

SLOUGH BOROUGH COUNCIL

REPORT TO: Neighbourhood & Communities Services Scrutiny Panel
DATE: 8th January 2014

CONTACT OFFICER: Trevor Costello – Service Charge Co-ordinator

CONTACT NUMBER: (01753) 875357

WARD(S) All

PORTFOLIOS Cllr James Swindlehurst

ESTATE SERVICES REVIEW

1 Purpose of the report

- 1.1 To advise the Panel on the latest position regarding tenant and leaseholder service charges and of the commencement of an Estate Services Review (ESR)

2 Recommendations proposed/action

- 2.1 The Panel is requested to note the commencement of the review.

3 Corporate Priorities

- 3.1 This report contributes towards the delivery of the 2013/14 Service Plan for Housing Services, which includes the following objectives:

Objective 2: 'Seek opportunities and implement initiatives to optimise revenue through new income streams, partnership working and achieve natural efficiencies through streamlining the delivery of services.'

Objective 4: 'Implement creative management to improve quality of service to create and maintain attractive neighbourhoods that customers are proud to live in.'

And connects to the following Corporate priorities:

Corporate Plan

- Improve the customer experience
- Deliver high quality services that meet local needs
- Develop new ways of working
- Achieve value for money

Sustainable Communities Strategy

- Economy and Skills
- Housing
- Regeneration and the Environment

Other implications

(a) Financial

All three reviews concentrate on the ability of the council to recover costs for additional services it currently, or intends to provide in the future to residents of its HRA and leasehold properties.

The caretaking service is paid for by residents through service charges. The current process for recharging the activities of caretakers will be reviewed, to introduce a greater degree of accuracy and accountability but which may ultimately increase or decrease individual residents' contributions. The review will also consider possible expansion of the role the service plays in maintaining housing properties and estates, this could include optional enhanced service levels with an appropriate scale of charges offering residents' choice in the level of services they receive. This should be cost neutral to the Council as any adjustments to services offered will be recovered through service charges.

The recharges policy will explore the potential for reducing the impact on HRA reactive maintenance budgets by the increased recharging for tenant wilful damage and/or neglect. It will also explore the potential for creating income on non-landlord or commercial activities through charging for leasehold management activities and other non-standard housing activities.

Projections for the impact on income will be developed as the Review Project Group commences work on project activities.

(b) Risk Management

Risk and Equality Impact Assessments will be carried out when forming proposals for alterations to service.

In relation to the review itself, the following initial risks have been considered:

Risk	Mitigating action	Opportunities
Legal	Reviewing the service charge calculation process will remove the risk of challenge to the legitimacy of the service charge and recovery process.	Harmonising leaseholder and HRA service charge processes will assist with complying with the new Universal Credit service charge eligibility criteria maximising benefit assistance for residents.
Property	Relaunching the recharge policy will reinforce the council's intent to ensure properties and estates remain in a safe and good condition.	Identifying and enforcing tenancy and lease conditions will ensure risks to building and neighbours are dealt with promptly and links to tenancy enforcement will address serious or repeat breaches.
Human Rights	None	None
Health & Safety	Estate, block and individual property inspections will be carried out on more structured and routine basis.	Opportunities for reducing the take-on of non-standard alterations and improvements will be achieved through an inspection process linked to

		improvements and mutual exchange requests.
Employment issues	Amendments to the supervision of the caretaker team with no expectations in the reductions in the establishment. Review of job descriptions, training and competency framework for caretakers.	The potential for cost-neutral expansion of the caretaking team and services it provides to residents.
Equalities issues	None	None
Community Support	None	None
Communications	The development of a communication plan for the review will ensure residents are consulted appropriately on any changes planned.	None
Community Safety	None	Expansion of caretaker roles and responsibilities could increase the speed of response and resolution of estate-based issues and concerns, including fly-tipping, graffiti removal and other safety hazards.
Financial	Improving service charge calculation will reduce the impact on HRA budgets.	Increasing service charge revenue and costs recovery will free up income to spend on other services to residents.
Timetable for delivery	The project action plan will ensure that completion and delivery of the review will be achieved.	
Project capacity	A specialist project manager with experience in carrying out similar reviews has been appointed to work alongside existing officers.	None.
Other	None	None

(c) Human Rights and other Legal Implications

There are no Human Rights Act or other legal implications in connection with this report.

(e) Equalities Impact Assessment

The completion of an EIA will be required depending on the nature of changes to resident-impacting services.

(f) Workforce

There are no workforce implications as there is scope for expanding the caretaking service with no additional cost to establishment budgets. No reductions in staff are envisaged.

4 Previous Scrutiny and review

4.1 During 2013, Members have received two reports into service areas that are now included in the ESR, specifically:-

1. On 8 July 2013, Housing Services responded to a Request for Review by Councillor Plimmer into leasehold service charge accounting. In response to the Councillor's request, Committee asked:
 - that a progress report on improvements to the leasehold service be presented within 6 to 12 months;
 - that investigation of moving from a percentage charge management fee to a flat fee is carried out to meet best practice

Aspects of the Estate Services Review will have implications in both of the above areas as the review will involve the fine-tuning of current leaseholder service charge calculation process in preparation of its application to the calculation of charges for HRA properties.

The moving of the management fee to a flat rate is also to be considered during the review.

2. On 27 August 2013, Housing Services presented a separate report covering the caretaking service and detailing improvements implemented and proposed following the submission of a report by the Slough Customer Senate in 2011 of their review of the caretaking service.

Responding to resident feedback

4.2 The Review will address concerns raised by residents in recent reviews and surveys.

4.3 The 2011 review of the caretaking service by the Slough Customer Senate recommended improvements in many of the service's key activities.

Whilst a number of improvements in cleaning and caretaking approaches have already been implemented in response to the report, the ESR will take a wider look at the structure, management and operational effectiveness of the caretaking service to fully utilise and evidence the value of an in-house caretaking team and the mechanisms for resident involvement in monitoring and scrutinising service delivery.

4.4 The publication of the outcomes of the 2013 STAR tenants and leaseholders' survey painted a challenging picture of resident satisfaction with estate services, in particular those that lead to the calculation of service charges.

59% of HRA tenants were fairly or very satisfied that services represented value for money compared with 15% who were fairly or very dissatisfied.

These percentages are difficult to interpret accurately as typically two thirds of HRA tenants receive some amount of Housing Benefit under which the service charge would be included.

The picture for leaseholders is significantly weaker: only 30% of leaseholders

were fairly or very satisfied that service charges represented value for money whereas 51% were fairly or very dissatisfied.

- 4.5 The need to carry out the ESR review was established following previous resident-led service and feedback from individual residents and Members.

Furthermore the appointment of staff with specialist expertise in leasehold and service charge management has identified further improvements required.

Housing Services are committed to widening the beneficial impacts to services alongside the restructure of neighbourhood housing and caretaking teams.

5 Objectives of the Estate Services Review

- 5.1 The ESR is the umbrella project covering three separate service reviews into the following work areas:

- Caretaking services
- Service charges
- Recharges

These three service areas have cross-cutting impacts and consequently the creation of an over-arching Estate Services Review will enable the project group to identify common themes and co-ordinate project work activity accordingly.

The core project group will oversee and monitor the implementation of review outcomes to evidence and report on the success of the project.

Drivers for review

- 5.2 The need to carry out the ESR review was established following previous resident-led service reviews and feedback from individual residents and Members.

Furthermore the appointment of staff with specialist expertise in leasehold and service charge management has identified further improvements required.

Housing Services are committed to widening the beneficial impacts to services alongside the restructure of neighbourhood housing and caretaking teams.

Themed objectives

- 5.3 Improvements to services can broadly categorised under the following headings:

Resident aspirations and delivering service excellence

- 1. To improve resident satisfaction with estate services, their homes and neighbourhoods and to involve residents in the creation and monitoring of service standards to ensure the delivery of service excellence.**

Recent surveys and reports have shown that there is a definite link between residents' perception of service charges as representing poor value for money and the quality of the caretaking/cleaning service.

Residents have told us that keeping their homes, estates and neighbourhoods clean and in good condition is one of their top priorities and this is reflected in the commitments in the 2013/14 plan to improve services in these areas.

The review will enable the service to deliver improvements sought by residents and the Council to deliver service excellence.

Fit for the future

2. To deliver an innovative, fit for purpose housing service that meets and exceeds best practice and regulatory requirements and residents' expectations.

The implementation of changes to current service processes will ensure that the Housing Service meets all regulatory and best practice expectations for the operation of tenant services, including the transparent accounting and charging for services through resident service charges.

By using the Capita Housing database as the central point for all customer information, regardless of tenure, it will improve the customer contact experience by maintaining one database of customer and property information.

The validation of data on the Capita Housing database will improve the use and sharing of stock and customer information between teams and departments and ensure that data on the Council's stock is managed and controlled effectively.

Income maximisation

3. To optimise service charge income for services to residents that ensures residents pay for the services they receive.

By improving the calculation of service charges and ensuring that residents are charged accurately for the services they receive, Housing Services will maximise service charge recovery and reduce the subsidising of the costs of services from the Housing Revenue Account.

By reviewing and implementing a comprehensive and effective service charge calculation process across all tenure types, Housing Services will ensure that there is transparency, accountability and consistency in the charging process so that residents of the same block will pay similar charges regardless of tenure.

By re-launching a strengthened recharges process, the Council will reinforce the responsibility of residents to look after their homes and neighbourhoods, Housing Services will look to offer additional services to residents to help them achieve these goals. Examples include offering gas and other safety inspections for leaseholders, standard rates for recharging for repairs that are the tenant's responsibility.

In addition to reducing HRA expenditure on repairs and services related to tenant damage and neglect, fly-tipping and general poor tenant behaviour, by linking recharges to tenancy/leasehold accounts on the Capita housing database, a broader picture of the conduct of a tenancy becomes visible, allowing the council's intervention teams to respond to emerging tenancy issues.

This has further synergy with the newly adopted allocation policy which will prioritise transfers to those tenants maintain properties and conduct themselves having regard to their neighbours and the wider community.

- 5.4 To enable the delivery of the themed objectives set out above, specific review areas include:

Caretaking service

The ESR will adopt responsibility for continuing the review into the caretaking service that commenced following the SCS report in 2011. The ESR will assess improvements already undertaken under this review and ensure that they complement the wider review process.

- To establish a better understanding of the costs of providing the caretaking service by accurately identifying the costs of employing staff, providing equipment, materials and other associated expenditure.
- To implement a mechanism of activity-based costing covering within each area team so that costs can be apportioned and recharged accurately based on the time and services provided to each block, estate or location.
- Evidencing whether the current structure delivers value for money and to look, whether as part of this review or at a secondary stage, at scope for developing a menu of tiered services, designed in co-operation with residents that offer different levels of services.

Service Charges

- To review the process of calculating service charges for HRA residents and to harmonise the process for both leaseholders and tenants so that charges are equal regardless of tenure.
- To identify all activities that are service chargeable to maximise the level of recovery of costs incurred.
- To create a charging framework that meets regulatory, legislative and best practice requirements and which ensures residents are charged fairly for the services they receive.
- To create a framework for resident scrutiny and involvement and monitoring of services recharged through service charges.

Recharges

- To re-launch an enhanced residents' recharge policy that reinforces their responsibility to look after their homes and neighbourhoods and which will see residents recharged for work arising from damage, neglect or other unacceptable behaviours.

This will also include rectification works following unauthorised and unsafe alterations and additional void works where a tenant has left a property in an unsatisfactory condition.

- To offer a range of additional or new services to residents to ensure they are able to live in comfort and safety in their own homes, e.g. gas safety and periodic electrical system inspections and a range of property maintenance services.
- To expand the potential for income through administration and document-approval services for leaseholders and other residential and commercial management activities and functions.

7 Timetable for updates

- 7.1 The review group will formulate a workplan which will set milestones throughout the 2013/14 financial year.




It is intended to provide an update report to Committee in March 2014 detailing progress of the review along with timescales for alterations to services throughout the 2014/15 year.

6 Appendices Attached

- Estate Services Review action plan – Appendix A

**ESTATES SERVICES REVIEW
PROJECT ACTION PLAN**

Project Key:
Caretaking: CR
Service Charges: SC
Recharges: RC
Cross-cutting: CC

On time  Late  Completed 

PROJECT AREA / OBJECTIVE		OUTCOMES		LEAD	STATUS
CROSS-CUTTING OBJECTIVES					
	CAPITA				
CC1	Ensuring stock data across systems is validated and verified.	Create verified list of HRA and Leasehold stock referencing new area patches.	K Khan K Lallian		
		Ensure block and unit references match between existing SBC systems.	K Khan K Lallian		
		Identify service partners who require updated stock lists.	K Lallian		
CC2	Configuring service charge coding structures to maximise income, charging transparency and reportability.	Review and implement comprehensive service charge sub-coding structure within rents & charges.	T Costello		
CC3	Migration of leaseholder data into Capita	Complete migration of leaseholder data into Capita	M Brown D Viljoen		
	GAP ANALYSIS – CURRENT P&Ps				
CC4	Policy and procedure guides	‘Fit for purpose’ check and/or creation for the following P&P: <ul style="list-style-type: none">• Recharges• Mutual Exchanges• Estate Inspections• Repair responsibilities• Improvements and alterations• Leasehold service charges• HRA service charges	T Costello AHMs		
	FINANCIAL INFORMATION				
CC5	Configuring of Capita and work-based processes to ensure accurate coding of service charge expenditure and activity.	Validate finance coding for all estate-based expenditure types	T Costello D Viljoen		
		Identify and resolve examples of missing payments/bills from third party	T Costello		

		agents/suppliers	S Saqlain	
CC6	Identify potential accounting mechanisms within Capital for non-rent charges (e.g.: court costs and recharges)		D Viljoen	
CC7	Carry out activity-based costing (ABC) of in-house revenue funded services/teams.	Identifying charges for appropriate service charge, labour and other recharge activities.	P Bird T Costello	
	SERVICE STANDARDS AND MONITORING			
CC8	Develop a service framework that meets customer expectations	Develop a recharging structure that reflects the level of services received, including the possibility of a menu of caretaking options enabling customer choice.	K Lewis	
		Develop a suite of appropriate cleaning specifications and supplier solutions to ensure blocks are maintained and managed to an excellent standard.	P Bird K Lewis	
		Develop internal and customer-based service monitoring processes that help achieve customer satisfaction with the service.	K Lewis	
		Develop a suite of KPIs and targets that demonstrate improvement in services.	T Costello K Lewis	
	BEST VALUE			
CC9	Benchmark costs and performance of services within the sector and other organisations.	Compare costs for service costs against against other RPs to identify further efficiencies and improvements to services.	T Costello K Lewis	
	COMMUNICATION			
	See separate communication plan			

CARETAKING REVIEW

	STAFFING REVIEW			
CR1	Complete the review of the Caretaker service	Finalise approval of new job descriptions and competency framework for the Caretaker role.	P Bird	
		Implement HR-related outcomes of the review (team structure, supervision and line management responsibilities).	TBC	
CR2	Implement changes to operational activities that increase the efficiency and safety of the service.	Identify, produce (where missing) and roll-out relevant H&S processes relating to the Caretaker service, including: Manual handling Lone working COSHH RIDDOR	P Bird	

SERVICE CHARGES

SC1	Create a charging process that can be applied equitably across tenure types to maximise recovery of service charge costs	Create a matrix of service charges elements linked to tenure type.	T Costello	
		Review efficiency surrounding provision of service charge expenditure information from other departments/partners.	T Costello K Lallian	
		Assess impact of changes to service charges against the welfare reform and limiting of eligible service charges for Universal Credit and other benefits	T Costello	
SC2	Implement the harmonisation of service charge calculation process for leaseholder and HRA general needs properties	Identify and resolve challenges presented by separate calculation processes	T Costello	
SC3	Strengthen relationships with 3 rd party/contractors/suppliers to improve handling of expenditure data.	Audit existing supplier arrangements to create a library of services and contract/account arrangements/details.	T Costello D Viljoen	
		Review billing/charging arrangements to maximise quality and utilisation of costs data within calculation processes.	T Costello B Sangha	
SC4	Improve transparency to customers, regulatory and other statutory agencies in service charge calculation and evidence	Develop a suite of customer statements and correspondence to provide account information in plain English (and other languages) and accessible formats.	T Costello K Lewis	
SC5	Introduce mechanisms for staff and customer involvement in procurement processes for contractor/supplier selection.		TBC	

RECHARGES

RC1	Ensure the ability to recharge exists across tenure types. Consult and implement changes where necessary.	Audit existing tenancy, lease and other agreements to maximise recharge potential across the housing stock.	T Costello	
RC2	Develop a framework for recharging costs to customers and other non-standard services across all tenure-types	Assess the impact/outcomes of the previous project group on Recharges	T Costello AHMs	
RC3	Ensure the recharges processes has appropriate links to other strategies/functions linked to the management of the stock.	Ensure damage and neglect by tenants is linked to appropriate tenancy enforcement measures	T Costello AHMs	
		Identify the implications of recharging on customers' eligibility to access other Council services and functions (e.g. accessing the housing register; improvements; mutual exchanges)	T Costello A Stavrou	
		Identify and propose introduction of add-on landlord services, e.g.: <ul style="list-style-type: none"> Gas servicing Enhanced buildings' insurance (accidental cover) Leaseholders' repairs Tenants' Cashback scheme 	TBC	