44 In addition, DGHP has a good mechanism for the development of local input through its DMCs, which cover each of the four local office areas. At present these committees provide a local perspective on governance, performance and policy development issues. The longer term objectives for the DMCs include training for committee members to support delegated authority and budgets for local projects and priorities.
- 4.45 Some third parties we spoke to indicated concerns about the continued level of support for the tenant and resident groups and the DMCs. However, the Partnership has created a specialist community involvement team as part of the strategic review. The team manager and two officers will continue to support tenant participation activities in addition to developing the involvement of neighbourhood managers with tenant and resident groups.
- 4.46 The introduction of the Machar Action Surgery* service in the mid-Galloway area demonstrates the Partnership's recognition and response to a local service need. The local DMC receives regular updates on surgery activities which are supported by the local office. The surgery service has also recorded success with specialist clinics on issues such as money advice. Following a recent review of the service, the Partnership renewed the contract with Machar Action and expanded it into new areas with initial reports suggesting a good response from tenants.
- 4.47 An integral part of the stock transfer commitments is a five-year guarantee on the level of rent increase. DGHP issued a statutory notification for its 2006/07 rent increase and invited tenants to feedback their comments, which would be used to contribute to future decisions about rent increases. However, it did not consult with tenants before implementing the rent increase. DGHP does not provide information on how rent income was spent or how the coming year's budget

- provisions are to be allocated. DGHP's tenant satisfaction survey highlighted that 90% of tenants thought their rent charge represented value for money.
- 4.48 DGHP's reviewed complaints policy, approved in February and implemented in April 2006, gives good guidance on how to complain, the timescales involved, and the appeal process and stages should the complainant be unhappy with the response. The procedure is outlined in leaflets available at all DGHP offices, on the web and the new tenants' handbook. The performance report for 2005/6, which was recently presented to the Board, includes a comprehensive breakdown of information on complaints. We found that DGHP had responded to the majority of complaints we looked at within the target timescales.
- 4.49 DGHP's new customer care policy and tenant charter, introduced in April this year following consultation with the DMCs, sets out a range of standards for customer care. This gives service users a good indication of the level of service they can expect to receive over a wide range of the Partnership's activities. A monitoring and reporting framework is scheduled for inclusion in DGHP's quarterly performance report in July.
- 4.50 In summary, DGHP has developed and established a good range of positive links with tenants and service users. This is confirmed with high levels of tenant satisfaction from its survey, tenants we spoke to and feedback we received from third parties. There are a number of gaps in the recording of tenants' experiences of housing management services. The Partnership is aware of this.

Is the service managed for improvement?

Resource management and efficiency

Social landlords should maximise their income in a way that is fair to service users, and manage costs effectively.

- 4.51 DGHP offers its tenants a wide range of accessible and user-friendly ways to pay their rent. The Partnership has a clear understanding of how tenants pay their rent and is continuing to widen methods by introducing telephone and internet payment methods in July 2006. The 2005 survey of tenants found that 100% were satisfied with the methods for paying their rent.

4.52 The table below summarises DGHP's performance in collecting rent arrears.

	At March 2004	At March 2005			At March 2006
	DGHP	DGHP	Peer-group	National median	DGHP
Total arrears as % of total gross rental income	2.5%	3.6%	7.6%	5.5%	4.3%
Total current* arrears as % of total gross rental income	2.1	2.2	4.3%	4.3%	2.5
Current arrears (non technical) as % of total gross rental income	2.1	2.1	4.3	2.9	2.5
Current arrears (technical) as % of total gross rental income	0.0	0.09	0.01	0.8	n/a
% of current tenants in serious arrears (Owing more than 13 weeks rent and >£250)	1.5	6.2	6.4	4.6	6.2
Total former tenant arrears	97,538	351,890			457,474
As % of total gross rental income	0.4	1.4	3.2	1.0	1.8
Rent arrears written off			-	-	

Source:ASPR and Inspection Submission

- 4.53 DGHP's total arrears as a percentage of its total gross rental income have increased from 2.5% and 3.6% in 2004 and 2005 to 4.3% in 2006[‡]. Overall, the Partnership's performance compares very well with the national median of 5.5% for 2005 and the whole stock transfer peer-group with a performance of 7.6%.
- 4.54 For serious arrears cases, levels have remained steady but high over the last two years at 6.2%. The Partnership's performance is above the national median of 4.6% and slightly below the peer-group average of 6.4%.
- 4.55 DGHP has responded to the rising trend in arrears over the past three years by initiating a range of reviews and initiatives to maintain and improve its performance. These include: the introduction of a Benefit Liaison Officer at the point of stock transfer, to facilitate and improve communication with the Dumfries and Galloway Council's housing benefit section; DGHP's staff being approved by the Council for the purposes of the housing benefit verification framework; and

* see glossary

‡ 2005/6 year end performance report forwarded after the inspection submission was submitted.

more recently, the development of the Floating Support Service and the use of alternative legal actions.

- 4.56 DGHP has developed a good strategy for the management of current arrears with clear objectives., In most cases we found:
- early and sustained contact;
 - appropriate escalation and follow-up actions;
 - sound performance monitoring and authorisation processes;
 - referrals being made to internal and external support agencies; and
 - good liaison with the Benefits Liaison Officer and the Council's benefits section.
- 4.57 We also found some inconsistent practice in the tolerance of late payers, longer periods before follow-up action was taken, and a varied and inconsistent approach in the use of the alternative legal actions (see paragraph 4.28).
- 4.58 The Partnership recognises and understands the variations in performance across its four offices. It has introduced a specialist income management team, as part of the strategic review process, to help ensure the development of a more consistent and improving approach.
- 4.59 The level of arrears owed to DGHP by former tenants has steadily increased from 0.41% at March 2004 to 1.4% at March 2005 to 1.8% at March 2006. DGHP is aware of its weakness in administering and monitoring former tenant arrears and debt write-off procedures. At present there are no procedures or guidance to deal with either. We found an inconsistent approach to how these accounts are pursued and monitored across the four Partnership offices. This has been highlighted for development and early action by the new income management team.
- 4.60 The table below summarises DGHP's performance in letting houses that have become empty.

	At March 2004	At March 2005			At January 2006
	DGHP	DGHP	Peer-group	National median	DGHP
Rental income lost due to empty houses	289,810	270,297			196,751
As % of total rental income	1.2	1.10	4.2	0.9	1.03
Total no. of re-lets	1,045	858			595
% re-let in <2 weeks	18.5	21.8	12.2	32.1	18.8%
% re-let in 2-4 weeks	33.3	32.8	32.9	22.7	38.6%
% re-let in >4 weeks	48.2	45.4	54.9	35.6	42.6%
Average time to relet (days)	57	48	73	26	38

Source: DGHP performance info

- 4.61 The Partnership's reported rent loss due to empty houses has shown a slight improvement in the last two years from 1.2% in 2004 to 1.1% in 2005, and the figure of 1.03% at January 2006 gives some scope for possible improvement in 2005/06. This compares well with the sector median of 0.9% and is significantly lower than the whole stock transfer peer-group performance of 4.2%.
- 4.62 DGHP's performance in re-letting properties within four weeks improved between 2004 and January 2006 from 51.8% to 57.4%. Using the most up-to-date comparative information for 2005, DGHP's performance is below the sector median of 54.8% but compares well with the whole stock transfer peer-group performance of 45.1%. The average number of days taken to re-let properties is continuing to improve, from 57 in 2004 to 48 in 2005 and 38 days at January 2006. The DGHP target for re-letting properties is 20 days. In the first nine months of 2005/06 the Partnership only achieved this target for 241 of 595 re-lets (41%).
- 4.63 The Partnership is aware of the need to improve its average relet times and to achieve more consistent results across the four local offices. It commissioned a series of internal audit reports and has implemented their recommendations, which included the introduction of a comprehensive policy and procedure for empty houses. The Partnership aims to improve its performance further in letting its houses, with changes incorporated as part of the strategic review, including the review of staff roles and responsibilities and the creation of a centralised allocations team.

- 4.64 DGHP's cost for managing its houses in 2004/05 was £459 per unit. This is low in comparison with both the peer-group figure and national median of £731 and £530 respectively. DGHP's Business Plan is based on a planned reduction in management and supervision costs, to reflect projected reductions in its housing stock. Improving the efficiency of service delivery is also a key objective of the strategic review. The 2005 tenant survey indicated that 90% of tenants consider they receive value for money from their rent.
- 4.65 In summary, DGHP has a fair approach to maximising its income. It recognised key areas where improvements were required and took action to help sustain its performance in collecting rent and improving performance in letting its empty houses. The Partnership acknowledges this as a continuous process, as the general trend of arrears is rising and only 41% of empty houses achieved the 20-day re-let target. Through the strategic review, DGHP is taking further steps to achieve improvements and ensure consistency across offices. However, there are weaknesses in its current approach to the management of former tenant arrears and debt write-off.

Performance management

Social landlords should have clear objectives, standards and targets for housing management services, should monitor achievement of those and should work to continuously improve services.

- 4.66 DGHP sets out its strategic objectives in its Internal Management Plan* (IMP). The IMP includes a range of activity plans which form the basis for planning service delivery and incorporate service objectives for housing management services. However, not all the objectives are SMART*, making it difficult for the Partnership to monitor progress against them.
- 4.67 DGHP has overall and local area targets for arrears, empty houses and customer complaints, but not officer-specific targets for arrears-management. In addition to one-to-one staff supervision meetings with line managers, it introduced a staff-appraisal scheme in 2004/05; this links to staff job descriptions, IMP objectives and targets, and the development of individual training plans.

- 4.68 DGHP has a range of policies and procedures to support service delivery. The new and recently reviewed policies demonstrate good practice by outlining the timescale for review as part of the policy. The Partnership also produces an annual programme of policy and service reviews. This information is shared with the Federation of Tenant and Resident Associations to allow it time to conduct its own local consultation on any of the forthcoming policy and service reviews.
- 4.69 DGHP does have some key service areas where there is a lack of detailed guidance and procedures, such as the awarding of discretionary points, the bypassing of applicants and the management of former tenant arrears and debt write-off. In the areas that lack clear procedures and guidance we saw examples of weak management practices or an inconsistent approach across the Partnership's offices.
- 4.70 The quarterly and year-end performance reports submitted to the Board of Management and DMCs are comprehensive, easy to follow and contain good comparative, trend and benchmarking information. The report presented to the Board is complemented by a detailed narrative on the various areas. However, there are information gaps in key areas such as allocations, anti-social behaviour and estate management. The Partnership is aware of these and is taking action; for example, the new specialist team being appointed will develop a detailed reporting framework on the new anti-social behaviour procedures and approach.
- 4.71 DGHP has made good use of the internal audit process to identify areas of improvement and to initiate improvements. This has led to initiatives such as specific audits of allocations and arrears cases to improve performance and encourage a consistent approach across offices.
- 4.72 In summary, DGHP's overall approach to performance management is fair. Senior management and staff have a good awareness of the strengths and weaknesses of the service and a range of performance reports and techniques are used in managing the service. However, there are some significant gaps in policies, procedures and the reporting framework, resulting in weak management practices or an inconsistent approach across offices. The implementation of the

strategic review is at too early a stage to assess the impact on the services provided.

Grade and overall assessment of housing management

- 4.73 Our overall assessment is that DGHP's housing management service is fair. We found some strengths, along with many areas where improvement is needed. The Partnership has a good awareness of its strengths and weaknesses in housing management and we saw that it has the willingness to tackle the weaknesses we identified.
- 4.74 The Partnership is good at promoting access to its housing list and giving choice to people who apply for housing. It meets housing need in its allocations. DGHP has significantly reduced the number of evictions, and has promoted the prevention of homelessness and sustaining tenancies by introducing a good range of help and support services.
- 4.75 The tenant survey indicates high levels of satisfaction and a commitment to taking account of tenant and service user views. The Partnership encourages this approach through a good variety of consultation and information-gathering methods.
- 4.76 However, we found a number of weakness in the Partnership's key areas of the service including:
- it allows only one offer of housing and refusal will lead to suspension for 12 months; if an offer has been refused without good reason;
 - the levels of bypassing of homeless applicants and the length of time homeless people wait to be housed;
 - DGHP's tenant survey shows high levels of satisfaction with the Partnership's estates but it has a reactive approach to estate management and lacks firm guidelines, targets and outcome-monitoring ;
 - improvements to its approach to anti social behaviour have yet to be fully implemented;
 - its arrears are increasing across all categories; and
 - the management of former tenant arrears and debt write-off is poor.

5. Property maintenance

5.1 The grade awarded for property maintenance is:

C	Fair	Some strengths, but with many areas where improvement is required or with a small number of significant weaknesses.
---	------	---

We explain at the end of this section how the assessments and judgements we have made result in this grade.

How good is the service?

Access to the repairs service

Social landlords should have arrangements in place that make it easy for tenants to report repairs and to have them carried out.

- 5.2 DGHP's responsive repairs service is accessible during its office hours. Tenants can report repairs by phone, in writing or by calling in person at the area offices. DGHP publicises its access arrangements giving contact numbers and addresses in its leaflets, its website, its newsletters and on repairs receipts. We set out our general view of arrangements for translation of leaflets and materials in paragraph 4.2.
- 5.3 The survey conducted by the Partnership in 2005 reported that it was good at ensuring tenants found it easy or very easy to report a repair. Tenants we spoke to were also happy with the ease of reporting repairs and the expertise of staff they spoke to. The Partnership will introduce a centralised repairs reporting team in early summer 2006, moving staff from their area offices to Dumfries, with the aim of improving efficiency and consistency of service.
- 5.4 DGHP operates four freephone numbers which tenants use to contact the Partnership outwith office hours and at weekends. This arrangement works well.
- 5.5 The Partnership does not monitor no-access calls / repeat calls for most repairs. Monitoring of these would help quantify the organisation's success at managing repairs reporting.

5.6 DGHP operates a formal 'single-trade' repairs appointments system where tenants can choose a morning or afternoon appointment, although this only covers less than 4% of repairs. In 2004/05 the Partnership kept 708 of the 842 (84%) appointments it made with tenants. This figure under-represents the level of appointments, as staff make many more informal appointments for repairs. DGHP told us that expanding the appointment system is one of their main priorities.

5.7 In summary, access to DGHP's repairs system is good and tenants are satisfied with arrangements. Further development of the appointments system and the measurement of no-accesses/repeat calls would add to the service's strength.

Speed and quality of response repairs service

Social landlords should set challenging targets for completing repairs, strive to achieve them and ensure repairs are completed to a high quality.

5.8 DGHP sets a target for emergency repairs to "make safe within four hours and complete within 24 hours". Its urgent repairs target is three working days while the routine repairs target is 15 working days. The table below summarises the Partnership's reported performance against its targets over the last three years.

		Performance			National median 2004/05	RSL peer-group 2004/05
		2003/04	2004/05	2005/06*		
Emergency repairs	4 hours	98.1	99.0	99.15	98.9%	97.3%
Urgent repairs	3 days	97.4	93.4	93.32	95.0%	89.8%
Routine repairs	15 days	97.0	90.2	94.95	95.1%	86.9%

Source: APSR and DGHP's Inspection Submission

*As of 28 February 2006

5.9 DGHP completes most emergency repairs within four hours, rather than making them safe. However, where it does not complete the work, there is no record of the numbers that are re-categorised as urgent or routine.

- 5.10 DGHP does not record actual repair reported and completed times in all out-of-hours cases. It records these repairs as completed within four hours and this means that it is not aware of its actual performance in out-of-hours repairs.
- 5.11 The Partnership's urgent and routine repair targets are based solely around the time it gives the contractor to complete the works, rather than the time tenants wait from reporting repairs until the repair is completed. When measured in this way, DGHP's performance is poorer than reported, especially in urgent repairs.
- 5.12 DGHP advertises its repairs timescales to tenants in its newsletters and in the leaflet "Getting your repairs done". These timescales are not an accurate reflection of the time tenants wait for repairs in practice. We found that:
- DGHP can take up to one day to transfer repairs to its contractor;;
 - DGHP's computer system gives the contractor four days to complete urgent repairs. As a result, a tenant reporting a three-day repair on a Monday waits five days;
 - DGHP does not include time for pre-inspections in the analysis of how long a tenant waits for repairs. DGHP pre-inspects around 30% of repairs;
 - DGHP is aware that not all pre-inspections are completed within its own timescales, further delaying repairs to tenants. In 2005/6 17.4% were outwith its internal target of two days for urgent and three days for routine repairs; and
 - DGHP changes the target date on some complex repairs or to accommodate extra time requested by the contractor awaiting materials. DGHP records as completed on time any work done to such extended targets.
- 5.13 DGHP reports a level of tenant dissatisfaction with repair timescales through the 2005 tenants' survey, phone surveys, repairs questionnaire returns, and the formal complaints procedure. The level of satisfaction with timescales is the lowest of the findings in the 2005 survey. DGHP has started a review of pre-inspections to address the issue. However, this will not address all the issues raised above and we comment further on this in the 'performance management' and 'responsiveness to tenants' sections of this report.

- 5.14 Pre- and post-inspections are important tools for ensuring repairs are targeted accurately and carried out to a high standard. The Partnership does not have a total target level for pre-inspections but informed us it would introduce a target in 2006/07. DGHP pre-inspected around 30% of all non-emergency response repairs in 2004/05. The Partnership targets 10% of its repairs to be post-inspected and achieved a post-inspection rate of 10.3% in 2004/05.
- 5.15 The Partnership acknowledges that it inspects too many repairs and is introducing a centralised reporting structure to improve the information it receives from tenants and to target repairs more effectively.
- 5.16 DGHP's tenant survey found that 94% of tenants questioned were satisfied with the quality of repairs. The Partnership follows well structured criteria for selecting post-inspections, allowing for a balance between randomly generated repairs and those specifically chosen to monitor costs. It met its post-inspection target of seven days in 84% of selected repairs. DGHP selects post-inspections on receipt of contractors' invoices and this can mean assessing repair quality taking up to seven weeks after repairs are completed. The Partnership acknowledges this makes the assessment of work quality more difficult. DGHP is also aware that improvements are required to the recording and monitoring of repair quality, as it does not use the results of its post-inspection process to monitor work quality.
- 5.17 The current operation of the Right to Repair in DGHP is an area of significant weakness. DGHP is aware that its Right-to-Repair procedures need to be comprehensively reviewed. DGHP told us its Right-to-Repair failure rate was 1.3% on qualifying repairs it had identified. Our analysis of the failure rate in our sample is above 14%, and this takes no account of out-of-hours repairs. We also found that although its procedure assumes there is one, DGHP currently has no alternative contractor.
- 5.18 DGHP's tenant survey indicated that 95% are satisfied with the repairs service overall, but we found that in many cases tenants have to wait longer than they expect, or longer than the Partnership records, to have repairs completed.

DGHP has a good selection process for post-inspections, but it does not make full use of the information gathered during post-inspections to help improve the repairs service. The Partnership does not comply with the statutory requirements of the Right to Repair and does not effectively target pre-inspections or achieve its target timescales for conducting inspections in a significant number of cases.

Physical quality of houses

Social landlords should have good information about the condition of their houses and should deliver effective maintenance programmes that take account of housing quality and home safety needs.

- 5.19 Scottish Ministers have set a target that all social landlords' houses should meet the Scottish Housing Quality Standard (SHQS) by 2015. Landlords were to complete a plan showing how they will achieve this by April 2005. The Partnership submitted a plan on this date, which was primarily based on its Business Plan and the condition of stock before transfer in 2003. Following discussions with Communities Scotland, DGHP has a revised submission date of September 2006 to allow it to gather up-to-date information on its stock and to focus on specific stock-condition issues in relation to the quality standard.
- 5.20 DGHP currently holds stock information from a stock-condition survey carried out, pre-transfer, in 2000 and it is on this information that the Partnership based its original business planning assumptions. The pre-transfer investment programme assumptions pre-date the introduction of the SHQS, and because of this were not sufficient to meet the SHQS within the required 10-year timescale. For example, the Business Plan assumed that central heating replacements and rewiring would take place over a period of 15–20 years, whereas it will be necessary to accelerate these timescales to meet the Standard.
- 5.21 The Partnership has told us that the updated stock-condition information for the SHQS will inform the existing stock management strategy and this may require further consideration by the Board.
- 5.22 The Partnership's main investment areas reflect transfer commitments given to tenants, in particular the replacement of kitchens, bathrooms and doors. The

Partnership is not on target to meet its kitchen programme, with only 339 kitchens complete by March 2006 against a target of 1300 for the year. DGHP is aware of these problems and has presented an options paper to the Board detailing its response.

- 5.23 Tenants told us that work to install kitchens is taking significantly longer to complete than the five-day target. DGHP told us that they had reduced the time works were on site, but some tenants were still waiting almost two weeks for work to be completed. Tenants have so far not been involved in decisions affecting the programming. They will, however, be able to access programming information from early June 2006 and this should increase tenant awareness.
- 5.24 All the Partnership's houses have smoke alarms and the investment programme includes funds to install hard-wired alarms in all DGHP's houses by 2008/09. It is confident there are no significant levels of internal lead piping and it is awaiting information from its current stock-condition survey to allow planning for the introduction of door-entry systems.
- 5.25 DGHP is required to carry out safety checks every 12 months on all gas appliances and flues that it provides for its tenants. The Partnership is not meeting this statutory duty for a large number of its houses and this is a weakness. At March 2006, three of its 5820 houses with gas appliances did not have a valid safety certificate and 24% had no continuity between certificates. The gap was longer than one month for 11% of properties. The table below summarises DGHP's performance in carrying out gas-safety checks.

	March 2006	
	Number of houses	%
Houses with current gas-safety certificates	5,817	99.94%
Houses where safety check was carried out within 12 months of previous check	4,436	76%
Houses where safety check was up to 1 month late	7,59	13%
Houses where safety check was between 1 and 3 months late	534	9%
Houses where safety check was more than 3 months late	91	2%

Source: DGHP's Inspection Submission

- 5.26 The Partnership became aware of issues around its performance in gas safety following an internal audit in November 2005. This work highlighted 390 houses without current gas-safety certificates. Since then DGHP has greatly improved performance by updating procedures and introducing a 10% quality check of gas safety work. However, while we were on site in May it reported five houses without certificates, slightly more than in March and DGHP also told us it does not have a complete record of all houses in its stock with gas and this leaves it open to risk. The Partnership is currently working to identify which of its houses have gas.
- 5.27 DGHP carries out a cycle of works to maintain solid fuel systems with two programmed visits each year to sweep and check the systems.
- 5.28 From April 2004 social landlords have had a statutory duty to manage asbestos in the common areas of their properties. DGHP has not yet established an Asbestos Management Plan and, at the time of our inspection, it did not know if asbestos was absent from all common areas in its ownership. The Partnership currently has asbestos information on its ICT system from the 2000 stock-condition survey for some houses and common areas. However, this work is incomplete and DGHP needs to do more to ensure it complies with its statutory duties.
- 5.29 DGHP has a good cyclical maintenance programme with work carried out on a four-year cycle to clean and paint gutters and soffits as well as painting and

overhauling windows. This programme contributes to neighbourhoods in a positive way as well as following good practice in maintaining properties and reducing more costly responsive repairs.

5.30 DGHP prioritises and targets empty house repairs on cost grounds. Currently refusal rates on condition are low, at 1.3% of all re-lets. The re-let standard introduced in February 2006 is a comprehensive technical assessment of the property's readiness. Housing officers currently carry out the process but due to the technical nature of the standard, the Partnership is reverting to a maintenance led empty house inspection process. It is too early to assess the impact of the re-let standard.

5.31 In summary, although DGHP has a generally well maintained stock, at least in part because of its successful cyclical maintenance programme, it has some weaknesses in ensuring continued improvement in physical quality. It has a limited information basis on stock-condition relating to meeting the SHQS and therefore has yet to submit its standard delivery plan. DGHP's main investment programme, designed around pre-transfer commitments to tenants, is significantly behind schedule in kitchen replacements and although DGHP is working to resolve these problems, it recognises significant risk in any failure to meet its objectives. DGHP does not meet its statutory and regulatory requirements on gas-safety and asbestos management and this represents a significant weakness.

Responsiveness to tenants

Social landlords should place the people they serve at the heart of their work, treat them with respect and be responsive to their views and priorities.

5.32 DGHP has a well established framework to obtain tenant feedback on responsive repairs. We highlight throughout this report the findings of its tenant survey carried out in 2005 which involved face-to-face interviews with 12% of its tenants. The survey levels show that 95% of the tenants interviewed who had repairs done were satisfied or very satisfied with the service.

- 5.33 The Partnership also collects feedback on individual repairs through postal questionnaires sent to tenants, along with repairs receipts and by phoning a monthly 3% sample of tenants who have had repairs. It also collects tenants' views on its investment programme. DGHP reports some of its tenant satisfaction information to the Board, District Management Committees (DMCs) and its tenants.
- 5.34 DGHP has a formal complaints procedure with a register of complaints and their resolutions kept at each of the four area offices. It deals with individual complaints on repairs but the recording of repairs complaints in the area offices is not consistent. DGHP does not use the information to inform service improvements. Repairs is the area of its service tenants complained about most often, and the most common formal complaints about repairs were that work had not been completed or not completed within target.
- 5.35 In 2001, before the transfer of houses to the Partnership, tenants were involved in steering groups to discuss the responsive repair policy. More recently, DGHP consulted its DMCs in setting the void re-let standard in 2003 and in the maintenance elements of its customer care charter and tenants' handbook. DGHP has also held tenant panel meetings with its DMC members to discuss the repairs process during its strategic review. The Partnership's "count me in" initiative has a number of tenants who have expressed an interest in becoming involved in repairs issues, but they have not yet had the opportunity to become involved.
- 5.36 In summary, DGHP is clearly committed to seeking tenant feedback about its property maintenance service, although it could improve its approach to complaints and do more to involve tenants in developing the service.

Is the service managed for improvement?

Resource management and efficiency

Social landlords should manage the cost of their services effectively and procure repairs and maintenance services in a way that takes account of quality.

- 5.37 DGHP's management cost for delivering its maintenance services in 2004/05 was £143 for each of its houses. This is lower than the sector average of £234. Its costs increased slightly from 2003/04.
- 5.38 DGHP has a pre-transfer agreement with Dumfries and Galloway Council's direct labour force, Combined Services Group (CSG), to carry out its responsive repair work for a five-year period, and has recently prepared an options paper for its future responsive repairs procurement, which will take place in 2008. The Partnership lets its other contracts, including its investment programme, through competitive tendering.
- 5.39 DGHP is poor at recharging repair costs effectively. At early June 2006 it had recovered £29,817, including some recharges paid by owners, having invoiced a total of £513,305 from a total empty house and tenant rechargeable repairs amount of £651,855. This represents a recovery rate of less than 6%. It did not begin to recharge owners for their share of common works at block addresses until January 2006, and while on site we found that procedures for repairs shared with owner occupiers resulted in DGHP carrying out only very urgent or emergency repairs.
- 5.40 Variations on repairs were 20% in 2005/06. This is high given the number of pre-inspections and the cost focused approach to post-inspections. Variations in 2005/06 up to the end of February 2006 cost £573,235. The variation rate for day-to-day responsive repairs was 22.6% in 2004/05, significantly higher than 14.8% in 2003/04. Variations at this level compromises DGHP's understanding of repair costs.

5.41 In summary, DGHP has a good understanding of procurement in repairs and is planning for the 2008 deadline for its responsive repairs contract. However, DGHP is poor at recharging repairs and has a high rate of variations.

Performance management

Social landlords should have clear objectives, standards and targets for property maintenance services, should monitor achievement of these, and should work to continuously improve services.

5.42 DGHP's Internal Management Plan (IMP) includes strategic objectives and targets for the repairs service, including the mission statement to provide the best quality rented homes in Scotland and how the Partnership aims to improve houses and repair services. The IMP contains an action plan and shows a timeline for individual work areas. In some areas it has fallen behind its target timescales, including developing appointments, producing an asset-management strategy and introducing a factoring service. The Partnership has ensured that its Board is aware of the reasons for these delays and re-prioritisations.

5.43 DGHP has produced useful procedures for staff to follow. However, some of the Partnership's repairs policies and procedures differ from operational practice. For example, pre-inspection targets in the responsive repairs procedure are different, staff do not always follow gas-safety procedures, right-to-repair procedures presume the existence of an alternative contractor where there is none, and the absence of a factoring framework and procedures impacts on the ability of staff to manage shared repairs involving owners.

5.44 DGHP does not always use the information it collects to pursue service improvements. More specifically:

- tenants continue to highlight discrepancies in the completed dates provided by the contractor in repairs survey questionnaires; and
- despite collecting information on the time tenants wait for repairs, and an awareness of a level of dissatisfaction through its tenant feedback mechanisms, DGHP did not realise that a high level of tenants repairs, particularly urgent repairs, were completed outwith its own target timescales.

Around 13% of all repairs carried out by DGHP during 2005/06 were categorised as urgent.

5.45 In summary, DGHP has a fair performance management structure in repairs but needs to use the information more effectively to improve services.

Grade and overall assessment of property maintenance

5.46 Our overall assessment is that DGHP's property maintenance service is fair. We found some strengths in the service, along with some weaknesses, of which a small number are significant.

5.47 In coming to our overall assessment, we have taken account of the balance of strengths and areas for improvement across the service. Houses we saw are in good condition and the Partnership's work in cyclical maintenance, the collection of tenant feedback, levels of tenant satisfaction and ensuring access to the repairs service are all strengths. It has recently worked well to reduce the delays in the investment programme. However, there are areas of weakness in the Partnership's maintenance of houses that impact on tenants:

- Its performance in completing repairs when considered from a service user's perspective is a weakness.
- It does not make full use of repairs quality information to improve the service.
- It does not meet its statutory obligations on Right to Repair and this affects a significant number of tenants.
- It does not fully meet its statutory obligations in gas-safety.
- It is not fully meeting its statutory duties on asbestos management.

5.48 The Partnership has some weaknesses in its approach to ensuring value in repairs and improving its future management of the repairs service:

- DGHP is not recharging repairs effectively to either tenants or owners.
- It has a high level of variation costs on repairs given its inspection framework.
- It does not always use its performance information and tenant feedback to pursue tenant-centred service improvements.

6. Governance and financial management

Leadership and direction

A clear vision or purpose and an inclusive, well-informed planning process are key to effectively delivering the services that tenants want.

- 6.1 A key element of the governance of an organisation focuses on how far its Board and senior management show strategic leadership. DGHP's stated aim is to be the best landlord in Scotland. The Partnership's 2003 Business Plan sets out its key objectives and actions for how these will be achieved across five main parts of the organisation.
- 6.2 The Board and staff are very aware of what the organisation is trying to achieve and how it will deliver its IMP objectives, as these are broadly the commitments made at transfer. The IMP is addressed more fully in paragraph 6.8.
- 6.3 DGHP has an ongoing relationship with Dumfries and Galloway Council, operationally, strategically and through its Councillor Board members. It has taken time for the relative roles to be understood and this has led at times to difficult issues having to be dealt with. Because of this and the broader context within which the Partnership operates, the Board and senior management team are able to demonstrate a degree of political awareness in their work.
- 6.4 The Partnership has achieved a great deal since transfer in 2003, but nevertheless it believes that fundamental changes are required to help it fully achieve its objectives. In April 2005 the Partnership began a strategic review of its structure and operations. The remit of the review was to position DGHP to meet the organisational challenges it faces, to improve its responsiveness to customers, to improve efficiency and to achieve its objectives in relation to regeneration and development. In response to the work of the review, a new service delivery structure and staffing structure was developed and consulted on. The Partnership is currently implementing the outcomes of the strategic review. The comprehensive nature of the review has meant that DGHP has had to make

a number of difficult decisions, communicate them to staff and other stakeholders and implement them.

- 6.5 During the inspection and as part of our third party feedback, some staff and tenants indicated some dissatisfaction with the review and how their views had been dealt with by DGHP, specifically about the proposed relocation of the four area offices and a perceived lack of consultation and involvement.
- 6.6 The Partnership has aimed to communicate well with staff and has stated its continued commitment to do so during the implementation phase of the review. This is discussed more fully in paragraph 6.12.
- 6.7 The contractual relationship with the Council with regard to the repairs service will be fundamentally reviewed in the coming year. This will require strong corporate leadership to ensure both a robust procurement arrangement and clear assessment of the impact on the wider economy within which the Partnership operates.
- 6.8 DGHP's key strategic planning document is its Internal Management Plan (IMP) which sets out the strategy and priorities for service and organisational development. The IMP contains an action plan which sets out what DGHP aims to achieve over the period of the Plan. Many of the key actions in the IMP flow from DGHP's Business Plan which was finalised in March 2003. The IMP and action plans provide the Partnership with a clear focus for its strategic and operational aims.
- 6.9 The current Plan, covering the period 2006 – 2009, was developed in consultation with the Board, and following discussions with staff. The Partnership's DMCs were also involved in the planning process. The IMP is reviewed and updated annually, and as part of this process the Board receive an update report describing progress over the year in achieving the targets set out in the Plan.

- 6.10 DGHP recognises that some of the objectives and aims in the Plan do not meet SMART criteria and intends to use its strategic review, which is discussed below, to further develop the use of SMART targets in its IMP. This will make it easier for the Partnership to measure progress against these and thereby determine the impact of the changes in service structure and delivery.
- 6.11 At present the Partnership does not break its action plans down to provide service specific work plans for staff, and DGHP is aware that further work is also required to increase staff involvement in the planning process. The Partnership sees both these actions as priorities for the implementation of the review.
- 6.12 DGHP is currently undertaking a strategic review of its functions and structure. The review was agreed by its Board in April 2005 and it is expected that the process, including implementation, will continue until June 2007. As part of this process a steering group comprising the Chief Executive and three Board members was set up to oversee the review, and briefing sessions have been held involving staff, unions and Board members. In addition, staff, tenants and Board members have been involved in working groups to contribute to work on the new structure. Progress is reported to the Board and published on the Partnership's intranet.
- 6.13 In addition to the strategic review, the Partnership is also reviewing its governance arrangements, which includes exploring the possibilities of converting to charitable status. DGHP has recently begun a process of consultation regarding this.
- 6.14 DGHP has a 19-member Board of Management. In 2004/05 and 2005/06 it had higher than peer and national levels of attendance at full governing body meetings. This is positive, particularly considering the distances some members travel to attend these meetings.

Clear functions and proper control

Social landlords should be clear about the functions of the governing body, and take informed, transparent decisions within a framework of controls.

- 6.15 DGHP's Board is aware of its role as a governing body in determining the organisation's strategic direction, setting policy and exercising ultimate control over all areas of activity. The Board works well with staff.
- 6.16 The Board receives regular reports on the Partnership's performance in most key service delivery areas. The quarterly and year-end performance reports presented to the Board are comprehensive, easy to follow and contain good comparative, trend and benchmarking information. The reports are supplemented by detailed narrative on the various areas. However, there are information gaps in key areas such as allocations, anti-social behaviour and estate management. The Partnership is aware of these and is working to address them. For example, as part of the strategic review, it is intended that a detailed reporting framework for anti-social behaviour will be developed.
- 6.17 The Partnership's Operations, Finance and Corporate Services and Audit sub-committees receive quarterly reports relevant to their particular areas of responsibility. District Management Committees receive performance information for their local areas at their quarterly meetings, covering progress in the investment programme, complaints, repairs, empty houses and rent arrears.

Developing capacity

Social landlords should ensure their governing bodies have the skills and experience they need to perform well, develop their capacity and evaluate their performance.

- 6.18 DGHP's Board comprises eight tenant members, six independent members and five Council members, who are local councillors nominated by Dumfries and Galloway Council. Board members have a wide range of skills and experience in different areas, which they use effectively to guide and control the Partnership's activities at a strategic level.
- 6.19 The Partnership's four DMCs, which are working towards the status of sub – committees of the Board, are made up entirely of tenants, who are elected to

each DMC. The Partnership intends to use its DMCs as a source of attracting future Board members and as a basis for succession planning.

- 6.20 Over the last 12-18 months DGHP has given increased priority to ensuring that meeting the learning and development needs of its Board and DMC members are addressed in a more structured way. This has included:
- a training needs analysis and training plan for all Board members;
 - the introduction of a calendar of training events for Board and DMC members;
 - delivery of the DMC training programme; and
 - commissioning West Lothian College to deliver a modular programme of training leading to a CIH Foundation Certificate in Housing.
- 6.21 During discussions our tenant assessor received feedback confirming that members felt they received adequate training and that there was a variety of training opportunities.
- 6.22 The Partnership held an induction day in November 2005 for new Board members, following the 2005 AGM, and has developed an induction policy and procedure, which it intends to use for new members from this year onwards.

Accountability

Engaging stakeholders, public reporting and making accountability real.

- 6.23 A strong membership and good levels of participation at AGMs are important ways for a landlord to demonstrate accountability. DGHP has fairly low numbers of members and attendance at the most recent AGM was lower than peer and national averages.
- 6.24 DGHP acknowledge that membership levels are low in relation to the size of the organisation. Its 2005 tenant satisfaction survey indicates that only 33% of respondents know how to become a member. The Partnership hopes to address this by:
- reviewing the effectiveness of procedures for promoting membership of the company at new tenant sign-ups;

- placing articles promoting membership in its tenant newsletters and on its website; and
 - implementing targeted initiatives to increase membership through, for example, inviting tenant and resident association members to attend DMC meetings.
- 6.25 The Partnership has eight tenant members on its Board, which is the majority group on the Board. This complement has been fully met since the stock transfer in 2003. The four DMCs, which are made up entirely of tenant members and are working towards the status of the Partnership's sub-committees, mean that DGHP has 56 tenants contributing regularly to its decision-making process.
- 6.26 The Partnership's 2005 tenants' survey indicated that 95% of respondents were satisfied with DGHP as a landlord, 94% of respondents thought that DGHP was good at taking account of their views over matters that concern them and 95% of respondents said the Partnership is good at keeping them informed about its activities and services.
- 6.27 DGHP uses a number of methods to gather feedback from its service users, including questionnaires, complaints and the "count me in" initiative, which is a register of tenants who have expressed an interest in being consulted on certain issues. The register for the initiative includes 10% of the Partnership's tenants. We saw examples where consultation with tenants and service users had resulted in improved services. However, we also address the need for the Partnership to make more use of tenant participation in its repairs service.
- 6.28 The Partnership has recently introduced customer care standards and a customer charter. DGHP keeps its tenants and other interested parties informed about what it is doing, through its website, annual report and newsletters. Our tenant assessors found the Partnership's website to be user-friendly and easy to navigate. They also found its newsletters to be a good source of information, though they felt these could be used to provide more information on the TARAs.

DGHP's Board and Committee meetings are open to DMC members, and minutes of Board and Committee meetings are published on the website.

- 6.29 The Partnership is aware that the composition of the Board could be more diverse. DGHP plans to address this by encouraging applications to the Board from groups which are currently under-represented, by using its DMCs as a source of attracting future Board members and by considering co-option of members to its Committees.

Ethical Standards

Staff and governing body members should promote values that underpin good governance and should act with honesty and integrity, focusing on the best interests of the organisation and its service users.

- 6.30 DGHP has recently completed a register of conflicts of interest for staff and independent and tenant Board members. Council members have not completed entries, as their declarations of interest are a matter of public record. Declarations of conflicts of interest are a standing agenda item at all Board and Committee meetings.
- 6.31 We found that the Partnership does not always appropriately record or report to its Board issues covered by guidance relating to the requirements of Schedule 7, of the Housing (Scotland) Act 2001, which restricts the circumstances in which staff, Board members and their relatives can be granted benefits. We found that DGHP's management of these issues was not always transparent and that there was a level of confusion within the Partnership about how it manages compliance with the guidance and requirements of Schedule 7.

Managing risk

Social landlords should be aware of all the risks they face and put in place robust arrangements to minimise these risks and to deal with them if they do occur.

- 6.32 The Partnership's Risk Management Policy and Procedure was approved by the Audit Committee in June 2005. DGHP has ten comprehensive risk maps in place which cover its activities, including strategic, financial, governance, corporate services and core service delivery operations. The maps record the Partnership's underlying analysis of its risks and the steps from risk identification

- to actions required. The maps also set out responsibilities and timescales for monitoring and reporting.
- 6.33 DGHP's Audit Committee meets every two months and in the year 2005/6, 20 internal audit reports were presented to the Committee covering corporate and service delivery activities. DGHP intends to use its risk maps to identify and implement a programme of internal audits for 2006/7. This is in line with its Risk Management Policy, which states that the internal audit programme should take account of risk mapping to ensure appropriate coverage is given to the areas of greatest risk for the Partnership
- 6.34 DGHP is aware that further work is required to raise awareness of risk management across the Partnership and plans to hold risk-awareness workshops for Board members and staff later this year. It also intends to ensure that risk will be specifically covered in all policy reviews and reports to the Board.
- 6.35 In summary, the Partnership has some strengths in governance including its experienced and dedicated Board members and staff. DGHP is working to further develop its approach, particularly in relation to planning, ethical standards and risk management. It has introduced a number of good initiatives and policies in order to help it bridge previous gaps and achieve improvements in governance issues.

Financial Viability and Management

Social landlords should be financially viable in the medium term and sustainable in the longer term and should have a robust financial management framework.

- 6.36 DGHP's financial planning shows that it expects to remain financially viable in the medium term and to sustain this viability in the longer term, despite carrying cumulative negative retained earnings (negative reserves) until 2034. From 2014, DGHP expect to make surpluses in most years, which it predicts will reduce and eventually eliminate its cumulative reserves deficit by 2034. The Proposal and Business Plan at Transfer (the 2003 plan) had predicted this move to surplus reserves to occur some four years earlier i.e. by 2030. DGHP has appropriate long-term debt facilities in place to fund the heavy expenditure programme scheduled in its first ten years of operation.

Financial performance	2001/02 (actual)	2002/03 (actual)	2003/04 (actual)	2004/05 (actual)	2005/06 (draft out turn)
Turnover (£000s)	n/a	n/a	25,220.2	25,127.1	26,699.7
Operating surplus/ (deficit) (%)	n/a	n/a	3.3	(33.4)	0.1
Net surplus/(deficit) (%)	n/a	n/a	(0.8)	(38.6)	(0.8)

- 6.37 Despite DGHP's current financial plan indicating ongoing financial viability, this does not currently reflect any additional costs over and above the planned investment programme, which may be necessary to comply with the Scottish Housing Quality Standard as required by the Scottish Executive. DGHP is preparing a delivery plan in respect of SHQS and the Partnership will need to carefully assess the impact of this on viability.
- 6.38 While the Partnership has exposure to financial risk, this can largely be explained in the medium term by its stock profile, funding structure, and especially as a result of the acquired housing stock requiring significant investment over the first ten years. As outlined elsewhere in this report, the financial risk DGHP faces could be reduced were it to resolve the issues identified in relation to former tenants' arrears, recharges (empty house, tenants and owners) and repair cost variations, amounting to some £1.5m at March 2006. DGHP has bad debt provisions in place for the first two of these items, and has established an income management team to maximise the recovery of debts.
- 6.39 The Partnership recorded a deficit for the year to March 2005 of £10 million, and anticipates a £1 million deficit for the year to March 2006 and larger deficits of some £9m in each of the following two years, with cumulative losses continuing to grow until 2013, after which surpluses are expected in most years. The impact of this is broadly in line with the 2003 plan and is largely attributable to the significant planned expenditure on the investment programme in line with the original Transfer Agreement. Looking further ahead, the forecast reserves position by 2020 (£29m cumulative deficit) is expected to be some £9m worse than predicted by that date in the 2003 plan. While this is a significant difference accumulated over a 30-year period, in relative terms it is equivalent to about two thirds of a single year's turnover by the end of the 30-year plan period.

- 6.40 DGHP expects that its debt will peak at £70 million in 2013 and it expects to repay all debt by 2034 – broadly consistent with, but one year behind, the 2003 plan. In common with most LSVT organisations, it is very highly geared with a £70m loan facility, of which £45m had been drawn down at 31 March 2006. The Partnership is required to repay debt within 35 years and budgets and long-term plans have been prepared in accordance with this obligation, demonstrating this to be achievable. DGHP has assessed the risk inherent in its medium-term borrowing requirements and has implemented financial hedging techniques that provide a flexible approach to contain medium-term interest-rate risk.
- 6.41 The Partnership's financial management framework is good. While there are areas where improvements should be considered, its financial management framework is well structured, well used and of consistently good quality.
- 6.42 The annual budget-setting process is an integral part of the overall planning process and is governed by clear written procedures. The narrative is succinct, informative and well structured and deals well with issues such as cost growth, fixed versus variable costs, declining stock numbers and contingency funding. While the annual budget submission contains an income and expenditure account and monthly cash flow information, a highly geared organisation of the size and complexity of DGHP should consider including a budget balance sheet as at the end of the budget year, along with narrative covering projected compliance (or otherwise) with the key covenant in its loan facility agreement.
- 6.43 Management accounts are presented to the Finance and Corporate Services Committee (FCSC) every three months. The level of detail and the quality of narrative provided is very good, focusing on reporting by exception and is well matched to the detailed appendices provided to the Committee. DGHP prepares and makes detailed operational use of monthly cost-centre-based management accounting reports. The current focus in reporting is predominantly a comparison of full-year forecast income and expenditure against the approved budget; DGHP should consider including a comparison against a monthly phased budget, with appropriate narrative on performance in the year to date in their reports to FCSC, along with a forecast year-end balance sheet. Quarterly Treasury Management

reports deal effectively with treasury operations, surplus cash and borrowing requirements.

- 6.44 DGHP operates a good, integrated form of business planning, which is well managed and regulated by the FCSC and the Board of Management, while the three-year Internal Management Plan is regularly and formally reviewed. While the 30-year business planning model is regularly kept up to date, it is not subject to a similar formal review. DGHP should consider whether revised key assumptions to each year's business plan and revised forecasts of results and key data should be formally submitted to the FCSC and the Board at least annually, and more regularly if materially changed circumstances dictate.
- 6.45 In summary, and in accordance with the Proposal and Business Plan (dated March 2003), DGHP predicts that it will remain financially viable (subject to the forthcoming assessment of SHQS compliance cost), and has established the necessary long-term funding and investment strategies to support this. While DGHP's framework of financial management is good, it should consider certain enhancements to budgeting, management reporting and business-planning processes.

7. Areas for improvement action

These are the key areas that need to be targeted for improvement action. They are broadly in order of priority within each of the key service areas:

Across all of its activities DGHP should:

- ensure it uses its performance information and tenant feedback to pursue tenant centred service improvements; and
- review its approach to the collection of debt, including tenant and owner rechargeable repairs and former tenants' arrears and debt write-off to ensure it maximises its income.

In housing management DGHP should:

- review its allocations policy and procedures, in consultation with stakeholders, to address the issues raised in this report, in particular: choice for applicants, bypassing of homeless applicants, and to ensure outcomes and the length of time homeless people wait to be housed are reasonable;
- review the factors, in consultation with stakeholders, that have contributed to the increase in rent arrears and put in place measures to address them;
- put in place firm guidelines, targets and outcome monitoring for its estate management service; and
- prioritise the full introduction of its anti-social behaviour policy to ensure its approach is fully effective.

In property maintenance DGHP should:

- ensure that it meets its statutory duties in gas-safety, asbestos management and Right to Repair;
- review its approach to target setting for the response repairs service to ensure that it accurately measures and manages its performance from a service user perspective; and
- put in place appropriate arrangements for monitoring and controlling the level of variations to repairs orders.

In governance and financial management DGHP should:

- ensure that it complies with the requirements of Schedule 7 of the Housing (Scotland) Act 2001 and our associated guidance.

8. Next Steps

- 8.1 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 overall in their housing management, property maintenance or governance and financial management to submit an improvement plan to us within eight weeks of the publication of this report. The plan should show how the organisation intends to respond to our findings. We will follow-up improvement plans after two years.
- 8.2 DGHP should produce an improvement plan to show how it intends to respond to our findings in housing management, property maintenance, governance and financial management. The plan will be agreed with us.
- 8.3 If you would like to see DGHP's improvement plan you should contact:

Dumfries and Galloway Housing Partnership
Grierson House
The Crichton
Bankend Road
Dumfries DG1 4ZS

Telephone: 01387 242500
E-mail: info@dghp.org.uk
Website: www.dghp.org.uk

Appendix 1 Sources of Evidence

Groups and third parties consulted

- Local housing associations
- Dumfries and Galloway Council
- Dumfries and Galloway Constabulary
- HomePoint
- Communities Scotland Tenant Participation Team
- Communities Scotland Investment Team
- Scottish Public Service Ombudsman
- Shelter
- Citizen's Advice Bureaux
- Voluntary sector agencies
- Maintenance and Investment Programme contractors
- Trade unions
- Public Health Board

Interviews/meetings

- Chairman of the Board
- Board members
- Chief Executive
- Director of Operations
- Director of Finance
- Head of Housing Management
- Head of Performance and Risk Management
- Head of Corporate Business
- Head of Asset-Management and Investment
- Senior and front-line staff
- TARAs
- Four DMCs
- Dumfries and Galloway Council Councillors
- Chief Executive of Dumfries and Galloway Council
- Senior staff from Dumfries and Galloway Council

Reality checks

- Observation of Board and Committee meetings
- Observation of DMC meetings
- Observation of TARA meetings
- Observation of information and advice provided to service users
- Observation of repairs reporting staff
- Shadowing of housing officers' home visits for settling-in visits, arrears and empty house inspection
- Shadowing of allocations and tenancy sign-up interview
- Shadowing of maintenance inspectors
- Review of housing list applications and allocations
- Review of information for applicants and tenants
- Review of arrears and eviction cases

- Review of anti-social behaviour cases
- Review of abandonment and empty house cases
- Review of gas-safety management
- Review of complaints cases
- Review of response repairs

Key documents reviewed

- DGHP's inspection submission
- Business Plan 2003
- Internal Management Plan 2006-2009
- Relevant policies and procedures
- Board and Committee minutes
- Quarterly and year end Performance Reports for housing management and property maintenance
- Minutes of meetings and associated reports
- Allocation policy, application form and guide to policy
- Repairs and maintenance policy
- Internal audit reports
- Protocols with other agencies, including section 5 protocols
- Newsletters and leaflets
- DGHP's web site
- Schedule 7 register
- Declarations of interest register
- Risk maps
- Equal opportunities policy
- Care Commission Inspection Report 2006
- Tenant Satisfaction Survey 2005
- Strategic review papers and action plan
- Consultants brief SHQS

Appendix 2 Examples of Positive Practice

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

DGHP's floating housing support service helps people from vulnerable groups sustain and manage their accommodation by providing practical support in their homes and by helping them access other services.

Introduced last year, this service has input and influence in preventing homelessness and sustaining tenancies for arrears and anti-social behaviour. The service provides a planned programme of support that focuses on activities and skills, which is agreed with the tenant and will enable them to sustain their tenancy.

Examples of practical assistance housing support workers can give are:

- filling in forms;
- communicating with landlords and other agencies on issues relating to the accommodation;
- providing training on life skills and maintaining the property;
- advice with budgeting and managing household bills; and
- communicating with other DGHP staff regarding tenancy issues like paying rent, accessing repairs etc.

There will be different levels of support required and for varying periods. It may be that support will only be required until specific problems relating to the accommodation are resolved, or it may be that support will need to continue for a longer period to make sure the service user gains the skills required to maintain the accommodation long term. Levels of support will be categorised as low, medium, high and enhanced, providing 1-5 hours per week depending on the category.

This service has a positive, proactive and well monitored case-management process, and is establishing good links with other support agencies and service providers. Cases are monitored by the Housing Support Coordinator to make sure that the housing support is effective, achieving the objectives of the support plan and achieving the overall objectives of the supporting people programme. This is done through planned supervision sessions with housing support staff.

Referrals for the service can be made for people from any vulnerable group if they need support to help them sustain and manage their accommodation. Referrals can be made by DGHP staff, Social Work Services, the Council's Homeless Section, Criminal Justice and other external agencies e.g. CAB and Welfare Rights.

The Machar Action Surgery service introduced in the mid-Galloway area in July 2005 demonstrates the Partnership's recognition and response to local service needs in eight rural communities in the region, while promoting partnership-working with the voluntary sector. The service is delivered through a service level agreement with Machars Information Services.

These weekly surgeries give tenants an opportunity to get their enquiries dealt with locally and is supported through close links with the staff in the Newton Stewart and

Stranraer Offices. In addition to broadening access to the front-line services of reporting repairs, getting assistance to complete housing application forms and to find out an applicant's position on the waiting list, specialist surgeries on money advice and the mediation services have been successfully undertaken.

The local DMC receives a regular report on surgery activities and feedback on particular concerns are highlighted. Following a recent review of the service, the contract with Machar Action was renewed and expanded into new areas, with initial reports suggesting a good response by tenants.

Third party feedback suggests this service is working well with the voluntary sector and is welcomed by local community groups.

Glossary

Affordability	An assessment of what a tenant can pay towards an arrear after living costs and other debts have been taken account off.
Annual Statistical and Performance Return (APSR)	Annual questionnaire completed by RSLs and sent to Communities Scotland. Used to keep the Register of Social Landlords up to date and to track the performance of RSLs.
Arrears direct payments	Payments direct to a landlord from a tenant's state benefits to cover outstanding arrears.
Average	The arithmetic mean – the sum of all the values divided by the number of values.
Benchmarking	A process used by organisations to systematically compare service processes and performance to identify best practice.
CAB	Citizens Advice Bureau.
“Count me in” initiative	A register of tenants who have expressed an interest in being involved in consultation exercises.
Cyclical maintenance	Planned programme of work to deal with predictable deterioration of building components, for example regular painting of window frames.
Focus group	A group of people brought together to have a structured discussion on a specific subject or set of subjects.
Housing list	A list of applicants for housing which is used by the RSL to allocate its housing stock.
ICT	A landlord's information and communication technology system.
Industrial and Provident Society	An organisation conducting its business, either as a co-operative or for the benefit of the community, and which is registered under the Industrial and Provident Societies Act 1965.
Inspection submission	Documents submitted by the landlord at the start of the inspection to provide information to on its performance, context and how it is structured.
Internal Management Plan (IMP)	Strategic plan that sets out what the organisation aims and objectives are as well as outlining how it will achieve them.
Life-cycle costing	A method of calculating the cost and timing of the repairs to, and replacement of, major building components.
Machar Action Surgery	A drop-in advice and information service provided in local communities for DGHP by the voluntary group Machar Action Information service.

National median	The central value of the ordered performance of all Scottish RSLs.
Non-technical arrears	Rental charges owed to a landlord after any outstanding Housing Benefit claims or payments have been taken account of.
Notice of proceedings (NOP)	Documentation required to be served by a landlord advising the tenant(s) of the landlord's intention to raise an action in the courts to end the tenancy.
Partnering	A structured contract management approach to improve efficiency and reduce confrontation between the RSL and its consultants and contractors. Partnering requires formalised objectives, agreed problem-solving methods and an active search for continued measurable improvements.
Peer-group	A group of organisations facing similar tasks and challenges with which comparisons can be made. RSLs choose which peer-group they belong to when they submit their APSRs.
Performance indicator	A measure of how a RSL is achieving its objectives. Performance Indicators can be compared with a pre-set standard (a benchmark) or with other organisations.
Performance standards	Housing standards for all social landlords in Scotland.
Planned maintenance	The planned renewal or maintenance of key property components.
Post-inspection	Inspection by a member of the landlord's staff to check the quality or deal with a complaint concerning a response repair.
Pre-inspection	Inspection by a member of the landlord's staff to check the exact nature of the work required before ordering a response repair.
Procurement	The way an organisation obtains services or materials from other organisations or agents.
Quartile	The range represented by one quarter of the ordered performance of all Scottish RSLs. So for example, the upper quartile is the top 25% of RSLs.
Rechargeable repairs	Work that is the responsibility of the tenant but has been done by the landlord.
Registered social landlord (RSL)	A landlord providing social rented housing that is registered and regulated by Communities Scotland.
Re-lets	Lets made to the second or subsequent tenant. Distinguished from new lets that are made when the property is first built or modernised.

Response repairs	Day-to-day repairs carried out on a reactive basis, distinguishable from planned, capital or cyclical maintenance.
Right to Buy	Many Scottish secure tenants have the right to buy their property at a discounted price subject to length of tenancy.
Right to Repair	Statutory scheme which sets out timescales for some repairs, and the actions which can be taken if timescales are exceeded.
Schedule of rates	List of costs for repair items, usually organised by trade.
Scottish Public Services Ombudsman	The independent body appointed to investigate individual complaints against public service bodies including Registered Social Landlords (RSL).
Scottish Housing Quality Standard (SHQS)	Was brought into to ensure minimum quality standards across all of Scotland's homes and is to be achieved by 2015.
Scottish Secure Tenancy (SST)	The Housing (Scotland) Act 2001 establishes the SST as the tenancy for all tenants of social landlords in Scotland.
Short Scottish Secure Tenancy (SSST)	Section 34 and schedule 6 of the Housing (Scotland) Act 2001 establish the basic conditions when a Short Scottish Secure Tenancy can apply to some tenants of social landlords in Scotland in place of a full SST.
Schedule 7 of the Housing (Scotland) Act 2001	Defines how those involved with RSLs (governing body members and staff) do not benefit in an inappropriate fashion.
Section 5 referral	Under Section 5 of the Housing (Scotland) Act 2001 a local authority can request a registered social landlord which has accommodation in its area to provide accommodation to homeless people. This request is known as a Section 5 referral.
Serious arrears	Where a tenant owes more than 13 weeks' rent payments and this is more than £250.
Service level agreement (SLA)	An agreement between departments within an organisation or between partner organisations that defines the type and level of service they will provide.
Shadowing	An inspection technique that involves accompanying and observing staff while they carried out their day-to-day tasks.
SMART	The setting of targets which are specific, measurable, achievable, relevant and timed.
Stakeholder(s)	Any person or organisation that obtains a service from the landlord or is effected by the landlord's actions.

Standard arrears letters	A series of general letters held by a landlord to be sent out to tenants in arrears.
Statutory reasonable preference categories	People who have one of these housing needs: homelessness, overcrowding, large families, living in below-tolerable-standard housing or unsatisfactory living conditions.
Stock transfer RSL	An RSL where the majority of its houses were acquired as a result of a transfer of local Authority or Scottish Homes houses to it.
Suspension or suspension policy	Policy by which a landlord may temporarily suspend an applicant from receiving offers from its housing list as defined in the 1987 Housing (Scotland) Act and amended in the 2001 Housing (Scotland) Act.
Technical arrears	Rental charges owed to a landlord as a result of an outstanding Housing Benefit claim or payment.
Tenant assessor	Tenant assessors are trained lay people (tenants) who are part of the inspection team. They are involved in the preparation for the inspection, reading landlord materials and on-site visits as well as talking to tenants.
Turnover (empty houses)	The number of houses that are vacated in a year expressed as a percentage of the landlord's housing stock.
Variations	A term used to refer to the practice of changing a repair works order on-site, where the contractor feels additional or alternative work to that specified is required.
Wider action	Actions taken by a landlord outside of its normal landlord role to promote social inclusion in the communities it serves.

Regulation and Inspection is a separate division within Communities Scotland (the Scottish Executive's housing and regeneration agency) that regulates and inspects social housing and homelessness services. 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 oversees our work.

Our two core objectives are:

- to promote improvements in the quality of housing and homelessness services delivered by registered social landlords (RSLs) and local authorities and, by doing this, to help improve people's lives; and
- to make sure RSLs are well governed and financially viable, so that we can safeguard the interests of tenants and funders and maintain their confidence in the sector. RSLs are housing organisations registered with Communities Scotland. They include housing associations, housing co-operatives and companies limited by guarantee.

In order to meet these two core objectives we have five priority activities. We:

- undertake rigorous independent inspections and thematic studies of housing and homelessness services and promote public accountability by publishing our findings in clear, concise reports that provide practical recommendations for change and spread good practice;
- have a successful strategy in place (which may involve exercising our statutory powers of intervention) with regulated bodies that need our support to improve services or to deal with governance and financial viability problems;
- register new landlords and grant statutory consents in line with our regulatory criteria and standards;
- provide information and advice to Scottish Ministers, relevant departments of the Scottish Executive, landlords, key national bodies, funders and other regulators; and
- minimise the regulatory burden on regulated and inspected bodies by taking account of the principles of good regulation and working with other scrutiny bodies, while maximising the benefits of our work.

Regulation & Inspection

EDINBURGH

Rosebery House
9 Haymarket Terrace
Edinburgh EH12 5YA
Tel: 0131 313 3700

GLASGOW

Highlander House
58 Waterloo Street
Glasgow G2 7DA
Tel: 0141 226 4611