

Committee	Date:
Housing Management & Almshouses Sub Committee	4 July 2016
Subject: Housing Service Review – Leaseholders and Freeholders	Public
Report of: Director of Community & Children’s Services	For Information
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Summary

Across the City of London Corporation’s housing estates there are over 900 leaseholders and freeholders. This is a third of our residents and represents a significant client group. The Housing Services provided to all residents are the same in many respects; however, in a number of areas, we have identified a need to tailor services to meet the requirements of each tenure in a slightly different way. The purpose of this review is to ensure the City of London Corporation Housing Service is offering the best possible and most cost-efficient services to leaseholders and freeholders.

Recommendation

Members are asked to note the report.

Main Report

Background

1. The Right to Buy discounts have been increased in recent years, and the number of leaseholders and freeholders on our housing estates will continue to rise. There is a recognition that as the numbers increase the service needs to adapt to meet this client groups’ needs.
2. A high level of correspondence is received from leaseholders and freeholders. It has been noted that enquiries are often driven by a lack of understanding, or challenges are raised to practices that are not possible to change – for example, service charge invoicing in accordance with the lease terms. A strong focus of this review is reducing the level of correspondence and enquiries.

Current Position

3. There are four key themes which this service review intends to address:
 - Providing Information – in a timely, relevant and transparent way.
 - Engagement – both within each community and in a wider capacity across our estates.
 - Leaseholders/Freeholders as Customers – addressing negative perceptions and improving satisfaction.

- Service Charge setting and recovery – within the parameters of the lease, both for annual service charges and for major works.

Options

4. This service review is optional. We are confident that we are meeting our statutory responsibilities and there is no cause for concern. The review poses an opportunity to improve the services we offer in accordance with the Departmental aims towards improving services, as outlined in the Business Plan.
5. The risks/opportunities associated with this review are broken down by each key theme:

Providing Information

Risk: increase in information provision leads to more enquiries and more challenges to practices and charges.

Opportunity: greater transparency leads to higher levels of trust, and a reduction in complaints, non-constructive challenge and Freedom of Information (FOI) requests. The provision of greater information will generate more specific enquiries which may be more readily answered.

Engagement

Risk: demand for greater control of services – leads to dissatisfaction when leaseholders/freeholders are not able to determine as much as they would like.

Opportunity: Communications around engagement will be carefully managed to ensure it is clear what leaseholders/freeholders can determine, the clauses within the lease will remain a clear parameter. By engaging leaseholders in service planning and delivery they will be more satisfied with the end result.

Leaseholders/Freeholders as Customers

Opportunity: improve relationships between the City and a large group of our residents.

Review of Service Charge setting and recovery

Risk: assessment of the service charge setting and recovery processes leads to a reduction in that which may be re-charged to leaseholders, leading to a loss of income.

Opportunity: based on initial assessments, there may be some undercharging for the appropriate proportion of some services owing to difficulties separating costs. Therefore, after this review, it is anticipated that there may be some adjustments to be made so that the services received and the amount paid are in line.

Proposals

6. There is a detailed, service-level action plan which sets out all actions which are proposed to contribute to this service review. The highlight actions are:
 - Review of the service charge setting process undertaken by Internal Audit, to ensure it is fully compliant and appropriate.
 - Appoint a Home Ownership Manager – this service manager will work solely on the Housing Revenue Account (HRA). The post will be vital to

several aspects of the service review, in particular bringing their expertise to the review of service charge recovery processes.

- Develop a protocol, in consultation with leaseholders and freeholders, to support and enable engagement about changes on estates.
- Review of the service charge recovery process. Leaseholders and freeholders will have the opportunity to be involved in aspects such as reviewing payment methods.

Corporate & Strategic Implications

7. This service review forms a key part of our Departmental Business Plan, contributing to two strategic priorities:
Priority 4 Homes and communities: Developing strong neighbourhoods and ensuring people have a decent place to live.
Priority 5 Efficiency and effectiveness: Delivering value for money and outstanding services.

Implications

8. Legal implications: The lease is the key document which underpins this service review. This review does not currently propose any changes to the lease. One of the planned outcomes of this review is to increase leaseholders' and freeholders' understanding of their contractual rights and responsibilities.
9. Financial implications: In a period of declining rental income, owing to the recent government decision to lower social rents by 1% per year, it is vital that the appropriate financial recovery is secured from leaseholders and freeholders, to ensure the ongoing viability of the Housing Revenue Account.

Conclusion

10. In conclusion, this service review is designed to increase efficiency in communications and revenue collection and increase satisfaction and engagement with leaseholders and freeholders across our Housing Service. The outcome of the review is to ensure the City of London Corporation Housing Service is offering the best possible and most cost-efficient services to leaseholders and freeholders.

Appendices

None

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