

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee
DATE: 8th April 2014
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PART I **FOR COMMENT AND CONSIDERATION**

1 Purpose of the Report

To provide a progress report on improvements to the Leasehold Service as requested by the Committee in the meeting of 8th July 2013.

2 Recommendation

The Committee is requested to note progress made.

3 Meeting of 8th July 2013

- 3.1 The Committee considered a report submitted in response to a Member call-in in relation to concerns raised about areas of the leasehold service.
- 3.2 The Committee were also provided with summary report by the Head of Housing that detailed improvements already implemented and work in progress.

4 Progress report

Attached at Appendix A is a further report detailing progress made with the areas included within the Head of Housing's (now Head of Neighbourhoods) summary report and responses to the action points from the Overview and Scrutiny Committee meeting of 8th July 2013.

5 Appendices

- 5.1 **Appendix A – Leasehold Service – update report.**

Appendix A: Leasehold Service – Update report.

Reference	Question	Response	Progress
History of Leasehold Services	Lower than expected standard of service to Leaseholders since ALMO	<p>1. Introduced Forum for each area of the Borough bi-annually with speakers and consultations on service charges</p> <p>2. Service has been added to the strategic Housing Services Plan with a view to improve customer satisfaction and Value for Money.</p> <p>3. Offer Leaseholders Home Contents Insurance directly with the Insurer on par with tenants.</p> <p>4. Offering Gas Safety Checks with the Councils contractors for a good value fee and associated works to gas appliances where agreed</p> <p>5 Offering some repairs to Leaseholders at a cost with a view to expanding types of repairs.</p> <p>6. Formalised a dispute resolution and service charge investigation offering personal meetings for repayment terms.</p> <p>7. Sales enquiries processed more effectively with streamlined process, resulting in an improved experience of the sale/purchase with more accurate information.</p> <p>8. Generic Leasehold email address resulting response to all enquiries from one source.</p> <p>9. Tenant on line project under consideration- whereby all residents should be able to log on to their blocks and see any communal repairs raised.</p>	Entire section completed.

Letters Dispatch	Delay in letters being issued	<p>The letter was not a Statement of service charges but an Estimate of service charges, issued to confirm what service charges should be paid under the terms of the lease until the actual costs of maintenance, repairs and block management can be calculated.</p> <p>There is a statute deadline for statements but not estimates. There were various issues resulting the delay of the letters being issued such as :-</p> <ul style="list-style-type: none"> - using printing services for the first time, - underestimating logistics of paperwork - IT issues with the data sheets and mail merge. 	<p>Estimates for 2014/15 were issued on 5th and 6th February 2014 and leaseholders were given more time than last year to the 28th February 2014 to apply for monthly instalment plans.</p> <p>Leaseholders who paid last year's bills by instalments were automatically moved to instalment payments for 2014/15.</p> <p>There have been no concerns raised by leaseholders regarding this extended timescale as letters clearly explained the instalment request deadline and the process for automatically carrying forward instalment payment plans.</p>
Deadline for payment	Between Receipt and payment only 4 days	<p>The franked amount for the letters was 1st class not 2nd class. The letters were dated 19th February and franked on Friday 22 February and posted the same day.</p> <p>Majority of Leaseholders received their letters on Saturday/Monday 23/25th February and contacted Revenues/Leasehold team on Monday 25th February requesting monthly repayments.</p> <p>The deadline for requesting monthly payments was set in the letter as Thursday 28th February informally extended to close of business Monday 4th March by Revenues to capture any straggling requests.</p>	<p>There was no delay in this year's letters being sent, with them all going out 2nd class post on 5th and 6th February 2014.</p>
Instalments	Request Monthly instalments	<p>Most leases stipulate a bi-annual estimated service charge will be debited and monthly repayments are not obligatory under lease.</p> <p>It is now confirmed that Revenues (arvato) will undertake an automatic renewal of monthly repayments/debits next financial year. Thereby any Leaseholders on monthly repayments will be automatically offered monthly repayments next year and monthly repayments will be</p>	<p>As per previous items, those on instalment plans for 2013/14 were automatically moved to instalment payments for 2014/15.</p>

		<p>offered to all Leaseholders who are not under escalated recovery action.</p> <p>There were no formal complaints received on this matter in 2012 or 2013. Unfortunately I cannot comment on the issue for 2012 as I was on maternity leave for that period</p>	
Estimates	Calculation of service charges	<p>Service Charge pilot/best practice: Review of service charge undertaken on site by site basis over 18 month period</p> <p>Estimated service charges issued in February to be debited in April each year are only estimated and the repairs element was calculated by an average spend over three years (removing any anomalies but including any expected spend) plus inflation.</p> <p>A breakdown of service charges can only be given after the accounts have been closed and statements produced on actual spend and repairs undertaken; this is by 1st October each year. The service charges are consulted on during the winter leasehold forum as per best practice and governance, therefore leaseholders have a say in the services of their blocks along with their neighbours.</p>	<p>Service Charge project is underway. The council aims to introduce the Service Charge module of the Capita housing management system, whereby service charges are calculated for both leasehold and HRA properties.</p> <p>The review will look to expand the service charge calculation process currently being used for leaseholders to HRA tenancies, thereby introducing equality of charges regardless of tenure.</p> <p>The Leasehold team have been working with the Housing Quality Network to create a suite of fit for purpose policies and procedures that will maximise potential income streams for the council and the delivery of services to leaseholders.</p> <p>The review of service charges as part of the Estate Services Review will fully identify the costs of providing services to tenants and leaseholders, the setting of the management fee will be calculated to ensure 100% recovery of the costs of providing the service.</p> <p>Additionally, the Estate Services Review is reviewing service provision in a number of key</p>

			areas and will pursue opportunities to minimise charges through efficiencies and supplier selection, will achieve efficiencies and maximise value for money for residents.
Admin Fee	Increase in management Fee	<p>Calculation of Management Fee is at 25% of the total amount of service charges billed to Leaseholders for variable service charges and Property Services provide calculations for Management (admin) fee for any Programmed/Major Works.</p> <p>Service charges increase each year as a direct relationship to increased costs of elements like contract uplifts, inflation or increased utility costs, therefore the management fee will increase accordingly.</p> <p>Some elements of our service charges have not been increased; the caretaking was not increased for 3 years prior to this financial year. We are benchmarking the management fees with a view to best practice going forward and to ensure that the leasehold service is not being subsidised by tenant's rental charges.</p>	<p>A review of the management fee is underway and we have begun benchmarking management fees and other charges with other providers through the Leasehold Excellence Network.</p> <p>Once the proposed management fee has been decided, a specific report will be presented to Cabinet for approval.</p>

Specific action points from the Overview & Scrutiny Panel meeting of 8th July 2013

That provision of the Interserve interface and other appropriate IT improvements should be a priority to enable the introduction of the tenant on-line system;	<p>We are currently reconciling stock data on the Capita housing management system to ensure that information needed for repairs and service charges interfaces to work successfully is in place.</p> <p>Interserve are currently working on the introduction of a new repairs management system, Servitor. This, in addition to the</p>
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	<p>retendering of the partnering contract during 2015, will delay the development of Tenant Online services until it is clear which service partner the council will be working with in delivering repairs services to its customers.</p> <p>This particular work area is separate to the Estate Services Review and will be managed by the Property Services Department (who are directly responsible for the Interserve contract) in conjunction with Neighbourhood Services.</p>
The rolling continuation of monthly repayments from Leaseholders year on year as now agreed by arvato be confirmed as standard practice;	Completed.
That investigation of a move to a flat fee management charge rather than a percentage charge and improved information in relation to a breakdown of charges be progressed as a matter of good practice.	See item above on Admin. Fee confirming the review of the management fee is underway.