

## **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