

# Inspection report

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## Kendoon Housing Association

June 2005

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## **Communities Scotland Inspection June 2005 – Summary**

The inspection of Kendoon Housing Association took place in January 2005. It 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*.

### **Inspection Findings**

Kendoon Housing Association is based in the Drumchapel area of Glasgow, owns 237 properties and has a development programme for 79 new homes. In addition to the properties it currently owns and manages, Kendoon is a Local Housing Organisation for Glasgow Housing Association (GHA).

Kendoon has achieved a very high level of tenant satisfaction with its standard for the new homes, the opportunities tenants had to influence the design, and its responsive repairs service. The organisation is run by a Management Committee that is committed to improving the quality of life in the area and has excellent knowledge of local issues. Kendoon is financially viable in the medium term with good levels of operating surpluses and overall its financial management is good. There are areas of risk that may have a financial impact if not properly managed.

The community is more attractive and better maintained as a result of the regeneration programme, and the physical improvement of the area appears to be encouraging a reduction in anti-social behaviour. A clearly defined policy on creating balanced communities would contribute to further improvement once the regeneration programme has concluded. Building on its property development achievements, Kendoon needs to give greater attention to managing the service for improvement. Overall, Kendoon demonstrates some strengths and several areas where improvement is needed.

Strengths in Kendoon's services:

- its quality housing;
- its estate management;
- its responsive repairs service;
- its planning for future maintenance of the stock;

Key areas for improvement in Kendoon's services:

- the time it takes to relet its houses;
- the level of rent loss through empty properties;
- its management of rent arrears;

- its lack of open access to its waiting list and not letting housing in accordance with its allocation policy;
- the quality of written communication with tenants.

Kendoon will implement an improvement plan to address the areas for improvement we have identified.

### **How to get more information and contact details**

If you would like to see Kendoon's improvement plan you should contact:

The Argo Centre  
8 Halgreen Avenue  
Drumchapel  
Glasgow G15 8AA

Telephone: 0141 944 8282  
Email: [admin@kendoon.org.uk](mailto:admin@kendoon.org.uk)

The full report is on our website at <http://www.communitiesscotland.gov.uk> .  
This Summary can also be made available on tape, in Braille, large print and community languages. For information please contact Janette Campbell on 0131 479 5163 or email: [janette.campbell@communitiesscotland.gsi.gov.uk](mailto: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 the inspector:

- spoke to staff and members of the governing body;
- visited the local area;
- tested first hand how well services were being delivered;
- examined key policies, publications, information and the organisation's self-assessment submitted for this inspection;
- analysed published performance and financial information.

## The inspection team

1.4 The lead inspector was Carol Paton (Associate Inspector) supported by Luise Siekman (Financial Analyst). We were on site on 25 January 2005. We would like to thank everyone involved in the inspection, particularly the governing body and staff for their time and co-operation.

## Responding to this inspection

1.5 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 Kendoon Housing Association is based in the Drumchapel area of Glasgow, a large peripheral estate that the Scottish Executive has designated a Social Inclusion Partnership. Kendoon owns 237 properties, all but 24 of which are new build. Kendoon's initial stock was transferred from Glasgow City Council and has gradually been demolished and replaced with new build. Kendoon is also a Local Housing Organisation managing stock on behalf of Glasgow Housing Association at Abbotshall Avenue. This stock is also to be demolished and replaced by a further 79 new build units for rent for which Kendoon has received tender approval in December 2004.
- 2.2 Kendoon was first registered in September 1991 as a housing co-operative and changed its rules to become a housing association in 2003. It is an Industrial & Provident Society.
- 2.3 The Annual Performance and Statistical Return (APSR) asks RSLs to select a peer group which best describes their organisation. Kendoon selected the group described as operating in urban areas with fewer than 250 units. This is the group we used to compare Kendoon's performance.
- 2.4 Prior to the stock transfer the area suffered from lack of investment and many economically active households moved away. This factor, combined with the right to transfer to a new home if remaining in a house to be demolished, has inhibited Kendoon's ability to create a more balanced community.

### Key Facts

- 2.5 The table below gives background information about Kendoon and shows trends over the last three financial years.

<b>Kendoon Housing Association</b>	<b>2002-2003</b>	<b>2003-2004</b>	<b>2004-2005*</b>
Houses owned	230	218	237
Employees	5	5	5
Annual turnover (£'000's)	536	584	-
Total possible rental income (£'000's)	556	611	722
Rental income from housing benefit (%)	67.6	72	73
Average weekly rent (£)	49.03	52.38	54.76
Average rent increase (%)	2.5	1.5	1.5
Houses re-let	2	6	4
Responsive repairs carried out	716	576	-
Maintenance spend per house (£) (**)	240	380.73	-
Right To Buy sales	-	-	1

Source (APSR / Annual Accounts) except for (\*) 2004-2005 which reflects the position during the current financial year as stated in the RSL's inspection submission.  
(\*\*) direct labour and staffing costs allocated to the maintenance function. Excludes overheads not directly attributable to maintenance.

### **3. How Good is the Service?**

#### **Housing Management**

##### **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.*

- 3.1 Kendoon does not yet provide open access to its housing list. Although applications are accepted, the opportunity to access housing is extremely limited. In accordance with the regeneration plans for the area, and working in partnership with Glasgow City Council, all new lets, and all but two relets and two Section 5 homeless referrals, have been made to local people whose houses were due for demolition.
- 3.2 In the case files reviewed, applicants were found to have been allocated points in accordance with the allocations policy. However, there are a number of weaknesses in the administration of the list:
- there is no correspondence retained on file to demonstrate communication with waiting list applicants and confirmation of points awarded;
  - when reviewing the waiting list, there was no explanation given to applicants that the consequence of not returning a form was removal from the list (242 were removed following the review in 2004/05);
  - there is no reference on the application form to Schedule 7, to ensure compliance with the Housing (Scotland) Act 2001 in regard to benefits being awarded to committee, staff or their relatives;
  - the application form does not allow for comments on the condition of the applicant's current property. However, those applicants who mention this are awarded additional points.

##### **Meeting need and maximising choice**

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

- 3.3 There is an appropriate allocations policy in place but apart from in two relets, this has not been implemented. Existing tenants are not required to formally apply for housing. Households have been allocated a home suitable to their circumstances without the need to prioritise between households.
- 3.4 All applicants and all existing tenants class their ethnicity as white. Kendoon should develop a plan of action which reflects the needs of the community and demonstrates it is being proactive in promoting equal opportunities.

- 3.5 There are several weaknesses in the application process and in file management which should be addressed to ensure Kendoon can demonstrate implementation of the allocations policy as tenancy turnover increases. At the time of the inspection there were 188 applicants on the waiting list. From the cases reviewed, we found that the points awarded to applicants are not cross-checked until the point of allocation and there is no record of the home visit and its outcome.

### **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.*

- 3.6 All Kendoon tenants have a Scottish Secure Tenancy (SST).
- 3.7 Kendoon has a Section 5 homeless protocol in place with the Council. In the current year, three out of five Section 5 referrals have been housed. There were two referrals withdrawn by mutual agreement. There is no procedure in place to demonstrate how the protocol is working and Kendoon should remedy this.
- 3.8 When reviewing case files, we found no evidence of arrangements to provide advice at tenancy sign up, designed to promote sustainability of the tenancy.

### **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.*

- 3.9 The neighbourhood within Kendoon's control is generally well maintained, particularly around the newer properties, where there is evidence of increasing resident pride in the area. The Association is proactive in its monitoring of estate management and puts a lot of effort into creating an attractive environment. Adjacent open areas are less well maintained and the challenge for Kendoon is to work in partnership with the Council and others to improve the overall amenity of the community.
- 3.10 There have been five complaints about antisocial behaviour since April 2003. Several of these are serious cases. Kendoon follows up these complaints and liaises with Social Work, the police and its solicitor as appropriate. In the case we reviewed, the Association could have been more responsive to the complainant ensuring they were always kept up to date with progress. Improvements could be made in monitoring antisocial

complaints to demonstrate more clearly the action taken and the status of cases.

## **Property Maintenance**

### **Access to the repairs service**

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

3.11 During office hours tenants can report a repair by telephone, email, letter or in person at the local office, and by telephone out of office hours.

### **Speed and quality of responsive repairs service**

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

3.12 Kendoon sets targets for dealing with responsive repairs that are comparable with other RSLs. The table below shows that performance is good compared with other RSLs. Tenant satisfaction is very high. An appointments system is not in place but there are few non-access calls and tenants have the opportunity to contact the contractor directly. At least 20% of repairs are post-inspected but there is no formal system for recording staff findings and feeding this into a review of contractor's performance.

	Kendoon target response time	Performance				
		Kendoon			National median 2003/04	RSL peer average 2003/04
		2001/02	2002/03	2003/04		
<b>Emergency Repairs</b>	24 hours	100%	100%	100%	97%	97.4%
<b>Urgent Repairs</b>	3 days	97%	98%	95%	93%	94.2%
<b>Routine Repairs</b>	7 days	97%	98%	97%	95%	90.7%

Source: APSR and inspection submission

3.13 Kendoon addresses the Right to Repair appropriately. There were 19 (4%) qualifying repairs in 2003/04, of which only 1 failed to be completed satisfactorily.

### **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.*

- 3.14 Kendoon's stock is of a high standard having been built since 1994 and it is expected that the Scottish Housing Quality Standard will be met. The delivery plan due for April 2005 has yet to be finalised.
- 3.15 Kendoon has comprehensive and up-to-date life cycle costing information in place to ensure the cost of future maintenance is planned for.
- 3.16 Kendoon ensures the safety of its tenants. Although the Association recorded a very poor performance in gas safety in its inspection submission we found that this information was incorrect and all properties had a valid certificate in place, except one which was overdue one day. The Association must improve its monitoring systems and report this performance regularly to Committee. All properties have hard wired smoke detectors and all plumbing is lead free.

	December 2004	
	Number of houses	% of houses with gas
<b>Houses with gas appliances</b>	232	100%
<b>Houses with current gas safety certificates</b>	231	99.5%
<b>Houses where safety check was carried out within 12 months of previous check</b>	N/A	N/A
<b>Houses where safety check was up to 1 month late</b>	1	0.5%
<b>Houses where safety check was between 1 and 3 months late</b>	N/A	N/A
<b>Houses where safety check was more than 3 months late</b>	N/A	N/A

Apart from the current certificates in place, the information regarding the timing of checks could not be verified.

### **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.*

- 3.17 There is a high level of satisfaction with the design of the new houses, the reduction of fuel costs and with the opportunities to influence design decisions. Concerns have been expressed about the upkeep of the public open space and antisocial behaviour. Kendoon uses a variety of methods to engage with tenants, for example, newsletters and focus groups and repair feedback forms. The size of the community and proximity of the office to its housing enhances Kendoon's visibility and ability to respond to issues as they arise.
- 3.18 Apart from antisocial complaints, dealt with earlier in this report, the main area of service complaint has been regarding the responsive repairs

- service. Kendoon has responded to this, changed its contractor and improved performance as a result.
- 3.19 There is little hard evidence to indicate that tenants' views are sought on the full range of services and what action is taken to respond to these views. As tenant concern about public open space and antisocial behaviour is clear, the Association could do more to publicise its strategy for dealing with these issues.
- 3.20 There are no formal structures for tenant participation but the tenant committee and the proximity to its community presents an excellent knowledge base for Kendoon to be aware of residents' views and priorities.
- 3.21 The publicity, mainly in the form of the housing management newsletter, has several weaknesses in style and tone and emphasises the responsibilities of tenants rather than the responsibilities of the landlord for service delivery. As a key mechanism for communicating with tenants, the newsletter could be improved by becoming more corporate, with a greater focus on customer service and wider action. The Tenants' Handbook is in draft and requires some improvement before publication. It does little, for example, to promote tenant involvement and is misleading regarding the right to repair.

## 4. 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.*

- 4.1 Kendoon's performance in managing rent arrears is poor when compared with other RSLs, and non technical arrears are 4% over the Association's own target. An internal audit completed in October 2004 concluded that there was scope for improvement and made several recommendations including the need for: increased focus on low and new cases; reduced discretion; and improved performance monitoring and reporting.
- 4.2 In the current financial year there have been 25 notices of proceedings and only 2 decrees obtained for repossession. From the case reviews we undertook there was evidence of tenants in arrears being given opportunities to make an arrangement to pay which is in line with good practice, but case management was inconsistent. Staff are aware of the areas for improvement and, with additional staff resources now available, are committed to implementing the improvements needed. Although eviction is used appropriately, as a last resort, the Association needs to review its practice on following through legal action, given the high level of rent arrears.

	March 2003	At March 2004			Dec. 2004
	Kendoon	Kendoon	Peer Average	National Median	Kendoon
Total arrears as % of total gross rental income	12.48	16.63	6.4	6.38	14.9
Total current arrears as % of total gross rental income	11.9	14.7	5.36	4.56	14.14
Current arrears (non technical) as % of total gross rental income	9.6	8.9	3.29	3.43	9.9
Current arrears (technical) as % of total gross rental income	2.3	5.8	2.06	1.13	4.23
Total former tenant arrears	3,526	11,899	-	-	5,558
As % of total gross rental income	0.63	1.95	1.04	1.81	1.01
Rent arrears written off	-	-	-	-	-

- 4.3 Kendoon's performance in minimising the loss of rental income through empty houses is poor compared to other RSLs and rent loss has increased 2.8 times since 2002/03. There are two key reasons for this. Firstly, houses were used to decant tenants following a fire and, secondly, Kendoon held newly-built properties void for protracted periods as it

consulted prospective tenants about their housing preferences. Staff recognise that this process could have been managed more efficiently and the handling of more recent lets is showing an improvement.

	At March 2003	At March 2004			At Dec. 2004/05
	Kendoon	Kendoon	Peer Average	National Median	Kendoon
Rental income lost due to empty houses (£)	10,289	29,475	-	-	4,175
As % of total rental income	1.9	4.8	0.6	3.0	0.74
% of empty houses re-let in less than 2 weeks	50	0	42.4	27	0
% of empty houses re-let in 2-4 weeks	50	0	30.4	27.3	100
% of empty houses re-let in more than 4 weeks	-	100	27.2	45.7	-
Average time to re-let (days)	17	165	31	34	18

\* For the period April to December 2004

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

4.4 Although costing more than peer RSLs, as shown in the table below, Kendoon's staff structure is fairly lean. The Director is responsible for property development and financial services are out-sourced.

2003/04 per unit costs	Kendoon	Peer Group Average	National median
Management costs (£)	642.20	600.07	560.18
Maintenance overheads (£)	201.83	191.36	220.96

### **Performance management**

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

4.5 The Association has an internal management plan which includes strategic objectives and some performance targets, but it would benefit from more focused objectives and a review of achievement against these to encourage continuous improvement. Performance is reported regularly to Sub Committees but the framework is basic and could be improved with a more detailed analysis of performance against targets. Arrears performance, in particular, would benefit from greater analysis.

## **5. 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.*

- 5.1 The Committee has an excellent level of tenant involvement and demonstrates a strong commitment and excellent local knowledge about what is important to residents. There is excellent attendance and a positive working relationship with staff. The Committee composition is fairly narrow and the Association continues to make efforts to expand the range of households represented.
- 5.2 During the inspection the Committee displayed a lack of awareness of the results of the internal audit report on rent arrears management. As this is a key performance area for Kendoon, the organisation should develop ways to ensure that the Committee is fully aware of the results of a critical independent audit and drives forward the strategy for improvement.
- 5.3 Setting objectives and appraising the Director's performance are not formalised and this should be done.
- 5.4 At the time of the inspection there were no conflicts of interest. But the Committee should establish a comprehensive protocol to guide staff and to assist members to deal with any conflicts of interest should they arise.

### **Financial viability and management**

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

- 5.5 Kendoon is financially viable in the medium term but has areas of risk, namely void rent loss and rent arrears, that may have a financial impact if not properly managed. Kendoon's overall financial management is good.
- 5.6 Kendoon's financial results for the past four years, and its approved budget for the financial year to 31<sup>st</sup> December 2004, show continuing growth in financial turnover as shown in the table below. Good levels of operating surpluses have been generated, which is partly due to the Association needing less money to spend on repairs and maintenance because its houses are almost all new. Kendoon increased the amount of money it borrowed in 2003/04 which has increased its interest payments. This is the main reason why Kendoon's net surplus is lower than its operating surplus.

<b>Financial performance</b>	<b>£000's 2000/01 (Actual)</b>	<b>£000's 2001/02 (Actual)</b>	<b>£000's 2002/03 (Actual)</b>	<b>£000's 2003/04 (Actual)</b>	<b>£000's 2004/05 (Budget)</b>
Turnover	223.3	344.6	535.8	583.8	674.0
Operating Surplus/(Deficit)	100.5	99.2	187.8	207.8	255.8
Net Surplus/(Deficit)	59.5	9.7	69.7	71.1	56.0

- 5.7 Kendoon prepares 30 year financial projections which are to be updated every three years. The first five years' projections have been prepared using more specific assumptions than in later years and indicate that Kendoon will be viable in the medium term and sustainable in the longer term. There are a number of sensitivities that could have an effect on the financial projections and the Association will have to ensure that the assumptions made are realistic, achievable and are clearly specified.
- 5.8 The presentation of the budget is clear and informative and includes narrative to help explain the numbers. It could be improved further by providing the previous year's figures for comparison and context.
- 5.9 The Committee monitors the Association's performance against the budget using quarterly financial reports. The reports are presented to the Committee very promptly after the end of each three month period. This allows the Committee to make decisions based on timely information. The reports are informative and clear and compare Kendoon's actual income and costs with what was budgeted. Explanations for any large difference between the two are provided. The presentation could be improved further by the inclusion of the annual budget as well as year to date information, and a comparison with the previous period in the balance sheet.
- 5.10 As part of the budget, Kendoon prepares an anticipated cash flow which allows it to identify and plan for its short term cash requirements. The quarterly financial reports do not directly monitor its progress against this. This means that the Association is less likely to identify any potential cash problems or be able to take advantage of a beneficial situation.

## **6. Areas for Improvement Action**

- 6.1 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.
- 6.2 Across all of its areas of activity, Kendoon should:
- expand and formalise the process for gathering tenants' views on all aspects of the service and demonstrate to tenants the action taken as a result;
  - improve the range and quality of publicity material given to tenants, promoting all service standards and reporting performance;
  - improve the detail and clarity of the planning and performance management framework to encourage continuous improvement.
- 6.3 In housing management, Kendoon should:
- address the weaknesses in rent arrears prevention and management, and should implement the recommendations in the internal audit report;
  - improve the efficiency of its management of void properties;
  - improve the management of the allocations process;
  - develop an equal opportunities action plan to promote improved outcomes;
  - make the process of responding to Section 5 referrals transparent;
- 6.4 In property maintenance, Kendoon should:
- formalise the post-inspection process to collate staff and tenant feedback and demonstrate how contractors' performance is monitored;
  - improve its monitoring and reporting on the management of gas safety.
- 6.5 In governance and financial management, Kendoon should:
- ensure the assumptions behind its financial planning are realistic and explicit;
  - monitor actual against budgeted cash flow;
  - formalise the process of setting objectives for, and monitoring, the Director's performance;
  - ensure the Committee is well briefed on areas of poor performance and drives forward strategies for improvement;
  - expand the membership of the Committee to better reflect the community served;
  - develop a protocol for handling conflicts of interest.
- 6.6 The Association should set out in the Improvement Plan it gives us the actions it intends to take to respond to the recommendations made above.

## **7. Next Steps**

7.1 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. When organisations are required to submit an improvement plan to us this should be submitted to us within eight weeks of the publication of this report. The plan should show how the organisation intends to respond to our findings. The plan will be agreed with us. We inspect once every five years and follow up improvement plans after two years.

7.2 If you would like to see Kendoon's improvement plan you should contact:

The Argo Centre  
8 Halgreen Avenue  
Drumchapel  
Glasgow G15 8AA

## Glossary

<b>Annual Statistical and Performance Return (APSR)</b>	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.
<b>Average</b>	The arithmetic mean – the sum of all the values divided by the number of values.
<b>Housing List</b>	A list of applicants for housing which is used by the RSL to allocate its housing stock.
<b>Inspection submission</b>	Documents submitted by the landlord at the start of the inspection to provide information on its performance, context and how it is structured.
<b>Life cycle costing</b>	A method of calculating the cost and timing of the repairs to, and replacement of, major building components.
<b>National median</b>	The central value of the ordered performance of all Scottish RSLs.
<b>Peer group</b>	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.
<b>Performance standards</b>	Housing standards for all social landlords in Scotland.
<b>Registered Social Landlord (RSL)</b>	A landlord providing social rented housing that is registered and regulated by communities Scotland
<b>Right to buy</b>	Many Scottish secure tenants have the right to buy their property at discounted price subject to length of tenancy.
<b>Right to repair</b>	A scheme which gives tenants legal rights to have certain repairs in defined times.
<b>Scottish secure tenancy (SST)</b>	The Housing (Scotland) act 2001 establishes the Scottish Secure Tenancy as the tenancy for all tenants of social landlords in Scotland.

## Regulation & Inspection

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