

Housing and Community Safety Scrutiny Sub-Committee

Tuesday 11 October 2011

7.00 pm

Ground Floor Meeting Room G01B - 160 Tooley Street, London SE1 2QH

Membership

Councillor Gavin Edwards (Chair)
Councillor Linda Manchester (Vice-Chair)
Councillor Michael Bukola
Councillor Rowenna Davis
Councillor Tim McNally
Councillor Michael Situ
Councillor Martin Seaton
Miriam Facey
John Nosworthy
Jane Salmon

Reserves

Councillor Claire Hickson
Councillor Paul Kyriacou
Councillor Darren Merrill
Councillor Wilma Nelson

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Contact

Karen Harris on 020 7525 0324 or email: karen.harris@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Annie Shepperd

Chief Executive

Date: 3 October 2011



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Title

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Housing and Community Safety Scrutiny Sub-Committee

Tuesday 11 October 2011

7.00 pm

Ground Floor Meeting Room G01B - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.

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PART A - OPEN BUSINESS

1. APOLOGIES

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.

4. MINUTES

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To approve as a correct record the Minutes of the open section of the meeting held on 12 July 2011.

5. CANADA WATER FIRE SAFETY WORKS FINAL SCRUTINY REPORT

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6. PLAN FOR SCRUTINY OF LEASEHOLDER CHARGES

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DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING.

PART B - CLOSED BUSINESS

DISCUSSION OF ANY CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT.



HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE

MINUTES of the Housing and Community Safety Scrutiny Sub-Committee held on Tuesday 12 July 2011 at 7.00 pm at Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Gavin Edwards (Chair)
Councillor Linda Manchester
Councillor Michael Bukola
Councillor Rowenna Davis
Councillor Tim McNally
Councillor Martin Seaton
Councillor Darren Merill

OTHERS PRESENT: Councillor Ian Wingfield
Barry Duckett
Michael Robertson
Renie Anjen

OFFICER SUPPORT: Gerri Scott, Director of Housing
David Lewis, Head of Asset Management and Investment Planning
Tony Hunter, Health and Safety Manager
Louise Turff, - Service Charge Construction Manager
Karen Harris, Scrutiny Project Manager

1. APOLOGIES

1.1 Apologies for absence were received from Councillor Michael Situ, Councillor Darren Merill attended as substitute; Jon Nosworthy, Jane Salmon, Mariam Facey and Lesley Wertheimer.

1.2 Councillor Edwards welcomed everyone to the meeting, and introduced Renie Anjen, who was workshadowing Councillor Rowenna Davis. He gave a brief overview of the role and work of the sub-committee.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

2.1 There were none.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

3.1 Councillor Seaton declared that he was a Southwark council property tenant.

4. MINUTES OF THE MEETING HELD ON 4 APRIL 2011

RESOLVED:

That the minutes of the meeting held on 4 April 2011 be agreed as an accurate record.

5. CANADA WATER FIRE SAFETY WORKS

- 5.1 Councillor Edwards introduced this item by explaining that concerns about the fire safety work at Canada Water estate had been brought to the attention of himself and the vice-chair, who had agreed to undertake a short scrutiny of the issue, and that the purpose of this agenda item was to understand the issues fully, from the perspective of the residents and the council, and to draw up a report making recommendations for the future
- 5.2 He welcomed Barry Duckett and Michael Robertson from the TRA, and residents from the estate, to the meeting and invited them to introduce issues from their perspective.
- 5.3 Barry Duckett explained that he was concerned when the contract was awarded to Standage that the TRA was not informed, and that meetings with residents for updates on the contract were not offered at times that suited residents on the estate.
- 5.4 He went on to explain that he had been asked to act as a conduit for complaints from residents, but did not have good communications with the staff from the council overseeing the contract.
- 5.5 He further explained that the contract was not fulfilled in an acceptable way, and that Councillors Ian Wingfield and Richard Livingstone had both visited the site to see the problems for themselves.
- 5.6 Michael Robertson explained that as a result of the incident at Lakanal in July 2009, Southwark Council had commissioned the consultants Tuner Townsend to undertake a fire risk assessment at Columbia Point on the Canada Estate. Several of the repairs highlighted in the report had been a result of previous poor repair standards at the estate. There was photographic evidence of some of these in the "Turner Townsend" report.
- 5.7 In February 2010 the Fire Brigade issued Southwark Council with a formal notification of fire safety deficiencies on the estate with a deadline for remedial

work to be undertaken.

- 5.8 The fire safety notification brought added urgency to the work required on the estate, and resulted in the contractors Standage being used to undertake the work as they already operated for the council as “voids” contractors, rather than going through the usual procurement procedures.
- 5.9 There was a feeling that, as some of the work now required was as a direct result of previous poor work standards and ineffective contract management on works done on the estate, residents at Canada Water estate were now effectively being required to pay twice for work to be undertaken to an acceptable standard.
- 5.10 Michael Robertson summarised that the core issues for residents on the estate were poor management and communication around the work undertaken on the estate, poor repairs standards, and issues in respect of work specification and procurement which had led to high unit costs and high overall costs for work undertaken.
- 5.11 Councillors then asked some questions.
- 5.12 In response to a question about who had undertaken the work, it was confirmed that instead of going out to tender for this work, Standage, the voids contractor had been appointed due to the urgent timescales.
- 5.13 It was confirmed that the work had been commissioned over 8-9 calendar months from May 2009.
- 5.14 Councillors made reference to paragraph 22 of the report circulated to the sub-committee, which suggested a small number of residents’ queries and complaints, when in fact there were many complaints and concerns about the poor standard of the work. It was confirmed that in fact some 72 e-mailed concerns had been raised.
- 5.15 A further issue discussed was that of clarity and openness with residents and leaseholders about work being undertaken and the release of information about contract costings.
- 5.16 Councillor Edwards invited officers from the Housing Department to explain the situation from their perspective.
- 5.17 Gerri Scott, strategic director of housing services, made some introductory comments, highlighting that some analysis had been done of how this work had been handled.
- 5.18 She confirmed that fire safety issues at that time had resulted in an exceptional situation at the estate in terms of the procurement of works, and that formal requirements on consultation (S20) had been complied with but that there had been a lack of effective communication with residents.
- 5.19 In addition to meeting the fire safety standards, there was a further variation to the contract to install suitable venting. This was not communicated to or discussed

with residents.

- 5.20 The strategic director also confirmed that the work required by London Fire Brigade was completed to the required timescale, but that the quality of the work was of considerable concern.
- 5.21 There were no financial penalties to the contractor, but the contractors were not paid until the work was done to a completely satisfactory standard.
- 5.22 The director informed the sub-committee that a residents' satisfaction survey has since been undertaken, and the outcomes of this would be made available to the sub-committee.
- 5.23 Members of the sub-committee queried the involvement of building standards around the issue of ventilation.
- 5.24 It was confirmed that the need to vary the contract was unexpected but that building control were involved in the usual way.
- 5.25 David Lewis, head of asset management, confirmed that although FRA works were done to a very good standard, the work around finishing and painting was sub-standard.
- 5.26 Members of the sub-committee asked whether it was usual for contractors to do such poor quality work, what monitoring had been done throughout the process, and why the work had been considered to be good enough.
- 5.27 David Lewis informed the sub-committee that there was no expectation that the work would go wrong and that the monitoring arrangements reflected that.
- 5.28 He went on to confirm that the contractor had performed well in the past, and that some of the issues on this job might have arisen due to lack of capacity.
- 5.29 Sub-committee members raised questions about value for money, and officers confirmed that unit costs were similar to the same items in other blocks. Officers agreed to share this information with the sub-committee.
- 5.30 Following further questions from the sub-committee, officers confirmed that under section 20, leaseholders had a right to see costing for work undertaken. It was agreed that this information should also be available to other residents.
- 5.31 Councillor Wingfield accepted that the concerns raised in relation to this work were valid.
- 5.32 He highlighted in particular a need to address contract management issues and the need to include and inform residents.
- 5.33 Councillor Wingfield confirmed that recent changes in the Housing Department around the performance management of staff overseeing contracts, and a focus on major works as a separate entity would result in improvement, but that it was too early to see the results of this yet.

- 5.34 Councillor Edwards thanked everyone for their input and confirmed that he would produce a draft report with some recommendations for change.

6. CABINET MEMBER DISCUSSION - COUNCILLOR IAN WINGFIELD

- 6.1 Councillor Edwards thanked Councillor Wingfield for joining the sub-committee for a discussion on housing priorities for the year.
- 6.2 Councillor Wingfield talked about the importance of the clean, dry and safe information and the need to be clear about how and why the places on the list had been picked. He explained that there was a need to get the information out quickly and that it would be important to go through it with a fine-toothed comb to remove any inaccuracies on the list.
- 6.3 Members of the sub-committee commented on how useful it was to have this information, and asked whether it could be broken down by ward and the inaccuracies removed. It was agreed that this information would be made available to councillors by ward.
- 6.4 Councillor Wingfield talked about Leaseholder Charging and his view that there was a need to look into how the charging process worked and what could be done better to ensure fairness to leaseholders. He suggested that it would be useful for the sub-committee to investigate the systems in place and make recommendations on areas that need improving.
- 6.5 He explained to the sub-committee that he had asked all councillors to pass him information about concerns raised by local residents about leaseholder charging. He explained that he was concerned that the examples brought to his attention were only the "tip of the iceberg".

Councillor Wingfield went on to explain that from his perspective, although the council did comply to the letter of the law on leaseholder charging issues, this was not always the same as treating leaseholders in the best way it could. He was concerned that on some occasions leaseholders were having to sign away equity because of the costs associated with being a leaseholder.

- 6.6 A discussion took place about housing repairs and the issue of rewarding and incentivising tenants to look after their property. The way the system worked, property that was not looked after by tenants became a higher priority on the list for repairs. Members of the sub-committee felt it would be useful to have some form of incentive scheme for people who looked after their property. In the longer term this would save money for the repairs service.
- 6.7 The issue of the call centre was discussed, in the context of response times and the quality of service received. It was explained to the sub-committee that a new Head of Customer Experience was now in place with experience of managing a call centre in a local authority environment.
- 6.8 A query was raised about housing consultation structures and whether any

discussions were taking place about the realignment of Area Housing Forums. Councillor Wingfield responded that residents like the area-based forums and that there was no intention to make any changes at this point in time.

- 6.9 The sub-committee discussed the issue of black pin mould in properties and whether a booklet for residents about managing condensation and mould could be prepared and distributed pro-actively. Councillor Wingfield explained that this particular issue seemed to arise in property inherited from the former GLC. The Housing Investment Programme recognised this issue and included work to install venting to reduce mould. A very useful leaflet existed and it was agreed that it would be possible to send this to all residents, as to some extent the mould was caused by resident activity.
- 6.10 A discussion took place on local estate management and empowerment and whether the council could look into larger estates having their own repairs teams and whether this would lead to a more cost-effective and higher quality solution to housing repairs.
- 6.11 Councillor Wingfield agreed that empowering people to take responsibility for managing their estate lead to more sustainable communities and an increased level of pride in the estate. In places with a TMO, localisation of services resulted in higher satisfaction levels, however not all residents were in favour of TMOs and a solution was needed for those estates that did not want a TMO, or where the TMO was not operating effectively. In addition, moving to this local model could result in a huge variation in the quality of work.
- 6.12 On the issues of delegation of repairs and smaller contracts, Councillor Wingfield expressed sympathy with this model but explained that before introducing more changes, the current priority was to make sure that the contracts that were in place operated effectively. Within the next 12 months the council should start to see results.
- 6.13 Councillor Wingfield invited sub-committee members to make suggestions on how things could be done differently to achieve a healthy balance between central and local management.
- 6.14 The issue of communal repairs and the call-centre was discussed and whether there was an adequate system in place to ensure that the person taking the call had a sufficient level of knowledge to deal with it effectively and ensure that communal repairs were followed up and handled effectively. Councillor Wingfield responded that the call centre working party had picked this issue up.
- 6.15 A query was raised over TRA halls and whether there were any plans to tackle the number and use of TRA halls. Councillor Wingfield responded that this was a politically sensitive issue but that there was a need to be mindful of the best use of public money and agreed that TRA halls should be looked at in terms of value for money. A look into this by the sub-committee could be useful.
- 6.16 Members expressed concern that the current high level of resource needed to ensure warm, dry and safe homes had arisen because of insufficient preventative property maintenance work in the past. This meant that the 5 year investment plan

would get to decent homes standard but no further, leaving a gap in planned property maintenance. There was a shared concern that the council did not have a robust planned maintenance programme. Councillor Wingfield suggested that it would be helpful to have an open discussion with leaseholders on this issue.

- 6.17 The sub-committee discussed the priority given to ex-armed service personnel on council housing waiting lists, and the fact that the housing minister was supportive of what the council was trying to do. Councillor Wingfield confirmed that the council did want to make the change to give a higher priority to disabled ex-army personnel, and that the option to extend this to all ex-service personnel was currently being consulted on. This was being pursued through a national process and it was hoped that local MPs will support the change of law nationally.
- 6.18 Councillor Edwards thanked Councillor Wingfield for an open, useful and wide ranging discussion.

7. WRITTEN UPDATE ON CCTV

- 7.1 This was noted.

8. MEETING DATES AND WORK PROGRAMME FOR THE YEAR

- 8.1 The following suggestions for the work programme were made and discussed,
- Leaseholder charging
 - The Community safety aspect of cleaner/greener/safer
 - Domestic violence and how it is dealt with
 - Anti-social behaviour and whether this is caused by housing issues not being dealt with effectively
 - Low-level anti-social behaviour and how we respond to it
- 8.2 It was agreed that the following issues would form the work programme
1. Leaseholder Charging
 2. Domestic Violence and how it is dealt with
 3. Low level anti-social behaviour on estates.
- 8.3 Councillor Davis offered to make a contribution to the work on domestic violence.
- 8.4 Councillor McNally suggested that it would be useful for the sub-committee to receive the quarterly housing waiting list as an information report, to help inform discussions.

The meeting closed at 9.20pm.

HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE

Fire Safety Works at Canada Water Estate
Scrutiny Report and Recommendations

August 2011

The logo for Southwark Council, featuring the word "Southwark" in a stylized, teal-colored script font with a large, sweeping initial 'S'. Below the script, the word "Council" is written in a smaller, teal-colored, sans-serif font.

Southwark
Council

1. Background to and Purpose of the Review

- 1.1 Columbia Point and Regina Point are two blocks of council flats on the Canada Water estate. The flats house a combination of council tenants and leaseholders.
- 1.2 As a result of a fire safety assessment in October 2009 some substantial remedial works were identified. A major works procurement process was begun to identify suitable contractors to undertake this work.
- 1.3 Before a contractor was identified or any work commenced, two fire safety notices were issued to the Council relating to Columbia Point and Regina Point with a deadline of 17 August 2010 by which work must be completed to avoid legal action.
- 1.4 The purpose of the scrutiny review was to
 - establish what happened next, which led to residents of the estate to request a scrutiny review into the works which were still not completed in February 2011 when this scrutiny began
 - make some recommendations for change

2. How the Evidence Was Collected

- 2.1 In January 2011, concerns around works at Canada Estate were brought to the attention of the Chair of the Housing and Community Safety scrutiny sub-committee in an e-mail which outlined events from a resident/leaseholder perspective
- 2.2 On 8th February 2010 a meeting was held between the Chair and Vice-Chair of the Housing and Community Safety Sub-Committee and Michael Robertson, a leaseholder resident from the Canada Water estate to clarify the main issues and concerns.
- 2.3 A report was commissioned from Council officers, including
 1. The process followed in order to award the work to the contractor
 2. An assessment of the quality of the work so far
 3. Details of the cost of the work
 4. An update on the current state of the works
 5. Details of communications between Southwark and the contractor as the works have progressed.
 6. Details of communications between Southwark and residents of the estate about any reported problems with the works.
- 2.4 A verbal evidence session was held at a meeting of the Housing and Community safety scrutiny sub-committee on Tuesday 2 July 2011, where the issues were discussed. Staff from the Housing Department and representatives from the Canada Water estate both attended this discussion.
- 2.5 Southwark Council staff members who gave evidence at this session were: Gerri Scott, Director of Housing; David Lewis, Head of Asset Management and Investment Planning; Tony Hunter, Health and Safety Manager; and Louise Turff, Service Charge Construction Manager

3 Sequence of Events

- 3.1 In the aftermath of the fatal fire in the Lakanal housing block in July 2009, the Council undertook to carry out fire safety reviews of all residential blocks over seven stories high.
- 3.2 A fire risk assessment of Columbia Point on the Canada Water estate was carried out in September/October 2009 by the consultants Turner Townsend, which identified some necessary remedial work
- 3.3 As a result of the fire risk assessment, the process of procuring major works began, including serving Section 20 notices, of the intention to undertake major works, on the leaseholders of both Columbia Point and Regina Point December 2009.
- 3.4 On 22 February 2010, London Fire and Emergency Planning Authority (LFEPA) served two notices of fire safety work necessary at both Columbia Point and Regina Point. These notices included a requirement that the works should be undertaken by 17 August 2010
- 3.5 The fire safety notification brought new urgency to the work required on the estate which meant that the usual procurement procedures would have taken too long. As Standage already operated for the Council as “voids” contractors it was legally permissible to appoint them to do this work. This resulted in the appointment of contractors Standage to undertake the work on 17 May 2010 without consultation with residents over who would undertake the work.
- 3.6 The essential work identified by LFEPA was completed by the deadline. LFEPA inspected the blocks on 16 August 2010 and confirmed their satisfaction in writing on 8 September 2010.
- 3.7 There were other associated works taking place on the estate which were not completed in this timescale, and at the time of a joint inspection on 7 January 2011, a number of issues were identified which still needed to be resolved.
- 3.8 A further joint inspection took place on 17 May 2011 at which it was confirmed that the outstanding issues had been resolved and the work was considered complete.

4 What Went Wrong?

4.1 Procurement Process

- 4.1.1 Following the receipt of the Turner Townsend fire safety report, the Council's Housing Department started to make arrangements for the repairs work to be done, including starting the process of procuring an appropriate contractor to undertake the work and issuing S20 notices to leaseholders.
- 4.1.2 When the need to complete the work became urgent and the Council had a short deadline to complete the fire safety works it was not possible to complete the usual procurement process.
- 4.1.3 As a matter of expediency the contractors Standage who already held a “voids” contract with the Council were contracted to do the work. This arrangement

superseded the S20 consultation and appointment process, but the Council failed to explain and communicate the new arrangements to residents.

- 4.1.4 Effective communication with leaseholders was not prioritised as it should have been. Instead, the minimum necessary communication to meet statutory requirements was undertaken.

4.2 Urgent work rather than planned and quality controlled repairs and maintenance

- 4.2.1 The work at Canada Estate had to be undertaken urgently to comply with fire safety standards. Before the Council's fire safety assessment was undertaken there were no immediate plans for planned maintenance and repairs work.

As identified in the Turner Townsend report "Several of the issues identified in this report are the result of poor workmanship or a failure to hold contractors to specification. By introducing tighter controls on contractors in respect of fire, it would be possible to address some of these key issues without having to spend large amounts of money." (Turner Townsend report).

- 4.2.2 If the Council had undertaken planned and effectively quality controlled work at the estate over a period of years, the urgent works may not have been necessary.

4.3 Quality of Work

- 4.3.1 Standage contractors completed the necessary fire safety works within the set timescale but there were concerns over the quality of the work.
- 4.3.2 This raises queries over the contract monitoring processes and also calls into question whether Standage were the most appropriate contractor to undertake the work.
- 4.3.3 The quality of other associated works was also poor, leading to a very drawn out process with works only completed to the required standard in May 2011. During this process some 72 complaints were made to the Tenants and Residents Association who were acting as a conduit for complaints to be made.

4.4 Contract Management

- 4.4.1 The Council followed its usual arrangements for contract management including monthly meetings between the contractor and the Council.
- 4.4.2 These arrangements did nominally include local residents but the meetings were not held at times when it was possible for them to attend. This was a mistake and more effort should have been made to accommodate resident representatives.
- 4.4.3 The contract management that was in place was clearly not effective enough.

4.5 Communication and Consultation with Residents

- 4.5.1 Once the fire safety works were taken out of the S20 process there was a lack of effective proactive communication with residents.
- 4.5.2 This was confirmed in the evidence given by the Director of Housing.
- 4.5.3 In addition to meeting the fire safety standards, there was a further variation to the contract to install suitable venting. This was not communicated to or discussed with residents
- 4.5.4 This led to a situation where leaseholders were not fully aware of why they were being charged so much for the work, why the S20 process was started but aborted..
- 4.5.5 Tenants Representatives point out during the scrutiny process that the costs of works being carried out on the estate were only shared with leaseholders. As the cost of major works comes from the HRA, the sub-committee sees no reason why the same information about costs shared with leaseholders should not also be shared with tenants.

5. Conclusions and Recommendations

- 5.1 There were clearly some exceptional and unusual circumstances around the fire safety works at the Canada estate. However the scrutiny process has revealed a number of issues around major works procurement and management which could also apply to all future repairs works of the Council.
- 5.2 To improve the way major works contracting is handled in the future, the Housing and Community Safety sub-committee makes the following recommendations.
 - 1. A process/procedure understood by officers and contractors should be developed and followed which enables residents (both tenants and leaseholders) to be kept informed of and consulted effectively in the major works procurement. This should include but not be limited by the legal S20 requirements.
 - 2. The sub-committee has found evidence of poor communications with residents.. As part of the project management process for all major works in the future there should be a clearly understood procedure for communication with tenants before and during works of this nature. These arrangements should not rely upon casual discovery of information from contractors or contract managers.
 - 3. Where there are changes to expected works during the delivery phase the cabinet member should take steps to ensure that these are communicated to affected residents in a sensitive and timely fashion.
 - 4. Stringent contract management arrangements should be put in place for the future, including detailed delivery timetables and quality expectations. The pro-active management of these contracts must be more rigorously pursued. Penalties should be introduced for contractors who fail to meet these more stringent requirements.
 - 5. There should be a named officer accountable for site work inspection and overall project management for each major works project.

6. The breakdown of costs on major works are currently only shared with leaseholders. As the cost of major works comes from the HRA, the subcommittee recommends that the same information on costs shared with leaseholders should also be shared with tenants.

DRAFT

Agenda Item 6

Plan for Scrutiny of Leaseholder Charging in Southwark

Context

Southwark's Home Ownership Unit oversees services to approximately 13,000 leaseholders. Southwark Council charges leaseholders for a variety of services including reactive repairs, administration and lift maintenance. The charges levied on leaseholders include:-

- Routine annual service charges
- Major works service charges
- Ground rent
- Rechargeable costs (usually due to breach of lease)
- Interest (on arrears, either at lease rate or county court rate)
- Administration fees under the lease (e.g. assignment or remortgage)
- Administration fees for other services (e.g. permissions)

Clearly the process of systematically charging thousands of people often large sums of money is never going to be a popular council service. However, despite a number of reviews and scrutiny processes in recent years there is genuine and continuing concern among leaseholders that leaseholder charging in Southwark is not what it should be.

The Housing and Community Safety Scrutiny Sub-committee recognises that it is in everyone interests – leaseholders, tenants and the council – to have a system in place which is accurate, fair, efficient and maintains high levels of customer service. The Sub-committee therefore wishes to investigate all leaseholder charging in the borough with particular regard to the issues spelt out below.

Scope of the Scrutiny

The Sub-Committee will focus its work on:

1. The accuracy of leaseholder charging in Southwark.
2. The quality of the work done by contractors which is then charged to leaseholders
3. Levels of customer service to leaseholders provided by the Home Ownership Unit
4. An assessment of Southwark's leaseholder charging systems. Are there alternative systems which should be considered?
5. Progress made by the council in implementing the recommendations of the Grant Thornton Report published in August 2009

The constraints of time and resources mean that the sub-committee will need to focus its efforts. The sub-committee recognises the complexity and range of this issue and so will seek to focus on areas where improvements can be identified and addressed. The primary inputs into the investigation will be the views of leaseholders, councillors and officers, and evidence gathered by the committee. The outputs will be recommendations for changes to council policy and practice which will address the problems identified.

How will the Sub Committee gather evidence in order to scrutinise these issues?

The Sub-Committee will:

1. Listen in on (or listen to recordings of) randomly selected calls to the Home Ownership Unit helpline.
2. Scrutinise examples of leaseholder charging which have gone wrong and identify any trends. The examples will be collected from councillors from across the borough and suggestions from members of the public.
3. Gather statistical evidence to assess the accuracy of leaseholder charging in the borough (possibly via the Leaseholder Valuation Tribunal)
4. Assess central government legislation relating to leaseholder charging
5. Research leaseholder charging methodology in other London boroughs to identify best practice.
6. Survey leaseholders in Southwark to get a picture of their view of the service that is being provided.
7. Interview Homeowners Council and their independent advisors
8. Interview Senior Officers and the Cabinet Member for Housing

	Date: 17 August 2011	To: Chair of Housing and Community Safety Scrutiny Sub-committee
Report title:	Leaseholder Charging	
From:	Strategic Director of Housing Services	

This report sets out the response to questions raised by the sub-committee regarding leaseholders in Southwark. The report includes information on service charges, the legislative requirements which the Council must comply with, and major works.

Q1 - What is a leaseholder?

1. A leaseholder is a person in possession of a leasehold property.
2. Leasehold means property held by a tenant (or lessee) for a specific period usually at a rent from the landlord.
3. Leases can be created for any length of time. Normally the term 'leasehold' is applied to long leases (section 59 Landlord and Tenant Act 1987 - a lease granted for a certain term exceeding 21 years including a lease granted in pursuance of the Right to Buy). For commercial premises a lease is more normally granted for between 5 and 21 years. With both residential houses and flats a short term lease for 6 or 12 months might be granted. These shorter leases of residential properties are usually called tenancies (and include periodic tenancies such as secure and assured tenancies).
4. There are 19 different types of leaseholder* in Southwark's portfolio as shown in the chart under section 2.

* assuming that shared equity/shared ownership lessees is included in this definition (Midland Heart v Richardson).

Q2 - How many leaseholders are there in Southwark?

5. As at 31st March 2011, the number for all types of leaseholders including those that do not pay a service charge was 13,183.

Q3 - What proportion of households is this?

6. At 31st March 2011 there were 36,800 properties either rented or void waiting relet (excludes Lakanal House).
 - Leaseholders percentage = 25.77%
 - Homeowners percentage (ie including freeholders paying service charges = 28.07%.

Q4 - Is this number expected to increase or decrease in the future?

7. In the short term the absolute number of leaseholders will remain fairly constant: buy backs on regeneration estates such as Heygate and Aylesbury reduces the overall numbers as does our sale of freehold reversionary interest policy (ie where all the flats

in a street property are sold, selling the freehold interest to the leaseholders jointly). At present these disposals are only marginally outnumbered by the ongoing sale of flats:

- (a) Right to Buy (RTB) sales are at an all time low
 - (b) Social Homebuy sales were only designed to assist purchasers at the margins and won't exceed half a dozen in any year
 - (c) There are a few sales to homeowners who are bought back on regeneration estates
 - (d) by far the biggest source of sales currently is the sale of void properties
8. The fact that regeneration estates have proportionally fewer leaseholders' means that as the estates are decanted the overall percentage of leaseholders rises.
9. In the longer term the homeowner portfolio will only get bigger (there is no political appetite for the abolition of the RTB). Some other London boroughs have overall homeowner proportion as high as 40%, especially where the statutory right to purchase schemes have been supplemented by the sale of voids.

Q5 - Benchmarking table showing charge in Southwark and those in other inner London Boroughs

10. Please see Appendix 1.

Q6 - What is leaseholder charging?

11. This term has been created for the purposes of this scrutiny. It is taken to mean all charges that can be made of residential leaseholders.

Q7 - What are the various categories of charges that a leaseholder can expect to pay? (i.e. service charge, major works)

- (a) Routine annual service charges
- (b) Major works service charges
- (c) Ground rent
- (d) Rechargeable costs (usually due to breach of lease)
- (e) Court costs
- (f) Interest (on arrears, either at lease rate or county court rate)
- (g) Administration fee under the lease (e.g. assignment or remortgage)
- (i) Administration fees for other services (e.g. permissions)
- (j) Rent (shared equity leaseholders)

Q8 - Is there a charge to leaseholders for works to meet the decent homes standard?

12. The decent homes standard is a standard for social housing. Full equity leaseholders are not social housing tenants (Housing and Regeneration Act 2008). Works to meet the decent homes standard are a sub-set of Southwark's overall landlord repairing obligations but do include some communal works that are rechargeable to leaseholders, for example, refenestration, concrete repairs and works arising from Fire Risk Assessments (FRAs).
13. Works that fall outside the decent homes standard but are nevertheless recharged to leaseholders include: repair/renewal of district heating systems; lifts; redecoration and the renewal of electric risers/laterals (if not to meet the health and safety portions of the decent homes standard).

Q9 - Who's responsibility, is it to make leaseholders aware of planned future costs - e.g. future major works and housing investment plan?

14. In September 2006 a progress report on Home Ownership Services went to Executive. One of the recommendations, subsequently agreed by the Executive, was to write to leaseholders on an annual basis to inform them of where their block or estate appeared on the five year programme. The Home Ownership Service has carried out that procedure for every year that there has been an agreed programme of works. When the Executive opted to procure the Council's major works contracts through partnering, the Council needed to make an application to the Leaseholder Valuation Tribunal on a minor part of the statutory consultation process with leaseholders (section 20 of the Landlord and Tenant Act 1985), and as an amelioration promised to write to leaseholders on an annual basis with details of where they currently appeared on the programme. The new five year programme is currently in consultation – previously there was a two year programme covering 2010/11 and 2011/12, which was included in the section 20 consultation carried out for the partnering contracts. There was no programme between 2008 and 2010, as the previous five year programme had been withdrawn and a new stock condition survey was being planned.
15. The five year programme itself is the responsibility of the Head of Major Works. Once the programme has been drawn up and agreed in principle the Head of Major Works then carries out consultation with residents. The programme is sent to Tenants and Residents Associations, Area Forums and Tenants and Home Owners Councils. Additionally residents are informed via their rent and service charge statements of how to access the programme and make comments on it. Any observations made are then considered prior to the programme being finally agreed.
16. While the programme does contain budget estimates, it is important to remember that they are budgets based on the best available evidence at the time they are set. The estimates could go up or down when the work package is priced up or tendered, and the extent and scope of the work may vary considerably when surveys are carried out to draw up the final scope of works.

Q10 - What is a section 20 notification?

17. Section 20 consultation is the statutory consultation that the Council, as landlord, is obliged to carry out with its leaseholders in certain circumstances. The consultation affects two types of contracts – those that are termed qualifying long term agreements (agreements for goods, services or works that are for a period longer than 12 months and where any leaseholder would have a service charge of more than £100 per annum), and qualifying works (works of repair, maintenance or renewal where any leaseholder would have a service charge of more than £250).
18. The primary legislation is to be found in section 20 of the Landlord and Tenant Act 1985 (as amended by section 151 of the Commonhold and Leasehold Reform Act 2002). But the detailed regulations are to be found in 'The Service Charge (Consultation Requirements) (England) Regulations 2003 – SI 2003 No 1987 – which can be accessed at the following link:
<http://www.legislation.gov.uk/ukxi/2003/1987/contents/made>.
19. There are five schedules within the regulations – each governing different scenarios. Schedules one and two contain the requirements for qualifying long term agreements. Schedule one is for those agreements that are not subject to a public notice in the European Journal, while schedule two is for those that are subject to such a notice. Schedule four parts one and two are for qualifying works that are subject to a separate tender process, with schedule four part one governing the consultation requirements

for contracts that are subject to a notice in the European Journal and schedule four part two for those that are not. Schedule 3 governs the consultation requirements for qualifying works that are carried out under a qualifying long term agreement.

20. Schedules one, two, four part one and four part two all require at least a two stage consultation, with schedules one and four part two requiring a third stage notice in certain circumstances. Schedule three only requires one notice – but as such works are carried out under a qualifying long term agreement the contract itself would have already been subject to full section 20 consultations via at least a two stage process.
21. The two stage process requires a notice of intention to be served pre-tender, giving details of the proposed agreement or contract, the reasons why the Council is proposing to enter into the agreement or contract and giving leaseholders a thirty day period to make observations on the proposal. Additionally, for agreements or contracts that are not subject to an OJEU notice the Council must invite leaseholders to nominate contractors to be invited to tender. A notice of proposal is then served post tender, giving details of the tender process and inviting leaseholders to make observations on the prices received. Schedules one, two and four part one all require the landlord to provide an estimated service charge or a block or total contract cost or a unit, hourly or daily rate, or a date by when any of these costs is expected to be available. Schedules three and four part two (the two schedules most commonly used for major works, where the service charge to the leaseholder is likely to be high) requires only the total contract cost to be given.
22. Schedules one and four part two require a third notice – a notice of entering into contract – if the Council is proposing to accept a tender that is from neither the lowest tendering contractor nor a nominated contractor. This is a rare occurrence, as the Council will normally accept the lowest tender unless there are very good reasons not to. The notice informs leaseholders that the Council has entered into contract, giving details of the reasons why the preferred contractor has been chosen.
23. The Council accepts observations of all kinds from leaseholders from both stages of the consultation process despite the restrictive nature of the regulations on what counts as an official observation at each stage. In addition, although the regulations state that leaseholders must make observations in writing to a specific address, the Council does accept observations made by telephone, fax and e-mail.
24. Additionally, although the regulations do not require the Council to provide an estimated service charge when carrying out consultation under schedules three and four part two, the Council does construct an estimated service charge from the priced specification of works or bill of quantities and includes this in the notice in order to give the leaseholders notice of the individual cost to themselves. The Council also includes confirmation of the date that the invoice is likely to be issued and details of the payment options that will be available to them.
25. Along with the notice the Council includes a list of frequently asked questions in order to provide further information to leaseholders.

Q11 - How are leaseholders consulted on the future plans

26. The five year programme is currently being consulted on with all residents and is available on the Southwark Council website; all leaseholders have been written to as part of the consultation. The five year programme is agreed in principle by the Cabinet, and resident consultation is then the responsibility of the Major Works Division. The programme is sent to Tenants and Residents Associations, the Area Forums and

Tenants and Home Owners Councils. Additionally, all residents have been informed of how they can access the programme for their block/estate by notification sent out with their rents and service charge statements. They are able to make comments which will be taken into consideration when the final programme is approved.

27. The programme will be available on the Southwark website. Additionally, if leaseholders wish to access it they can contact either the Major Works Division or Home Ownership Services who will be able to provide details. Home Ownership Services will be writing to all leaseholders on an annual basis to inform them of where their block/estate appears in the programme and the work proposed.
28. Tenants who put in a right to buy or social Homebuy application are provided details of proposed works that may take place in the first five to six years of their lease (the 'initial' period), with costs and an estimated service charge, as part of their offer notice. Should they complete their purchase and the works take place, then their service charge will be limited to that amount stated in the notice plus an inflationary allowance. The inflationary allowance is calculated in accordance with the method set down by the Secretary of State and is compounded from the date on the notice.
29. If leaseholders are selling their properties on the open market then the Council is frequently asked to provide information on future works proposed and these details are included in the pre-assignment packages issued for such requests.

Q12 - What choice do leaseholders have over the scope and timing of major works?

30. Leaseholders are being consulted on the works proposed to their blocks and estates within the five year programme and can make comments which will be incorporated into the final document. Additionally, resident consultation on individual packages of work is carried out by the Major Works Division, which normally includes both written communication and public meetings. Further information on the process can be supplied by the Major Works Division.
31. Leaseholders are also invited to make observations on the proposed work via the statutory consultation process. Although the regulations themselves restrict the kind of observations that can be made, the Council will consider and respond to any comments regardless of their nature. In the past observations by leaseholders have led to amendments being made to the scope of proposed work, and, in at least one case in the contract being cancelled and retendered with a revised bill of quantities.
32. Ultimately, however, the Council, as landlord, is responsible for the repair and maintenance of the structure and services, and must make the final decision on the works that are required at any particular time.

Q13 - What input can/do leaseholders have to the tendering process for major works?

33. Residents are consulted through the statutory consultation processes which include a notice of intention which informs leaseholders of the landlord's intentions and invites observations which must be both taken into account and published. Resident representatives are also involved in the selection process for the main partner contractors for major works. For qualifying works and qualifying long term agreements that are not subject to an OJEU notice, leaseholders are given the opportunity to nominate contractors to be asked to tender for the work/services. Where a contract or agreement is subject to European Procurement rules then the notice of intention must be served prior to placing the OJEU notice, which allows leaseholders the opportunity

to bring the advert to the notice of their preferred contractor, who may then express an interest in tendering for the contract.

34. If a leaseholder does nominate a contractor, then that contractor must be able to comply with the Council's criteria for inclusion on the approved list before any contract award can be made to that contractor.
35. For qualifying long term agreements home owner representatives are frequently asked to join the procurement panel and be involved in the tender appraisal process.

Q14 - What role can leaseholders play in the management of contractors for major works?

36. A Project Team including resident representatives is set up for each major contract wherever there is sufficient interest. This meets throughout the contract to ensure all residents are part of the monitoring process for contractors. Management of the major works contracts is carried out by the Major Works Division, with the costs forming part of the overall contract costs. Depending on the scale of the contract, regular progress meetings may be held with residents to discuss any concerns or issues that they may have. Additionally, any issues, complaints or compliments can be recorded in the issues book in the site office. At practical completion a satisfaction survey is carried out with every resident, so that any issues raised can be dealt with, and each contract has a defects period to identify any problems with the work that need to be rectified by the contractor. Each contract will have a Resident Liaison Officer who is available to residents to discuss complaints or issues on an individual or group basis.
37. Furthermore, each major works contract has a project team which meets on a regular basis to discuss the progress of the work and any other issues. Resident representatives are invited to join the project team – usually at a public consultation meeting. However, these are working meetings and are therefore held during the day, so are often difficult for residents to get to if they work. But, the Council will hold further public meetings if requested to do so and all residents are able to raise particular concerns they may have about the contract management, quality of the work etc with the project team during the course of the contract.

Q15 - How are leaseholders involved in the planning/ timing and contracting of work to meet new and existing standards? e.g. fire safety standards, asbestos etc?

38. Leaseholders are consulted wherever possible as to the overall programme and individual contracts as part of the overall consultation process. This is part of the resident consultation carried out by the Major Works Division, and leaseholders get a further opportunity to make comments and observations through the statutory consultation process.

Q16 - What role do leaseholders have in determining unplanned works?

39. Unplanned works, more commonly referred to as responsive repairs, are by their very nature difficult to consult on. The vast majority of responsive repairs carried out by the Council are internal repairs to tenanted properties, which are not chargeable to leaseholders. Home owners are charged their due proportion of communal repairs - repairs to the structure, common parts and services to their block. All home owners have the opportunity to report communal repairs via the Repairs Call Centre. Additionally, Housing Officers conduct estate walkabouts on a regular basis, which can be attended by resident representatives including home owners. Communal repairs can be identified on these walkabouts.

40. Monthly contract meetings are held for the repairs and maintenance contracts, and representatives from Tenants and Residents Associations are invited to these. There is also resident representation on the monthly Core Group meetings, and the Customer Service Centre Working Party. When any repairs and maintenance contract is procured resident representatives are invited to join the procurement panel, and consultation is carried out with both the Tenants and Home Owners Councils (HOC). Recently there has been an end to end process review of housing repairs, which included resident representatives from both Tenants and Home Owners Council. It is anticipated that the findings of this review will lead to improvements in the service to all residents. The end to end process has resulted in the creation of a repairs core group who have decided to hold a separate meeting to deal with responsive repairs and have specifically invited leaseholder representatives from HOC.
41. Leaseholder representatives will be anxious to embed the core findings of the independent review of service charges:
- (a) Communal repairs to be accurately coded to block and estates
 - (b) Descriptions to include reasons for work being ordered
 - (c) Service chargeable (as opposed to, for example, rechargeable or insurance claimable) to be coded as such.
42. Most responsive communal repairs are relatively minor in nature, and the apportioned charge to leaseholders is low. However, if the cost of any individual repair will lead to a service charge of more than £250 to any one leaseholder then the Council will carry out section 20 consultation. If one of the term contracts is to be used, as long as section 20 has been carried out on the long term nature of the agreement, then a notice under schedule 3 of the regulations is served, giving leaseholders the opportunity to make observations on the proposed repair and its cost. If quotes are to be obtained for the repair then the section 20 consultation will be carried out under schedule 4 part 2 of the regulations, which gives leaseholders the right to nominate contractors to be asked to tender for the work.

Q17 - How do leaseholders suggest future works that are needed? - What is the process for agreeing whether these suggestions are taken forward?

43. The local authority landlord has both a contractual (the lease) and statutory (schedule 6 Housing Act 1985) responsibility to keep the 'structure, exterior, services and installations' in a good and substantial state of repair. Theoretically therefore there should be no need for leaseholders to have to suggest the need for future works. Having said this the arrangement adopted to meet with the requirements of section 105 Housing Act 1985 (in respect of secure tenants) and the commensurate arrangements for the Homeownership council mean that, collectively, homeowners are able to influence the spend decisions made by the council. The current arrangements for consultation on the five year investment programme are a prime example of this.

Q18 - Is there a sink fund that leaseholders contribute towards?

44. No. The current form of Southwark's lease does not have any covenants governing/requiring leaseholders to pay service charges.
45. Local authorities cannot run traditional sinking funds. Sinking funds require all leaseholders to make annual contributions in advance, local authorities cannot afford to pay the contributions for the secure tenants. Any attempt to run a sinking fund scheme for leaseholders only would fail (as it did in Southwark some 20 years ago).

Contributions would accrue for leaseholders and indeed works may be required but the council may not be able to prioritise works to any particular block/estate because of insufficient permission to borrow (under the current HRA financial arrangements) or simply not having sufficient funds available in any one year (under anticipated arrangements). In the early 1990s Southwark ran into similar problems and had to refund all contributions that had been made.

46. Simply stated if Southwark could afford the tenant contributions, it could afford to deliver the decent homes standard and all the landlord repairing obligations.
47. There are other reasons mitigating a sinking fund scheme.
 - (a) Although contributions are invested the management of the fund (including enforcement for non payment) is expensive and can easily be more than the interest.
 - (b) Leaseholders don't like paying in advance
 - (c) The existence of a sinking fund does not exempt the landlord from its repairing responsibilities which may be needed to be done now, before leaseholder contributions have accrued.
48. An application was made under the previous government's Sustainable Communities Act 2008 for Southwark to be given powers to run a voluntary Incentivised Individual Savings Plan for leaseholders who wished to participate. The application was successful in the first stage of government appraisal but the scheme folded after the last general election.

Q19 - Are there a cap on the absolute of contribution required by leaseholders to major works? Over what timeframe does this maximum contribution apply- is it a rolling timeframe?

49. For Southwark's long leaseholders, who pay a variable service charge, the amount of the service charge is dictated by the level of costs incurred. For major works service charges, the more the Council spends on communal refurbishment (concrete repairs, windows, decorations, lifts etc) the higher the service charge. In many instances we do not have the option of not providing the service – the Council have both statutory and contractual obligations to secure tenants and leaseholders to keep the blocks and estates in good and substantial repair. Not to charge leaseholders their fair proportion of the cost of providing the services is not an option. Apart from such an action being ultra virus (the limited circumstances in which a local authority can reduce service charges are set out in the Secretary of State's Directions 1997-2000 made pursuant to sections 219/220 Housing Act 1996 – Southwark has a policy to implement these following the IDM decision in November 2004) it would result in the inequitable situation of the deficit falling on the tenants or property tax payers.
50. Southwark has the widest possible range of repayment schemes to assist leaseholders to pay their fair share of costs.

Q20 - How is the level of leaseholder service charge determined?

51. Southwark's leaseholders, in common with the vast majority of leaseholders (both public and private) are required to pay a 'variable' service charge. This is a service charge which rises and falls each year in accordance with the landlord's (reasonable) expenditure on providing the (usually) communal services under the terms of the lease.

52. The only factor that determines the level of Southwark leaseholders' service charges is the spend decisions of Southwark council on service chargeable communal services.

Q21 - What input do/can leaseholders have to the process of determining the level of charge?

53. To influence the level of a variable service charge leaseholders must influence either the budget setting process or the spend decisions. The consultation arrangements described in detail below (at question 22) shows how the council is organised to consult with residents over these financial aspects and more particularly over service standards. Also described below is the statutory arrangement available to local authority tenants (periodic and long lease) to manage their own estates i.e. to take over full budgetary control for the delivery of any services they wish to control.
54. Examples of consultation arrangements over spend decisions are given throughout this briefing paper and include:
- (a) The current consultation over the five year investment programme priorities (see question 11 ante)
 - (b) Consultation on the responsive repairs service (see question 16 above)
 - (c) The arrangements governing the Homeowners' Council (see questions 36/37 post)
55. In addition to these local consultation arrangements, leaseholders can influence the spend decisions via the statutory consultation provisions described in detail at question 10 ante.

Q22 - What input do leaseholders have over management of service providers?

56. Homeowners are able to influence the management of service providers in a number of ways dependent on who the service provider is. With regard to the in house housing management service provision, homeowners are able to establish or join a Tenants and Residents' Association (TRA) who can, through the formal involvement structure, hold the council to account for the manner in which services are provided. TRAs are able to attend one of the eight Area Housing Forums (AHF) where performance issues are discussed. Each AHF is entitled to nominate up to two representatives (plus two deputies) to the Home Owners Council (HOC) which is the senior representative body for homeowners within Southwark.
57. Alternatively, where the management function is carried out by Tenant Management Organisations (TMOs) under the terms of a management agreement with the council, homeowners can directly influence their services. TMOs are resident controlled companies established to provide services to parts of the councils housing stock. Since 1994 residents have had a statutory Right to Manage although prior to this the residents' were able to set up TMOs under voluntary agreements with the council. There are currently 14 such TMOs in Southwark providing management services to approximately 3,500 home and a further 4 TMOs in development.
58. Where homeowners fall within the areas managed by TMOs they are entitled to become members of the TMOs for a nominal sum (usually between £0.10 and £1.00). This entitles them to stand for election to the management committee of the TMO who are responsible for the provision of the services delegated to the TMO under the terms of the management agreement. In this manner they are able to, within the parameters

defined by the management agreement and the constitution of the TMO, to directly control the management of services to their homes.

59. A third means by which homeowners can influence elements of the services they receive is through the creation of a Recognised Tenants' Association as defined by the Landlord and Tenant Act 1985. Recognised Tenants Associations have four main statutory rights which have accrued over the years, three of which relate directly to service charges.
60. The first and probably most important right in the context of Southwark Council as a landlord is the right of RTAs to nominate contractors to undertake any services which will cost homeowners more than £100 p.a. or any building works which cost more than £250 per homeowner as part of the section 20 process.
61. Section 84 Housing Act 1996 gives the right to RTAs to appoint a surveyor to advise them on any matters relating to service charges payable to a landlord. The powers of the surveyor so appointed are wide ranging and closely linked to the powers of homeowners (whether or not they are represented by a RTA) conferred by Part I Chapter V Leasehold Reform Housing and Urban Development Act 1993 to have a management audit undertaken. The surveyor's powers, enforceable by court order, include the inspection of all documents used in constructing service charges and the inspection of premises.
62. Section 44 Landlord and Tenant Act 1987 amended section 30 of the 1985 Act by inserting section 30B which allows a RTA to serve a notice on the council requiring it to consult on matters relating to the appointment, employment or change in duties of Managers of the property.
63. Similarly RTAs themselves (specifically the Secretary thereof) have rights to demand summaries of either or both service charges and insurance cover; and then the right to inspect all supporting invoices and documents relating to the service charges or insurance policies and any invoices and receipts which evidence the payment of insurance premiums. The rights include the ability to take copies or extracts of the documentation.

Q23 - Can leaseholders influence the service contract and providers of services within that contract - or are they restricted to council contractors

64. Leaseholders' service charges reflect their individual cost of communal services, if the council allowed leaseholders to use their own contractors then communal services would be delivered by different leaseholders' various contractors. In respect of Right to Buy leases of flats the council has an implied covenant (which it cannot contract out of) to repair the structure, exterior, services and installations of the building in which the flat is situated, so it cannot allow individual leaseholders to carry out communal repairs generally. Having said this (see question 10 ante) the statutory consultation provisions allow leaseholders in certain circumstances to nominate contractors which the council could use (subject to a successful tender). Again the Right to Manage provisions described in the preceding paragraphs allow the residents to take over full budgetary responsibility including the choice of contractors.
65. The answer to question 21 ante describes how leaseholders can influence service contracts and providers of services by involvement in the local consultation arrangements.

Q24 - Is there a management fee included in the charge? Is this a flat rate across the borough or does it vary?

66. The lease allows the Council to charge the costs of both managing the contracts or services and for administration. The administration fee is limited to 10% of the service charge. The management fee is normally calculated as a percentage of the cost of carrying out the works or providing the services, and is included in the charge for those works/services. Reversion to the 10% administration fee was agreed by Cabinet in December 2010 (see page 173 of attached minutes).
67. The management fee covers the cost of managing the individual services – be that care and upkeep and grounds maintenance or day to day repairs to the block or heating systems. The management cost for major works is either the internal cost of managing the individual projects, based on time analysis, or the cost of employing an external consultant to manage the contract on behalf of the Council.
68. The administration fee goes towards the cost of Home Ownership Services for the administrative work specifically for leaseholders, including the statutory consultation, construction of service charges and management of the service charge accounts. Additionally, the fee should cover the cost of other officers within the Council where their management and administration affect leaseholders but is not attributed directly to a specific service. The 10% does not cover the costs incurred by the Council in administration on behalf of leaseholders.
69. As part of the action plan following the recent independent audit of service charges there is a project being carried out to assess the full management and overhead costs of providing services to leaseholders to ensure that these costs are properly captured, as the audit identified a concern that the Council was under recovering their costs in this area. Part of the project will also cover the costs charged under the administration fee to show true cost in this area also.

Q25 - Is the Council always the landlord/managing agent? On the occasions when managing agent is not the Council what safeguards are in place to ensure that the managing agent fulfils its role effectively?

70. In terms of the safeguards in place to ensure that the TMOs provide an adequate level of service, this is the responsibility of the Tenant Management Initiative team (TMI) within the Home Ownership Unit. The TMI team monitor the performance of each TMO on a regular basis throughout the year through a combination of monitoring visits and attendance at TMO committee meetings. It should be noted that satisfaction levels with the performance of TMOs as housing service providers is considerably higher than with the council provided services.

Q26 - Is there a guarantee that the management fee will not increase above a certain percentage year on year? i.e. Inflation plus x%.

71. No. The management fee reflects the costs incurred by the Council in providing the services, and will therefore vary in accordance with the actual costs incurred. Inflation will have an impact in terms of staffing salaries and increased costs to the Council, but the management fee is not increased by an inflationary amount year on year.

The administration fee is limited to 10% of the service charge in accordance with the lease and does not vary.

Q27 - When a leaseholder is charged how is their bill broken down?

72. Leaseholders are charged on an annual basis for “revenue” service charges – i.e. the normal services provided during the course of the year. These include day to day repairs, care and upkeep, grounds maintenance, communal heating, communal lighting etc. Leaseholders are only charged for the services that are provided to their block/estate, and they pay their due proportion of the actual costs incurred by the Council in providing those services. They receive an estimated service charge at the start of the year, which provides a statement of the estimated cost of each individual service. Following the end of the financial year the actual service charge is prepared from the costs incurred. A statement of the actual charge for each service is provided with the invoice, and further breakdowns of the individual costs are available on request. These breakdowns, particularly for un-itemised repairs, often run to many pages and are therefore impractical to provide to over 14,000 service charge payers automatically.
73. Leaseholders are charged for major works on a separate basis. When the statutory consultation is carried out a breakdown of the proposed works, with estimated costs, is enclosed with the notice of proposal. The specifications and bills of quantities are also available for viewing on request, and can be sent to leaseholders on payment of a small fee to cover the costs of photocopying and postage. Once the final account is available the leaseholders are notified of their actual service charge and a breakdown of the work carried out and the cost incurred by the Council is included with the notification. The final account itself is also available for viewing on request, and again can be sent to leaseholders on payment of a small fee to cover the photocopying and postage costs.

Q28 - What formula is used for the apportionment of costs?

74. Most costs are apportioned using a weighting method based on the number of rooms in each property. Each property is assigned four units (kitchen, bathroom, living room and hallway) plus the number of bedrooms. So a bedsit is assigned four units, a one bedroom property five units, a two bedroom property six units and so on.
75. The cost incurred by the Council in providing the service or in carrying out repairs is divided by the total number of rooms in the block or on the estate, and then the resultant figure is multiplied by the number of rooms in the property to come to the individual service charge.
76. The above method fairly apportions the costs based on the size of the property and was agreed by Leaseholder (now Home Owner) Council.
77. For individual major works contracts, the Council may decide to divide the costs among the number of properties included in the work. This is done where the work is for something where the service provision is equal – for example a lift renewal, water tank renewal, door entry system etc. The lease allows any reasonable method of apportionment to be used, and this method is more reasonable where access to the service is not dependent on the size of the property.
78. Both methods have been found to be reasonable by the Leasehold Valuation Tribunal.

Q29 - Who is responsible for customer service to leaseholders?

79. Leaseholders' service charges reflect their fair share of the cost of communal services, so the basic answer to this question is 'the same officers who are responsible to

tenants for communal services'; this is invariably the budget holder for that communal service. This basic position is qualified/clarified by a few further facts:

- (a) Homeownership services' front end was never incorporated into the Customer Service Centre. It was programmed for the second phase but, after review of scripts and contact numbers, Pearsons refused to accept the service on the grounds that it was too complex and contact numbers too few (speciality).
- (b) Homeownership holds the budget for buildings insurance at present and provides this service.
- (c) Leasehold management (e.g. enforcement of lease terms for nuisance or internal repairs) is an area management function.

Q30 - What information is offered to leaseholders on the purchase of their property?

80. This question is taken as meaning the sale/purchase of leases on the open market (as it precedes question 31), the information given to **tenants** before purchase is dealt with at question 32.

81. The following is an extract of information about the sale of their property by a **leaseholder**:

- **When can you sell your property?**

You may sell your property (assign the lease if you are a leaseholder) at any time, but there are a number of things you must bear in mind. Firstly, if you have only recently completed your purchase under the Right to buy or Social Homebuy schemes, you will probably have to repay some, all, or more of the discount you received when you bought the property. It is the council's policy to insist on repayment in all cases, except where there are the most extreme medical circumstances.

- **The discount period**

a) five years for applications made after 17 January 2005.

For applications made on or after 18 January 2005, the amount of discount repayable is more complicated. The full amount to be repaid is calculated as a percentage value of the property on resale. This figure will be reduced by one fifth for each full year after the sale completion.

Also note that if you had made an agreement to re-sell your property before you completed your Right to Buy or Social Homebuy – or if, during the discount period, you make an agreement to sell or transfer your property to a third party at some time in the future – this will trigger repayment of discount. The repayment will be calculated as if the sale or transfer had taken place on the date the agreement was made.

The council may allow a reduction in the amount of discount to be repaid if you have carried out substantial improvements to your home, which have increased its value. In order to qualify for such a reduction you will have to quantify the cost of the improvements you have made, and the council will have to agree that they have added to the value of your home.

If, during the discount repayment period you want to add another person to the lease, this also counts as an assignment, and will probably trigger repayment of discount.

- **If you sell your home, will you have to offer it back to the Council?**

If you bought a property under either the Right to Buy or Social Homebuy schemes, where the application was made after 17 January 2005, your lease or title deeds will contain an obligation that you must first offer it back to the council if

you wish to sell within the first 10 years of acquiring your property through the Right to Buy scheme.

This means we have the right of first refusal to buy the property back at full open market value price. But the council will only exercise its rights in exceptional circumstances. If we do wish to exercise this right, we have to respond within a certain time scale.

- **What do you need to tell the buyer of your home?**

The person you are selling your property to will want details of the service charges, outstanding arrears on the service charge accounts and whether it is anticipated that there will be any major works carried out in the foreseeable future for which they might have to pay. They might also want details of the buildings insurance, the construction of the block and other information about the block and estate.

These are called pre-assignment enquiries. Your solicitor should write to the home ownership unit for this information; there is a charge for providing it (currently £156 – April 2011 - £214 Expedited (24hours)).

- **What happens about service charges when you sell your property?**

The council will expect all service charges to be paid up-to-date on completion of the sale. You will need to bear in mind that all charges are first issued as estimates, and that eventually an 'actual' charge will be issued. This can be lower or higher than the estimated charge.

You will need to agree with your purchaser who will be responsible for any additional charge, or receive the benefit of a credit. Similarly, if you sell part way through the year, it will be up to you and your purchaser to agree how any outstanding amounts of annual service charges are apportioned.

Failure to pay a service charge constitutes a breach of the lease. Although an actual service charge debt cannot be passed on from one leaseholder to another when a property is resold, the new leaseholder will be liable to 'remedy the breach' should there be any such debt. In other words the new leaseholder would either have to pay any outstanding charges, or take action against the previous leaseholder to ensure that they do so.

- **But I'm a freeholder**

The liability to pay service charges for freehold properties arises from personal contract between the freeholder and the council. This is called a deed of covenant, and is essentially a separate contract from the actual freehold transfer. If you have bought your property freehold, and it is on an estate, you should have been asked to enter into an appropriate deed covenant.

When you resell your property, you must make sure that the new owner signs a similar covenant. Otherwise you will not only be liable for any service charges arising during the period you owned the property, but possibly for future charges as well.

Other than that, the arrangements for service charges when a freehold property is sold are the same as for leaseholder properties.

- **What happens if you are disputing a service charge when you want to sell your property?**

The council expects any arrears of service charges to be paid on completion of the resale but, it does acknowledge that there are times when a service charge is being disputed and a leaseholder or freeholder is reluctant to make payment.

In these circumstances, and in order not to interfere with the process of the sale, the council is sometimes prepared to agree to a retention being held by either solicitor to pay the charge once the dispute has been resolved.

Please note that the council will normally insist on the full amount of the disputed charge being retained, regardless of what you believe the outcome of the dispute is likely to be. The purchaser's solicitor would probably insist on this as well.

82. The following is a copy of information sent out to leaseholders who are selling their property which they will pass on to their prospective purchasers (it contains confidential information so is sent out to the current leaseholder even if it is the prospective purchasers solicitors who request the information).
- A copy of the Pre-assignment response including building insurance
 - Service charge accounts for 2011/12, 2010/11, 2009/10 and 2008/9
- A copy of this document is sent by email and post.

Q31 - Is there a general level of awareness amongst estate agents and surveyors working in the borough about how leaseholding works in the borough?

83. Almost exclusively, our contact is with homeowners and their instructed solicitors so we have very little communication with local estate agents or surveyors so cannot judge this easily. However, as the vast majority of stock in the borough (council managed and privately managed) is flatted accommodation, we would assume that there must be at least some basic knowledge of "leaseholding" amongst estate agents and surveyors working within the borough.

Q32 - What communication and support is offered to leaseholders to understand their liabilities and responsibilities?

84. The information given is dependent on the route taken in becoming a leaseholder.
85. Right to Buy: when a qualifying secure tenant makes an initial query, an application pack is sent to them containing Right To Buy Application form and other related documents.
86. Another route for a council tenant to become a homeowner is through Social HomeBuy. Tenants qualifying to purchase their home under the Right to buy scheme also qualify to purchase under this scheme so both application packs are sent at once. The Social HomeBuy application pack contains a guide for secure tenants buying their home and an application form to purchase on social homebuy terms.
87. The council sometimes sells vacant properties via auction or private treaty. In this circumstance, the auction pack is furnished with a copy of the intended lease, current service charge liabilities and buildings insurance information.
88. Evidently, another common to become a Southwark Council leaseholder is via the open market resale of a property originally purchased under RTB or SHB. During the normal conveyancing process, the seller's solicitor will ask for information and documentation relevant to the property, normally referred to as a pre-assignment pack. The full contents of the pack will depend on the information and documentation requested but will normally include a copy of the lease, current and future service charge liabilities and a copy of the insurance policy. It is the responsibility of the buyer's solicitor or other legal representative to obtain all relevant information and documentation on behalf of their client and to interpret the contents, i.e. their client's future liabilities and responsibilities. The council will very rarely have direct contact with the potential buyer.

89. All leaseholders can ask the council for advice on their liabilities and responsibilities under the terms of the lease. They will normally be directed to the council's home ownership reception that will then pass the call on to the most relevant home ownership officer to deal with the enquiry. Support is offered in terms of offering payment plans to assist leaseholders to pay service charges more easily or signposting to debt/money advice agencies and credit unions, amongst other measures.

Q33 - What happens if a leaseholder wants to do some work to their property? How do they know what they do/ don't pay for are supposed to do and who they have to contact? E.g. if the windows need painting on the outside?

90. In accordance with the terms laid out in their individual leases, leaseholders must ask for and be granted the council's permission to carry out a structural alteration or to carry out works which would normally be the council's responsibility to arrange. However, due to changes in legislation and policy over the last 30 or so years the right to buy has operated, leases have evolved over time and there are no generic rules which would apply to all leaseholders. Each lease must be scrutinised individually on receipt of a permission request. Contact can be made via a number of routes (e.g. generic email, call centre, HOS reception) but will all be dealt with by the Disposals Team within Home Ownership Services.

Q34 - Who does a leaseholder contact if they have query about billing or about specific services provided?

91. For any query in relation to the construction, billing or collection of service charges a homeowner will contact Homeownership Services. Each invoice has the name and contact details of the homeownership officer they need to contact. The Homeownership Services' office at 376 Walworth Rd is open 5 days a week 9am - 5pm for face to face meetings either by appointment or by drop in to the office. For each service charge demand (estimated or actual) a leaflet entitled "Your service Charge Explained" is issued giving basic information about how service charges are constructed and which costs are included.

Q34 - Who does a leaseholder contact if they have query about billing or about specific services provided?

92. For queries about specific services e.g. cleaning or repairs the homeowner will contact the service providers, usually via the CSC or via area management.
93. It is not uncommon for a query about service charges to transmute into a query/complaint about the standard of the particular communal service in question. If this happens the homeownership officer will attempt to get a resolution to the query from the service provider. If the resolution is not acceptable then the homeowner has resort to the formal complaint procedure.

Q35 - How does this system work?

94. Any one service charge demand can bring together up to 20 different communal services (cleaning; grounds maintenance, arboricultural services; responsive repairs; lifts; door entry; water pumps; water tanks repairs, water testing; dry risers, ventilation systems, communal TV aerials; lightning conductors; district heating boiler repairs, concierge, gas supply, electricity supply, buildings insurance, management, administration etc) and it is not uncommon for homeowners to make queries/complaints about several different services at the same time. Homeownership

try to co-ordinate a single response but this means the officers can only reply as quickly as the slowest response from service providers. Interim replies are sent but this is seen as not providing a co-ordinated service in respect of communal services.

Q36 - Is there a representative body for leaseholders in the borough?

95. As previously mentioned the representative body for homeowners within Southwark is the Homeownership council, membership of which is set out in the constitution (see next question).

Q37 - What is the role of this body?

96. The role of the Homeowner Council as defined in its constitution is an advisory body established by Southwark Council to:
- a) Represent the views of Southwark's Council homeowners on issues relating to housing services, the management of housing, and new housing management proposals, and
 - b) Form part of the framework for Southwark Council to consult its homeowners on matters relating to housing management, housing services and policies.

Q38 - Is there a cost attached to membership?

98. There is no cost associated to membership of HOC.

Q39 - What is the Leaseholder Valuation Tribunal?

99. The Leasehold Valuation Tribunal (now more properly known as the Residential Property Tribunal Service) is an administrative tribunal established by the Housing Act 1996 initially to deal with determining the (section 19 Landlord and Tenant Act 1985) reasonableness of service charges. Over the past 15 years the RPTS's remit has expanded to now include such matters as:
- (a) Whether section 20 consultation has been carried out correctly
 - (b) Dispensation from section 20 consultation
 - (c) Reasonableness of administration charges
 - (d) Breach of lease
 - (e) Whether, under the terms of the leases, the service charges are payable and if so by whom and when.

Q40 - What systems are in place to resolve disputes with leaseholders before they are referred to the tribunal?

100. After all service charge queries have been resolved (see questions 34/35 above) the Council begins legal action for unpaid service charges at the local County Court.
101. The leaseholders have the right to defend the matter. Depending on the substance of the defence the dispute is often transferred to the Leasehold Valuation Tribunal (LVT) for determination.
102. LVT is a specialist independent tribunal of inquisitorial nature set up to deal with service charge disputes. LVT has a jurisdiction to determine whether charges are reasonable, have been reasonably incurred as well as payable and to what extent and by whom. Only challenges of this type are transferred to the LVT.

103. Once the LVT heard the dispute and written determination is given, the matter is transferred back to the County Court for a disposal hearing. During the hearing the final award of the debt payable is made, together with court and tribunal fees as well as interest, by way of money judgment.
104. We have a transparent and comprehensive arrears recovery process which ensures that no legal action is taken on any account until all disputes have been resolved.
106. It is up to **the individual collection officer** to liaise with the collection manager and/or the litigation manager whether or not to pass a case over to the litigation section:
107. The test being – “*Would we be successful in accordance with*”
- I. The terms of the lease
 - II. Reasonableness
 - III. Would we receive a counter claim
 - IV. Timing of the invoice
 - V. Have all disputes been resolved
108. We proceed to litigation **only** when all over avenues have been fully addressed.
109. ***This procedure is a reiterative process***
 When service charges are outstanding the first step is to consult the lease to ensure payment is due. For example : some leases will require the leaseholder to pay an estimated service charge by reference to an annual sum payable quarterly in advance; other leases may only allow for payment of actual service charges. This is especially important when dealing with ‘major works’ service charges as leases seldom distinguish between service charges for routine services and ‘one off’ major works. There is no statutory distinction between the two. The lease will also dictate if interest can be applied to the outstanding balance and, if so, at what rate (e.g. 5% above base rate) and whether simple or compound (if unstated it is taken to be simple).
110. It is essential that an internal process is established which identifies arrears as soon as they occur and establishes the principles around initial contact with the leaseholder:
- Whether interest is applied to the balance being notified (for example the landlord may decide to warn leaseholders that interest could be applied but only apply interest to the account if and when a county court application is made).
 - Format of letter (if the leaseholder is non resident whether letters should be sent to leasehold address as well as forwarding address and/or to managing agents).
 - Telephone contact
 - E mail contact
111. Initial contact with the leaseholder should incorporate two factors:
- (a) benefit advice and
 - (b) Any assistance schemes offered by the landlord
112. Benefit Advice
 Few benefits are available to full equity leaseholders, basically income support for the ‘essential’ elements of the service charge. There is inconsistent practice within the Department of Works and Pensions (DWP) around support for service charges to eligible claimants. DWP officials have commented that interpretation of the regulations is for their officers to decide upon given the circumstances of each claim. For example, service charges for major repair works have been paid but in other cases the

support is in the form of monthly payments to cover interest on loans taken out to pay the service charge. It is advisable that the attitude of the DWP office to service charges is understood and, in the absence of specialist support officers within the landlord organisation, that a referral system with local voluntary agencies is established. A referral system to independent voluntary agencies has the advantage of not having the enforcement and support regimes within the landlord organisation: unlike the protection housing benefit provides periodic tenants there are circumstances where individuals cannot sustain owner occupation and will lose their homes (usually to mortgagees in possession). Shared ownership leaseholders are eligible for housing benefit in respect of rent payments and the 'essential' elements of the service charge.

113. Assistance Schemes

In brief, payment options are as follow:

- a) Resident leaseholders who live full time in the property are able to split the balance over 36 equal monthly instalments interest-free (soon to be extended to 48 month's interest free). This period begins the month after the estimated invoice is received. Leaseholders not living in the property billed are offered payment over 12 equal monthly instalments interest free. Should leaseholders fail to begin paying in accordance with this option or miss a payment we will revert back to the lease and request any arrears in accordance with the quarter dates stated above.
- b) The Council has 2 discretionary loan options:
 - i) A Discretionary Service Charge Loan. This is similar to a mortgage on the property. The invoice can be paid back over up to 25 years. Interest is charged on this loan and there is an application fee to cover legal and administrative costs.
 - ii) A Discretionary Voluntary Charge Loan. This charge means you do not have to make any payments. The amount of the charge and the interest incurred is secured on the property and payable on reassignment of the lease. There is an application fee to cover legal and administrative costs.

With both of these options a minimum equity is required and should you have a mortgage on the property consent is required from your lender to add a second charge.

- c) The Council also offers an unsecured loan over a period of 3 years to 10 years. Equal monthly instalments are required for the duration of the loan. Interest is charged at a higher rate than the secured loan options.
- d) There are also two equity schemes available for leaseholders. An equity loan is where the major work service charge cost is offset as a percentage share in the market value of your home as assessed by the council. The council effectively 'loans' you the money to pay the major works invoice and secures the equity loan by way of a legal mortgage over the property. The equity scheme has the same premise however instead of an equity loan the council grants you a new lease on shared ownership terms, under which the council holds a percentage share.

Background Papers	Held At	Contact
Analysis of sold properties by lease type at 31 March 2011 Benchmarking Data For Leasehold Scrutiny Report 04 08 2011 Executive Meeting Report / Minutes Section 20 Docs SCA Leaseholder Services Proposal Service Charge Reduction Payment Options Different Basis for Service Charges Management and Administration Fees Calculation/Construction of Capital Service Charges Recharge Leon Time RTB application / Leaseholders Leaflet Service Charge Leaflet Leasehold Valuation Tribunal – Guidance and Procedure Repayment Options	160 Tooley St SE1 2TZ	Louise Turff Tel: 020 7525 7558 Paul Halpin Tel: 020 7525 1412

NO:	Title
1	Benchmarking Data

AUDIT TRAIL

.Lead Officer	Gerri Scott, Strategic Director of Housing Services	
Report Author	Martin Green, Head of Home Ownership and TMI	
Version	Final	
Dated	17 August 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	N/A	N/A
Finance Director	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Officer		N/A

Rank	Key	Service charge payers	Total Billed	Revenue Service Charges Billed	Average Revenue Service Charge	Major works Billed	Average Major Bill		
1	25	14639	£21,596,192	£16,400,000	£1,085	£5,196,192	£2,799	London Borough of Southwark	Inner London
2	8	9159	£17,164,331	£11,765,171	£993	£5,399,160	£2,157		Inner London
3	4	8290	£15,556,351	£7,643,037	£922	£7,913,314	£6,413		Inner London
4	19	4484	£9,606,890	£4,671,733	£1,042	£4,935,157	£9,832		Inner London
5	1	8687	£8,005,552	£8,005,552	£957		£4,672		Inner London
6	26	2779	£7,883,880	£6,887,392	£2,478	£996,488	£570		Inner London
7	7	4024	£6,851,575	£3,261,120	810	£3,590,455	£3,321		Outer London
8	3	4939	£5,937,688	£3,768,579	£763	£2,169,109	£3,772		Outer London
9	16	4546	£4,952,724	£3,099,078	688	£1,853,646	£4,471		Outer London
10	13	2532	£4,642,500	£3,000,924	£1,185	£1,641,576	£893		Inner London
11	18	4599	£3,320,887	£392,006	£785	£2,928,881	£7,243		Inner London
12	30	9311	£1,987,448		£1,162	£1,987,448	£2,448		Inner London
13	29	2997	£1,907,049	£1,449,178	£496	£457,871	£1,900		Outer London
14	5	2720	£3,645,248	£1,854,141	682	£1,791,107	£2,735		Outer London
15	2	2936	£1,711,403	£1,389,260	£466	£322,143	£354		Outer London
16	27	1436	£1,337,040	£1,332,032	£917	£5,008	£500		Outer London
17	11	2227	£1,174,848	£1,110,791	£499	£64,057	£517		Outer London
18	20	6035	£989,344		£607	£989,344	£1,540		Inner London
19	15	1649	£598,577	£598,577	£560				Outer London
20	14	604	£264,750	£258,000	£427	£6,750	£250		Other
21	21	543	£194,275		£422	£194,275	£1,554		Other
22	22	2343	£143,945		£678	£143,945	£1,515		Outer London
23	28	3263	£121,391		£633	£121,391	£1,020		Outer London
24	23	2044	£0				£5,778		Other
25	24	8989	£0						Inner London

Item No.	Classification Open	Date: October 2011	MEETING NAME Home Owners' Council
Report title:		Leasehold Satisfaction	
Ward(s) or groups affected:		All	
From:		Antoinette Stasaitis Business Improvement Manager	

PURPOSE

This report is to provide Home Owners' Council with highlights from the Home Owner Survey that has been carried out by the Business Improvement Unit.

RECOMMENDATIONS

Home Owners' Council is asked to note the contents of this report.

BACKGROUND

1. The Council began a quarterly sample survey of 800 home owners in quarter three of 2010/11. The survey was conducted to establish what home owners think about their home and how satisfied they are with the services provided by the council. The consultation took place over a four-week period using a postal questionnaire and random selection of leaseholders from across the borough.
2. Three £25 vouchers are offered as an incentive to return the questionnaire. Return rates over the three quarters have been between 9% and 11%.
3. This report summarises the results for the first three quarters that the survey has been conducted.

SUMMARY RESULTS FROM THE SURVEYS

Performance Indicator	2010/11 Qtr. 3	2010/11 Qtr. 4	2011/12 Qtr. 1	Quarterly trend
% satisfied with the overall services provided by the council (NI 160).	46%	57%	47%	↓
% satisfied that their annual service charge represents value for money.	27%	25%	30%	↑
% satisfied that the major works service charges represent good value for money.	12%	5%	24%	↑
% satisfied with the way the council generally deals with communal repairs and maintenance.	30%	32%	24%	↓
% satisfied with the overall quality of the major work carried out.	46%	37%	31%	↓
% satisfied with the general upkeep of their block or estate.	51%	66%	56%	↓
% who feel that the council is good at keeping them informed about things that affect them as a homeowner.	52%	62%	50%	↓
% who described their officer as very or fairly helpful.	55%	59%	58%	↓
% satisfied with their neighbourhood as a place to live.	62%	76%	92%	↑
% satisfied with the play areas in their neighbourhood.	66%	70%	53%	↓

4. The overall satisfaction of home owners is lower than that of tenants, which for the same period was between 69% and 76%.

5. The areas of poorest satisfaction are:

- The value for money of the annual service charge
- The value for money of major works service charges
- The way the council generally deals with communal repairs and maintenance
- The overall quality of the major work carried out

OTHER HIGHLIGHTS

These are cumulative results from over the three quarters and the percentages are of those respondents that completed the particular question.

Contact with the Council's housing services

6. The ways home owners last contacted the council were:

Telephoned	55%
Emailed	22%
Visited office	12%
Sent letter	8%
Online via council's website	4%

7. The reasons for home owners last contacting the council were:

Service charge information	20%
Communal repairs	18%
Other, please specify	12%
Major works	12%
Leak from other property	7%
Grounds maintenance	6%
Antisocial behaviour	5%
Estate lighting	4%
Cleaning	4%
Refuse collection	4%
Tenant and resident association, area housing forum, or homeowner council	2%
Recycling services	2%
Altering or improving your property	2%
Selling a property	1%
Buying a property	1%

(a variety of reasons including: checking meters, insurance claims and structural problems)

Resident Involvement

8. The ways that respondents were currently involved was (percentage of total responses):

Home owner council	26%
Area forums	25%
Tenants and resident association	16%
Estate inspections	10%
Web forums	7%
Home owner conference	5%
Email consultation groups	4%
Tenant management organisations	4%
Resident working groups	3%

9. The ways that respondents would like to be involved was (percentage of total responses):

Email consultation groups	21%
Home owner council	15%
Web forums	15%
Estate inspections	12%
Home owner conference	10%
Tenants and resident association	9%
Resident working groups	8%
Tenant management organisations	6%
Area forums	5%

Crime and antisocial behaviour

10. The percentage of respondent's saying this area was a very big or fairly big problem were (each area assessed separately):

Noisy neighbours	37%
Vandalism	33%
Disruptive children/teenagers	30%
Crime	26%
Drug use or drug dealing	26%
Sexual harassment	5%
Homophobic harassment	5%
Racial harassment	3%

Block and estate services

11. The percentage of respondent's saying this was a very big or fairly big problem were (each area assessed separately):

Parking facilities	42%
Rubbish or litter	40%
Dogs fouling	40%
Maintenance of roads and paths	30%
Fly tipping	29%
Vandalism/Graffiti	19%
Noisy dogs	17%
Empty garages	10%

Annual service charges

12. The percentage of respondents saying the following services for which they pay annual charges were poor or very poor value for money were (each area assessed separately):

Responsive (minor) repairs	43%
Care and upkeep	34%
Lifts	29%
Estate grounds maintenance	28%
Entry phone	27%
Security services	26%
Communal TV aerial	26%
Heating	22%
Lighting and electricity	21%
Building insurance	18%

Major Works

13. The percentage of respondent's saying they were unsatisfied or very unsatisfied with the following areas for the last major works which took place in their block or estate were (each area assessed separately):

Cost of work	73%
Quality of work	56%
Consultation with yourself	47%
Clarity of information provided about the work	46%
Consultation with resident representatives	35%

USING FEEDBACK

14. This report confirms the areas of concern that home owners have been expressing to officers and councillors regarding the services that they receive. We use satisfaction reports along with other feedback to tailor our services and prioritise our improvements in a variety of ways at many different levels within the Council. It is therefore not surprising that the Council plan promises to addresses many of the major concerns that home owners have been raising including:
- improving the housing repairs service and other aspects of customer care, which are key issues for tenants and homeowners. We want our tenants and homeowners to be involved in the design and delivery of ongoing service improvement. Practical improvements include ensuring that service charges for homeowners are accurately estimated and billed, that major works are value for money and that charges for major works are fully explained to homeowners. We will also deliver all of the recommendations of the leaseholder audit action plan.
 - widening the opportunities for residents to become involved in the delivery of housing services through a refreshed resident involvement strategy

A delivery schedule is in place for the housing service to ensure that the plans become a reality.

DISTRIBUTION LIST**MUNICIPAL YEAR 2011/12****COMMITTEE:** HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE**NOTE:** Please notify amendments to Scrutiny Team (0207 525 0324)

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