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| <b>Item No.</b><br>19.             | <b>Classification:</b><br>Open | <b>Date:</b><br>7 June 2016  | <b>Meeting Name:</b><br>Cabinet |
| <b>Report title:</b>               |                                | Progress Report on My Southwark Homeowners Agency                        |                                 |
| <b>Ward(s) or groups affected:</b> |                                | All  |                                 |
| <b>Cabinet Member:</b>             |                                | Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing |                                 |

## **FOREWORD – COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING**

Southwark leaseholders deserve to know that they are getting a good service from the council but unfortunately many don't currently believe this is the case. One of our manifesto pledges is the commitment we made to put leaseholders in charge and to establish an independent leaseholder management company to hold the Council properly to account. This is also in the council plan agreed by cabinet in December 2015.

Last December cabinet agreed that the council set up a new homeowner agency, to be known as My Southwark Homeowners, which would help to overcome the sometimes negative perceptions that a number of our leaseholders have.

The new service will be overseen by an independent board, the My Southwark Homeowners Board, made up of homeowners and other professionals with an interest in leasehold matters. We believe that this service is the first of its kind and it will be delivered within the costs of delivering homeowner services.

As part of the service homeowners now have access to an extended arbitration service and this has been well received. As part of the service it is essential that homeowners know what they are paying in service charges and why and this new agency will ensure that this happens.

This report provides an update on the establishment of the new agency. Good progress has been made but there is more to do to get it up and running this summer. The work done so far and the results of consultation have shown that the new agency is needed and leaseholders welcome the new approach. It is important that our homeowners have a say in the set up of their new service, which is why we will continue to consult through all stages of the process.

## **RECOMMENDATIONS**

Cabinet is recommended:

1. To note the progress being made on the creation of the new My Southwark Homeowners service as agreed by Cabinet in December 2015.

## **BACKGROUND**

2. Leaseholders and freeholders of council property known as homeowners, represent a large and growing group of residents. There are presently over 15,000 council homeowners in Southwark and that number continues to grow.
3. The council plan agreed by cabinet in 2015 committed to establishing an independent leaseholder and freeholder management company to improve the relationship between the council and its homeowner population. The aim of the new agency is to make homeowners feel more valued by making services more transparent and giving homeowners a say on how they might be operated.
4. The proposals for the new service included:
  - a new face-to-face service
  - a dedicated phone line
  - a better website
  - a new arbitration service
  - a new independent board to represent homeowners
5. Good progress is being made across all work streams including the completion of an 8 week advocacy pilot, the introduction of an arbitration service for homeowners, the formation and terms of reference of the My Southwark Homeowners Board and the development of the organisational structure for the new service.
6. This report sets out the feedback from the consultation with homeowners and progress in the development of the new service, which is planned to go live in August/September 2016.

## **KEY ISSUES FOR CONSIDERATION**

### **Consultation**

7. Homeowners were asked what they thought of the proposals for the new service, with consultation taking place via the council's Consultation portal. The consultation took place between 22 October and 11 December 2015, 665 responses were received, and 92% of respondents were in support of the proposals.
8. The size of the response gives the council a high level of confidence that it reflects the views of the wider population of homeowners, as well as providing valuable information about the profile of homeowners and how they would wish to engage with the council in the future.
9. The key information from the consultation was as follows:
  - a high proportion of council homeowners are not the original occupant who purchased the property via the right to buy but instead bought on the open market
  - there is an even split between those wanting to use the internet or the telephone to contact the council
  - homeowners are generally content with a service which is provided during office hours
  - the majority of homeowners welcomed the proposal for an advocacy service
  - homeowners were keen to have a service which ensured value for their money

- finally, and perhaps not surprisingly, the key current issues are major works, repairs and service charges.
10. Officers also attended meetings of the Homeowners Council, Tenants Council, LAS2000 and Area Forums to discuss the proposals. Each of these meetings generated constructive discussion and feedback. Homeowners Council also committed to setting up a small working party to consider the proposals in more depth, and in particular the development of the board.

### **Progress on the development of My Southwark Homeowners (MSHO)**

11. The responsibility for developing and implementing the new MSHO service sits with the customer experience division within Housing and Modernisation. A board, which includes officers from Exchequer, Asset Management and Customer Experience divisions, was set up in October 2015. The board is chaired by the Strategic Director Housing and Modernisation and oversees the progress of the project. The main areas of focus have been the delivery of the advocacy pilot, the arbitration panel pilot, the development of the independent board and on-going engagement and communication with key stakeholders.

### **Advocacy Pilot**

12. One of the primary aims of the new MSHO service is to act as an advocate for homeowners and to take up their concerns with those responsible for providing services. The advocacy service aims to provide an additional level of challenge, on the homeowner's behalf, without the need to raise a formal complaint, to make an application for arbitration or to apply to the First Tier Tribunal.
13. Historically, homeowners' perception has been that their relationship with the council has been one of receiving a bill with an expectation that they pay it. The MSHO approach seeks to provide a more customer focussed service which is listening and responding, open and transparent. The advocacy service is intrinsic to the new approach and provides an opportunity for homeowners who are querying any aspect of their routine relationship with the council, such as the veracity of their service charges, lease enquiries, permissions for alterations etc., and to have these investigated on their behalf to see whether a resolution can be achieved without the need to instigate more formal action.
14. The purpose of the advocacy service is to offer advice and case management to homeowners who are unsure about, or dispute any aspect of, repairs, major works, estate services, or service charge construction. The service will work with internal stakeholders to create a continuous improvement model that reviews, consults and ultimately improves internal processes and an improved Homeowner experience.
15. The advocacy pilot, which ran for eight weeks from the beginning of February 2016, tested what the likely demand would be for this service and what the resource requirements might be for the future.
16. The cases for the pilot were identified by the service charge collection team who referred cases where resolution could not be achieved in the ordinary interaction around service charges and billing.
17. The 37 cases scrutinised were confined to last year's actual bills for revenue service charges and did not include major works. Feedback was gathered from

the homeowners involved via online questionnaire. The key lessons learned are summarised below.

18. Homeowners were very positive about the service and the opportunity to have their query thoroughly investigated at arms length. Even when no changes were made to the charges, the homeowner was satisfied that the council was prepared to investigate, explain fully why they were being charged and evidence clearly the work that was carried out.
19. The pilot identified that, historically, record keeping was poor. Although asset management information is now properly recorded and captured on the council's asset management system Apex, service charges can often relate to services which were provided some years hence. The unavailability of contract records, invoices and other materials such as photographs and certificates can lead to significant challenge around the veracity of services charges. In recent times, there has been a great deal of work carried out to ensure that the full details for works are captured on electronic data management systems, and are evidenced, for example, by contractors providing before and after photographs however poor record keeping has been identified as an on-going risk to the council's ability to ensure full cost recovery for works carried out.
20. During the pilot, the advocacy team made recommendations for process changes to address specific concerns around processes and systems, particularly within asset management.
21. In the last 3 years, the council has written back c. £600k per annum in homeowner service charges. During the pilot, services agreed to write back £11k. In the short-term, officers assume an increase in write-backs as advocates deal with 'old' cases, however the pilot has already demonstrated the need for continuous scrutiny, learning and improved practice which should contribute to a reduction in write-backs over the longer term as core services improve their processes.

### **Arbitration**

22. An issue of particular concern to homeowners was their restricted access to the council's unique arbitration service. Up until now, homeowners were only able to access the arbitration service in very limited circumstances; specifically service charge matters were excluded.
23. A six month pilot started on 1 March 2016 to extend access and allow matters related to disputes around the 2014/15 service charge actual bills to be considered.
24. A new arbitration application form has been developed and is accessible via the council's website. A panel consisting of an existing arbitration panel chair, 1 homeowner, 1 councillor and 1 suitably qualified legal representative have been trained as have other panel members.
25. To date, two applications for arbitration have been received, both of which were identified from the advocacy pilot with the first case heard on 19 April.
26. Both the advocacy and arbitration pilot services provide an additional service to homeowners which would not have been available to them prior to the development of the MSHO agency. Previously, leaseholders would have had to

raise a formal complaint or apply to the First Tier Tribunal for their case to be heard, with all of the costs associated with making that application. Although both of these options are still available to homeowners, the new services provide better customer service and a willingness to see whether a shared resolution can be found in the first instance.

### **MSHO Board and Constitution**

27. The independence of the MSHO service will be provided through the creation of a steering board, the My Southwark Homeowners Board, which will include homeowner representatives.
28. A constitution and terms of reference for the MSHO Board have been drafted, which describe the work of the board, its functions and responsibilities and its relationship with other council services and representative resident bodies. The constitution provides the board with the opportunity to independently scrutinise council services and performance. Job descriptions have been drafted for the chair and board members and it is anticipated that there will be open recruitment for these roles in the summer. The proposals for the formation of the board have been shared with Homeowners Council and their working party will be considering these along with other aspects of the new service.

### **Customer Services**

29. Plans are well underway to develop the bespoke customer service offer for homeowners. This includes a dedicated telephone service and a new face to face service to be located at Market Place, Bermondsey. The new customer access point for homeowners will replace some of the services currently provided at the Abbeyfield office and will also host the advocacy team.
30. In the consultation feedback, homeowners were critical of staff's inadequate training and knowledge to be able to deal effectively with complex homeowner queries. Through the dedicated customer services function, appropriate training and expertise will see a gradual and continuous improvement in knowledge amongst the staff group resulting in a more professional and customer focussed service.

### **Online presence**

31. Officers have been constructing more efficient and smarter customer journey maps for high volume home ownership processes, mainly those carried out in the Sales and Acquisitions Team. The new 'permissions' process on-line form will be launched shortly and should improve the application process, making it easier to receive payments and speeding up the decision making process.
32. A huge amount of progress has been made in this area which at December 2014 had a backlog of 700 applications from homeowners wishing to carry out improvements or requesting modifications to their lease. The backlog has now been eradicated and automation of these processes is the next stage in improving the quality of this service to homeowners.
33. Other customer journey maps have been undertaken for the Right to Buy process, the Social Home-Buy Scheme, cash incentives for home ownership and the process for requesting the new advocacy scheme. Staff have been fully trained on the new procedures for and web page creation which will help to fulfil

one of the key aims of the MSHO project which is to improve the website presence and make the service easier to access and deal with.

### **MSHO Organisational Structure**

34. A draft structure which includes the functions of Sales and Acquisitions, Customer Services, MSHO Board support, Advocacy and Arbitration is currently being consulted upon with staff and is intended to be fully live by August 2016. It is intended that the team will be created from existing resources.

### **Financial implications**

35. From the outset the plan has been to fund the new agency from within the existing costs envelope associated with the delivery of homeowner services. The organisation and staffing requirements are being considered at present. The function does however anticipate taking resources or funding from those areas already handling homeowners matters; contact centre, service points, exchequer services. The organisation requirements will be finalised shortly as will the necessary funding and sources of funding.

### **Next steps**

36. The development of the new service has been cautiously welcomed by homeowners. There is recognition that the council is trying to develop a new more positive relationship with owners of council property and there has been good input from homeowners, particularly in response to the online survey. There has also been a great deal of interest from other local authorities in what the council is seeking to achieve, as homeowners generally are much less satisfied with landlord services than tenants of council property.
37. Progress towards the new service is steady but there remains a lot more to be done to get the new service up and running by August 2016. The launch of the service is just the beginning and on-going success will be determined by the reaction of homeowners themselves through improved levels of satisfaction and fewer complaints.

### **Community impact statement**

38. The development of this new approach to working with homeowners and a more positive relationship is intended to have a positive impact on the community.
39. Under the Public Sector Equality Duty General Duty public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
40. The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.
41. The council's "Approach to Equality", which was agreed by cabinet in December 2011, outlines the council's legal duties under the PSED General Duty and its obligations under the Human Rights Act 1998. It also sets out the council's

commitment to embedding equality and human rights within the day-to-day responsibilities of all members, officers and contractors, as a part of day to day business.

42. It is essential that when decisions are made they take into account the public sector equality duty's general duty (PSED General Duty) as set out in section 149 of the Equality Act 2010. Officers will undertake further equality analysis as the service works through implementation of the changes.

**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

**Director of Law and Democracy**

43. The report updates on the progress made on creating a new service for Southwark homeowners following cabinet decision in December 2015. As the project develops any legal and governance issues arising will need to be identified and addressed in consultation with the director of law and democracy and her staff.

**Strategic Director of Finance and Governance (H&M 16/008 IY)**

44. The report provides an update on the progress in relation to the creation of a new service for Southwark homeowners following the cabinet decision in December 2015. There are no specific financial implications identified at this juncture and the intention is that this is cost-neutral with staff/budgets being drawn from existing service areas. If, as the project develops, any financial issues do arise, these will be identified/addressed in subsequent cabinet reports.

**BACKGROUND DOCUMENTS**

| Background Papers | Held At | Contact |
|-------------------|---------|---------|
| None              |         |         |

**APPENDICES**

| No.  | Title: |
|------|--------|
| None |        |

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Cabinet Member</b>   | Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing |                          |
| <b>Lead Officer</b>   | Gerri Scott, Strategic Director of Housing and Modernisation             |                          |
| <b>Report Author</b>  | Richard Selley, Director of Customer Experience                          |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 26 May 2016  |                          |
| <b>Key Decision?</b>  | No   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments sought</b>   | <b>Comments included</b> |
| Director of Law and Democracy   | Yes  | Yes                      |
| Strategic Director of Finance and Governance                            | Yes  | Yes                      |
| <b>Cabinet Member</b>   | Yes  | Yes                      |
| <b>Date final report sent to Constitutional Team</b>                    |  | 26 May 2016              |