

Service Charge Working Party Report to RCC, September 2023

1.Members

Bernie Burrows

Adam Hogg

Helen Hudson

Sandra Jenner – Chair

Frits van Kempen

Fred Rodgers

Sally Spensley

Ted Reilly has also been working with us on Energy.

2.Areas of Activity since last report

- BEO Review
 - Further work continued on implementation. Adam and Sandra are representatives on the newly created BRE Transformation Board, with Judith Finlay (Chair), Mark Wheatley, Anne Corbett, Helen Fentimen, Gerri Scott, Rosalind Ugwu and Paul Murtagh.
 - A Project Manager has been assigned to the implementation team and further resources are being sought.
 - An action plan is being produced, this is work in progress. The Way Ahead paper needs to be updated to complement it.
 - Service Charge Audit by independent, external consultants is being commissioned. Dave Taylor and David Lawrence, both accountants and long-serving previous members of SCWP, have agreed to oversee this workstream.

- Energy

We have been pressing at meetings:

- for the reconciliation by house for the 2 years where we knew there were errors - 21/22 and 22/23 - showing how much residents had paid; how much they should have paid and the difference.
- for evidence that the reworked usage and costs were correct and that this year's usage and cost will be correct.
- To understand how charges are now calculated.

It has now been agreed that an audit by independent, expert consultants will be commissioned to undertake the reconciliation and consider the efficiency and effectiveness of how usage data is collected, bills reconciled, data provided and manipulated to present as service charges.

Ted and Sally have already attended a meeting to discuss terms of reference and procurement of the consultants. They will be on the team assessing consultants' bids and will oversee this workstream generally.

- Repairs

- We have been pressing for more and better information on the results of the belated surveys on the topmost, exposed windows. And the establishment of a programme of work:
 - To achieve economies of scale,
 - To achieve longer warranties,
 - to avoid our neighbours having to experience water ingress to their homes before any action is taken and
 - to avoid the lag between identification of a problem and getting it fixed.
- At last, a report showing number, urgency and cost was received recently and has now been presented to RCC and circulated to House Groups.
- We have also received information on windows which have already been replaced since end 2020.

- Budget 22/23 outturn; Budget 23/24

Meetings held on 22nd May and 8th August with Officers.

- There are considerable overspends on repairs. We identified a high spend on water penetration and balcony repairs in particular and suggested that there could be a need for a programme of work rather than continuing to undertake piecemeal repairs. Paul Murtagh agreed that a programmatic approach would deliver the same benefits for this work as for window replacement – detailed above and agreed to take it forward.
- Energy remains problematic – covered above.

- We continue to be dissatisfied with the escalation of service charges, presentation of the figures, variances against estimates and explanations thereof and the lack of commitment to actively manage costs by budget-holders.
- The BEO Review has highlighted these key issues so hopefully we will be able to make more inroads into cost control during the implementation phase. The audit, discussed above, should also provide useful information and recommendations on improvements.

Given the amount of work to be done we have continued to work in groups of 2 so that a deeper dive can be undertaken into key elements of Service Charges:

Sally Spensley and Ted Reilly - Energy;

Helen Hudson and Fred Rodgers - Repairs;

Bernie Burrows and Frits van Kempen - Programmed work;

Adam Hogg and Sandra Jenner - the BEO itself.

We will need to reconsider the approach and work of the Working Party in the context of the Implementation of the BEO Review.

Sandra Jenner
Chair, SCWP
September 23