

# Leasehold service review – Final report

Tower Hamlets Homes

2019

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## Executive summary

HQN was commissioned by Tower Hamlets Homes (THH) to carry out a review of THH's residential leasehold management service. THH undertakes a range of housing management functions on behalf of the London Borough of Tower Hamlets including the Leasehold and Right to Buy service.

The overall objectives of the review were to improve the customer experience for leaseholders resulting in higher levels of satisfaction and lower numbers of complaints as well as identifying ways to improve efficiency.

This report offers full technical detail on our approach, findings and recommendations related to operational and governance matters for THH. It should be read alongside our Headline Report which gives an overview of the findings and recommendations on the service delivery and communication matters most directly relevant to leaseholders.

In line with the brief the review focused on the customer experience associated with:

- The process of buying either via the Right to Buy or from an existing leaseholder
- Delivery of estate services such as grounds maintenance, caretaking, pest control, utilities, neighbourhood management, building insurance
- Service charge accounting and income recovery
- Asset management – both day to day repairs and major works
- Lease management – dealing with requests to carry out alterations and improvements, lease extensions, sub-letting, dealing with anti-social behaviour
- Governance, value for money and customer focus (communication) were considered as cross cutting issues for each of the above.

## The headlines

From the work that we have done with THH over the past ten years it is clear that THH has improved in most areas, particularly in respect of service charge accounting and transparency. Our review found that the direction and pace of progress is sound in most areas, particularly in income recovery and placing the expectations of leaseholders high on the list of THH's priorities. This can be evidenced across all services.

Leaseholders in our research praised the grounds maintenance and caretaking services in particular but some were dissatisfied with other aspects of the service. Many of the issues raised related to communication. Leaseholders told us they wanted:

- Meetings/face to face discussions. Telephone calls to be returned
- Major works – better information/photos/independent surveys
- Benchmarking – more comparative data/information

- Better staff knowledge/training/competency
- Greater use of the website
- More visibility of Neighbourhood officers
- Greater payment options
- Greater consideration of vulnerable leaseholders
- More detail – about everything; costs, works
- Better quality of works, monitoring of contract, points of contact
- More information on how THH deals with ASB
- THH to be more “modern”.

There are historic issues to address. THH is aware of them, including dealing with outstanding major works accounts and arrears. We found that there were strategies and targets in place to address these issues.

THH performs reasonably well when benchmarked with other providers. There are very few “shining lights” in the sector – most providers are combinations of strengths and weaknesses. There are a variety of ‘models’ for structuring the service, many using the same one that THH has adopted. The key to success is not about where the service ‘sits’ but about how good the internal communication channels are and how effective procedures and processes are. We noted that although the number of full-time officers in THH’s income recovery team is low compared to other better performing organisations, performance over the past few years has been very good

That said, we identified weaknesses in each area of the service. These are mainly centred on the lack of robust policies and procedures. Examples include service charge accounting policy, re-sale process, RTB procedure and performance measures.

In addition:

- The website cannot be relied upon for up to date and accurate information
- There are gaps in training
- There is an inconsistent approach to performance appraisal.

THH’s strengths are in governance and value for money. It has put in extra resources to ensure a higher level of service for all residents in recognition of higher levels of consultation with leaseholders, given that they represent almost 50% of the properties in management. Leaseholders have a strong leaseholder presence on the THH Board.

THH is looking ahead and attempting to achieve value for money, for example by ‘future proofing’ the blocks in management to ensure that installations are low maintenance and also lend themselves to upgrades at lower costs, eg, the door entry

systems. This aligns with some comments made by leaseholders; but THH must make a greater effort to send that message out.

Our greatest concern is the stock condition data, which, from the information we were provided with, suggests it is not sufficiently stratified. Therefore it may not be a reliable data source for basing a planned works programme on. Leaseholders expect works to be planned and therefore costs to be based on reliable information. This is also vital for THH's (and the Council's) business planning.

## ***Recommendations***

A service improvement plan is being drawn up on the basis of this review.

The key recommendations include to:

- Review the RTB and re-sale process to ensure home visits, fraud checks and post-sale satisfaction surveys are included
- Identify gaps in training and knowledge of neighbourhood officers to maximise their role
- Review the service charge accounting policy and process and ensure the 'enhanced consultation' is clear to all relevant staff as to when it will be included
- Review how information is communicated to leaseholders when there may be a number of different works programmes being carried out to one block; how do leaseholders know where they are in the process/timeline?
- Undertake a review of the stock condition data to ensure that it is reliable for developing planned programs of work
- Investigate the high value responsive repairs to gain a better understanding of the pricing mechanism for them
- Develop a protocol with LBTH so that a situation cannot arise whereby a leaseholder makes alterations that have been given planning permission or building regulation approval directly by the landlord but where THH's policy criteria has not been met.
- Undertake reality checks of the leasehold service by 'mystery shopping'
- Maximise the use of the Northgate functionality available across a number of the services. Develop the MyTHH digital portal as the first go-to source of information for leaseholders
- Establish further performance measures in respect of income recovery, RTB, and consultation arrangements.

## 1. The brief

HQN was commissioned by Tower Hamlets Homes (THH) to carry out a review of the residential leasehold management service it provides on behalf of the London Borough of Tower Hamlets (LBTH).

The review forms part of a wider business transformation programme called the Customer Access and Experience Programme aiming to improve the customer experience with the overall objective to achieve higher levels of satisfaction and lower numbers of complaints. It was also in response to a request from LBTH to make savings of £6m over five years.

The requirements were to carry a full review of the leasehold service provided by THH to consider the organisational structure for delivering the service, how the various teams interact, staffing levels and the high-level processes. THH established a project board to assist HQN during the review in co-ordinating and making the necessary arrangements for meetings with officers and with leaseholders. It is the Project Board who will oversee the implementation of the recommendations from this report. A project steering group was also created to oversee the direction and progress of the review.

The brief required HQN to identify the financial and service implications of the recommendations made within the report.

The review was undertaken by HQN Associate Jackie Dickins, a specialist in leaseholder and home ownership services, during October – December 2018. A variety of activities were carried out including:

- Desk-top review
- On-site interviews with a number of cross departmental staff at THH
- Meetings with leaseholders of THH both resident and non-resident
- Benchmarking of structures and a number of policies and approaches adopted by other local authorities and against best practice
- An online survey for all leaseholders not able to attend the meetings held with leaseholders.

## 2. Context

In July 2018, THH completed its tenth year as the Arm's Length Management Organisation (ALMO) managing a range of housing management related functions on behalf of LBTH; Leasehold and Right to Buy are two of those services. THH manages more than 9,500 leaseholders and just under 500 freeholders representing one of the highest percentages of leaseholder population in London; almost 50%. Increasingly, this will impact on decisions made on a number of issues particularly

with regards to asset management where conflicts of interest might arise between the various parties involved, eg, landlord, leaseholders, and tenants.

The external environment has challenged THH and other social housing providers in delivering on promises it may have made to its residents, both tenants and leaseholders, not least being the impact of the tragic circumstances of the Grenfell fire. It has resulted in resources being re-directed to ensure that fire safety work is identified and completed. To put this into context it was intended to spend £12m over five years for a fire safety works programme; this is now almost £9m over the next three years at the request of the LBTH's Mayor. This in turn means that leaseholders will have to meet the costs of these necessary works within a shorter period of time creating potential affordability issues for them.

A number of cross-cutting projects and reviews have either been carried out; or are being carried out; neighbourhood management, Right to Buy, mobile working, and a digital service delivery project. They all have an impact on overall service delivery to leaseholders and are referred to accordingly in the report.

LBTH has historically been a highly political council with members becoming involved with an array of issues brought to their attention by their constituents. THH typically receives 800-900 complaints per year and 1000 members' enquiries (ME) per year.

### **3. The stages of the review**

As part of the review we carried out a desktop study, in-depth interviews with staff, reviewed benchmarking and good practice information, and held leaseholder workshops and an online survey. HQN assessed the information that it had collected against an assessment framework. Details are given at Appendix one.

This information was then used to prepare the final report. This report offers full technical detail on our approach, findings and recommendations related to operational matters for THH. It should be read alongside our Headline Report which gives an overview of the findings and recommendations on the service delivery and communication matters most directly relevant to leaseholders. As required by the brief this report includes reference to any financial or service implications in connection with the recommendations.

Section 4 provides a summary of the findings on customer views garnered during our research, and on the customer care function.

Sections 5 – 12 of the report explain our findings and identify the areas of weakness. The findings have been set out to align with the key services that are provided to leaseholders, ie:

- The process of buying either via the Right to Buy or from an existing leaseholder
- Delivery of estate services such as grounds maintenance, caretaking, pest control, utilities, neighbourhood management, building insurance

- Service charge accounting and income recovery
- Asset management – both day to day repairs and for major works
- Lease management – dealing with requests to carry out alterations and improvements, lease extensions, sub-letting, dealing with anti-social behaviour
- Benchmarking – structures, performance and processes.

We considered governance, value for money, and customer care and access (communication) as cross cutting issues:

- For each of the service areas we scrutinised the approach to governance, ie, the management of performance in delivering the service
- We considered how THH uses IT; is it being maximised?
- We took account of how customer feedback, eg, from complaints, surveys or member enquiries, informed future plans
- We considered the customer experience for each service and how accessible THH is for the entire leasehold population including the elderly, vulnerable and digitally excluded.

The final section contains the recommendations.

#### **4. Feedback and findings on customers' views and customer care**

We researched customers' views of the service by means of a repeat panel of leaseholder workshops, and via an online survey of leaseholders. In addition, we considered satisfaction surveys and requested a copy of a report on complaints management.

THH arranged for HQN to meet with a group of leaseholders on three separate occasions.

One of three particular topics was discussed at each of the 'resident leaseholder' meetings and all three topics were discussed at the meeting held for non-resident leaseholders (as noted in Section three):

- How can THH improve transparency?
- How can THH improve the financial information it provides to leaseholders? And;
- How can THH improve value for money in providing services?

Comments from non-resident leaseholders were almost entirely the same as those made by resident leaseholders. Full responses are reported at Appendix two.

In order to obtain feedback from those leaseholders who did not attend the meetings an online survey was provided. The scope of the survey was wider than that at the meetings to provide leaseholders with further opportunity to voice their opinion than the three set topics provided. Disappointingly there were only 214 respondents so caution must be used in extrapolating the data to all leaseholders. The full survey is provided at Appendix three.

This section provides an overview of our findings. Throughout this section we include suggestions from customers on the cross-cutting theme of 'improving transparency'. Some comments related to specific aspects of the service are also given in the relevant sections within this report, and some suggestions for service improvement are incorporated into our recommendations. However, it should be noted that some of the other suggestions recorded here, we believe, if adopted, would not represent value for money and are resource intensive. In the final part of this section we consider the customer care function at THH.

## **4.2 Information from THH**

Leaseholder satisfaction in December 2017 was 71% and for the first quarter of 2018/19 was 62.4%. This is high compared to other local authorities where the average (mean) is 43%. However, it should be noted that THH combines the percentages for very satisfied through to fairly satisfied to arrive at the final percentage. THH has set itself a challenging target for satisfaction with major works in 2018/19 at 80% across all tenures.

The complaints management report for the period April – September 2018 stated that there had been an increase in the number of stage one complaints compared to the same period the previous year but that the number of complaints that escalated to stage two had reduced. The reasons for the complaints fell into the following categories:

- Calls and emails not answered
- Arrears action
- Failure to amend address details
- Service charge/major works bill
- Account correction required
- Major works not included in resale pack
- Delay in responding to enquiry.

The report notes the number of ombudsman and member enquiries and the value attached to those cases if compensation was approved. The number of enquiries received in respect of Leasehold Services had dropped from 84 in 2017/18 to 48 in 2018/19, for the same period.

### 4.3 Information from our research

**Praise for the service:** Almost without exception the comments at leaseholder workshops were extremely positive regarding the ground's maintenance and caretaking service and the management of estate services, and in the survey on other topics.

- Caretakers go out of their way to be helpful
- If lights are out the caretakers deal with them – efficiently
- Overall I find the service very good compared to other boroughs
- I am happy with the way things are.

**Taking ownership and getting the service right:** Comments made at leaseholder workshops were that THH officers lacked training and knowledge and did not take ownership for issues and that there was no accountability by anyone.

Leaseholder priorities for getting the service right, given at a workshop, were:

1. Maintaining the block
2. Dealing with anti-social behaviour; and
3. Communal cleaning.

Survey comments included:

- Informing your staff so that they are themselves equipped to answer questions from leaseholders
- Departments need to communicate with one another
- More common sense/professionalism.

**Value for money:** here some interesting comments were offered; 'does THH look at sustainability?', 'place greater emphasis on getting it right?', 'succession planning?'

Given the leaseholder priorities stated above, it was not surprising when asking which service represented value for money that (survey results):

- 40% said communal cleaning; and
- 28% grounds maintenance
- Only 20% felt that dealing with ASB was value for money.

When asked what service leaseholders were willing to pay more for to receive a better service:

- 26% volunteered ASB; and

- 25% suggested maintenance to the block.

Interestingly, when asked to provide comments on how to improve the service generally, very few of the comments made related to ASB.

Many of the suggestions given under the topic of 'value for money' related to specific aspects of the service so are listed there – notably under repairs and communications.

**Repairs:** The comments made at a leaseholder workshop were in the main regarding the contractor, Mears. The leaseholders were extremely derogatory about Mears and repairs monitoring generally. Some comments in the survey also revealed dissatisfaction, along with suggestions for improvement.

Contractor selection/the monitoring of/costs/tendering process:

- We are asked to comment on contractors without sufficient information provided about them to make an informed decision
- No quality control
- Stop using Mears for all repairs. Train your repairs line staff better on how to write proper descriptions when raising repairs, so the correct trades people can be sent, eg, why are plumbers sent to solve leaks from roofs, even when we clearly state a builder is needed. Why are repairs raised to our individual flat when we clearly state they are in the communal area?

Major works – better information/photos/independent surveys:

- Details of potential works to my block before companies are given contracts
- Detailed surveys conducted by third party surveyors
- As early as possible a full spec of all major works should be visible online.

Quality of works/monitoring of contract/points of contact

- Showing clear evidence on what works was carried out and how the money was spent
- Having THH officers inspect more of the work and quality of the work
- Provide proof that works undertaken have actually resolved the underlying issue and payment withheld until the issue is actually resolved.

**Financial information:** When the topic for discussion at a leaseholder workshop was 'how can THH improve the financial information it provides to leaseholders?' there were a number of comments made that are included as recommendations within the

report: for example leaseholders wanted more information on how the costs were arrived at in respect of pest control, anti-social behaviour and removing fly-tipped rubbish together with up to date information on planned works to blocks. At the meeting one of the leaseholders looked up the block where he lived on the THH website page 'Living in your neighbourhood' but the information was out of date.

Comments that have been referred to within the recommendations made are:

- Clearer statements, actually referring to what the money was spent on rather than give headings like 'overheads'
- Provide detailed explanations of budget overspends above a certain value
- The actual service charge bill is so much far out when comparing to the estimate. Need it to be very close so leaseholders can manage finance better
- Explanation on why charges vary rather than just show it as fact.

*Other suggestions included:*

#### **Benchmarking of costs:**

- Include more details of the cost breakdown of each item in the service charge, and market rate comparison to other blocks in London. To ensure the value is fair and just
- Your service charges are far too high compared to other councils.

#### **Payment and options:**

- The thought of a sudden £10,000 bill scares me a lot. It would be nice to have a positive declaration of no major works, as opposed to an absence of notifications of major works
- Inform leaseholders every step of the way and add timelines
- An early alert that there has been a major change from the estimate
- Justify all above inflation increases in estimates of costs and actual
- And payment options of large sums. Better VfM from electronic communications
- Have every communication easily accessible online.

Comments received that we believe are resource/time intensive or have onerous financial implications for THH:

- S20 consultation notices – should be emailed to leaseholders
- Sending all leaseholders the backing information/RAMS report

- THH could send by email copy of invoices for works carried out as soon as received
- Account statement every three months. I have a car park space and receive a statement every month yet THH can only send me my service charge statement once a year. THH confirm that up to October 2018, car space accounts received quarterly statements, however since then THH no longer send quarterly statements and encourage account holders to use MyTHH
- Remove estimated charges. Invoice at the end of the year with the actual bill and give residents 12 months to pay from the date of the bill.

### **Day to day management** – estate and neighbourhood management including ASB

Several comments were made in the leaseholder workshops and the survey on these broad themes. As noted previously, a minority of respondents said they would be prepared to pay more for ASB services.

- Our bill includes anti-social behaviour costs but no evidence/no updates about what you do
- Why is anti-social behaviour charged to leaseholders?
- Problems with anti-social behaviour also come from the fact that there aren't any proper neighbourhood meetings. So people do not seem to be able to tackle problems as a group.

### **General management**

- For residents to be given the names of the people responsible for different departments, and for our housing officer to be more visible
- Get people out of the office onto the street
- Wanting meetings/face to face discussions/telephone calls to be returned
- Bring back notice boards to let us know what you're doing and how to contact local caretakers
- Please make sure letters are fully pushed through letter boxes – do not leave them half hanging out so that it is obvious that you are not home.
- By dealing with the causes of ASB and dumping of rubbish.

### **Communications:**

- Clearer communications. I'm highly literate (senior policy official in Whitehall), some of the letters I receive would make Sir Humphrey proud.

In the survey, leaseholders listed their service priorities:

- More than 50% said timeliness
- Just under 50% said being able to discuss issues over the telephone
- Just under 50% said receiving regular updates on proposed planned work; and
- 53% of respondents asked for more information generally on proposals for major works.

A couple of the questions asked leaseholders to comment on what communications they receive from THH that they felt were the most important:

- Just over 81% said the final service charge account of what has been spent
- 60.75% said details of planned works
- 59.81% said the estimates
- Only 10% said the newsletter and 7% the website.

As there are two key times in the year when THH communicates with leaseholders; at billing (estimates) time and when sending the final accounts, it is imperative that the communication is comprehensive and meaningful and represents value for money, ie, communicating other 'messages' simultaneously, not a week or two later, incurring further costs.

The survey explored the use of the website and MyTHH as well as how well THH has communicated other services to leaseholders. One question asked who was registered for MyTHH. Only 42% had signed up to it but most of those that had had used it only to obtain an invoice balance or to a lesser degree to report a repair.

When asked how easy it is to find information 64% said it was not easy. Suggestions about making greater use of digital communications included:

- Perhaps a notice board on the website, for urgent updates
- It would be good to have routine things like building insurance, major works contracts... available on the website
- Stop sending so much useless paper via post – use email
- Non-urgent or regular services can be put to vote electronically
- Better communications systems to minimise time taken to resolve simple issues
- Digitise all asset management and maintenance – use examples of technology from high performance RP's like Poplar-Harca
- Offer free of charge Webinar phone-ins every three months to explain plans and progress.

## Services offered to leaseholders:

Of concern, but also interestingly, 83% of respondents had not heard of the gas servicing deal for leaseholders from Mears. Where leaseholders had heard of it and used the service only 12% were pleased with it but more than 88% said they were not.

Another question asked leaseholders if they had heard of and used the 'block shut down' service provided by Mears when leaks occur. Of the 17 leaseholders who had heard of and used the service, 13 (76%) said they were not pleased with it.

A comment was made which illustrates that some 'messages' that THH has attempted to deliver have not been successful, eg, the 'new deal' services. For example, one leaseholder responded with:

'Could there be a service attached to the repairs and maintenance contract for council resident flats that allowed leaseholders to call on the same company if they chose... this would make repairs easier because that provider will know the block. Leaseholders should not be compelled to use this service but have the option and pay the relevant charge'.

**Being modern!** A few comments were made on this theme such as:

- Be open to new changes. Use modern techniques to gain maximum benefit
- Leaseholder organisations to take over some services, such as gardening, painting and decorating, perhaps even cleaning. Permit fundraising for estate improvements, such as wind turbines/photovoltaic panels, composters, etc, permit resident groups to take over unused spaces on the estate, such as drying rooms, underground car parks, etc
- Renew all communal lighting with LED bulbs.

## 4.4 *The THH customer care function*

We found a number of leasehold service standards in place for customer services together with the 'New Deal' for leaseholders providing a 'package' of specific services for leaseholders.

When leaseholders contact the telephone number ending 5015 they are provided with a menu of options, one of which is for leasehold services. The Housing Services Centre (HSC) are provided with limited scripts for dealing with low level leasehold enquiries such as providing a current balance, requesting a macro, and in understanding the layout of the final account, ie, that a minus sign means the account has a credit.

We were told that the Comino document management system is used to request leasehold services team officers to return calls to leaseholders. When a new initiative

or issue is taking place relating to leaseholders the Leasehold Services team will brief the HSC or provide a written briefing, although when asked about the New Deal (ND) the officers we spoke to did not know that the arrangements under the ND were named as ND.

The HSC also monitors the email 'in-tray'; THH receives approximately 100 emails per day. The emails are re-directed to the different teams.

As part of the complaints management policy each team is required to provide a plan on how it will mitigate the risk of receiving similar complaints. We were provided with the details of the plan for the Leasehold Services team.

A low number of complaints have been received from leaseholders since January 2017; 217, 2% of lessees.

#### *4.3.1 Areas for improvement*

No 'mystery shopping' is carried out to test the leaseholder experience. This would be helpful in identifying any weaknesses.

There is no target in place to reduce the number of complaints and Members' Enquiries. A target would provide a greater incentive to getting things right first time, developing staff competencies and managing performance against policies and processes.

## **5. Right to Buy and re-sales findings**

We found a comprehensive Right to Buy (RTB) process was in place with accompanying standard letters for each stage of the process. The process provides clear detailed guidance on applicant and residency fraud checks however see under areas for improvement.

The process specifies that the RTB file should be sent initially to the asset management team and thereafter to the Council's solicitor to deal with the conveyance. This is a sound for dealing with applications which ensures that the 'offer' is comprehensive.

Where it is believed, or there is a suspicion, that fraud might exist THH will refer the case to the Council's fraud team, however we were advised that there are delays in receiving any response; in one case more than two weeks. This will inevitably impact on the legislative timescales for moving to the next stage of the process.

Two external valuers are used. The officer we spoke to said that one of the valuers had been used for many years; it is a council contract that was re-procured 18 months ago.

Approximately 30 applications per month (300-400 per annum) are currently received despite the high property values in the borough. There is a backlog of

applications (580) that the team of five officers are addressing; this is down from 1,000 in 2015. Targets have been put in place to ensure that tenants are informed on a regular basis of progress with their application but also for officers to process. Again the backlog will impact on the legislative timescales and potentially could leave THH at risk of financial penalties for delays incurred.

We have referred to resources later in the report under 'Benchmarking'. We compared the staffing levels at THH with another local authority. LB Camden has eight officers in its RTB and re-sales team, including the manager for an average of 500 RTB applications and 400-500 pre-sale enquiries per year. We therefore conclude, that THH is not over resourced, with 5.75 FT officers plus a support officer, in the leasehold services team in administering RTB applications.

### **5.1 Areas for improvement**

The RTB residency and occupancy checks are limited to checks conducted during an office-based interview; a home visit is only carried out if there has not been a tenancy audit within the past 6 months. As the RTB discount is currently a maximum of £108,000 it is known that there are companies who exploit the scheme to benefit from these high discounts. In addition, we know of examples of extreme techniques used by tenants and or their relatives, to acquire the RTB. Other providers, both local authorities and housing associations automatically include a home visit as a requirement of the process, sometime in the evening or at weekends, in order to ensure that the scheme is not being abused. We were advised that interviews are being held for a specialist RTB Fraud Officer in February.

Where the fraud team has been used and resulted in an application being turned down, we were advised that there is no evaluation of the overall cost benefits to the Council, ie, amount of discount. We suggest that an evaluation of the cost benefit is made, ie, how much discount has not been provided.

We were advised that there is no satisfaction survey following the completion of the sale. THH is therefore unable to identify where improvements can be made to the service.

We were advised that the Northgate system has not been used as a monitoring tool by all officers, possibly due to volumes and lack of resources at one time. It therefore cannot be relied on for reporting purposes at this time.

The re-sales process is a straightforward one that is prompted in the first instance by a solicitor requesting information from THH; the pre-sale enquiry pack of LPE1 and 2. There were approximately more than 300 pre-sale enquiry requests received during 2017/18. THH responds to the requests by gathering the necessary information relating to service charges, insurance and fire risk information most of which can be obtained from the Comino document management system. We were told that a number of the documents held on Comino require up-dating. Also, in respect of the five-year programme; usual questions posed by solicitors; the officers obtain information from the website 'Living in your neighbourhood'. The information held on

the link is not sound as it is not maintained regularly. A reference is made to this point later in the report. There used to be a filing issue in providing information on existing S20 consultations that have taken place relevant to the property in question, as the Notices used to be filed on a property basis but are now filed by block. A clear instruction must be given to officers dealing with S20 consultation on the filing requirements so that officers who need them can locate them easily.

We were advised, when asked whether when the sale is completed, the data base is amended quickly to reflect the new owner's name. However, there is no target timescale in place for the amendment to be made.

A monthly report on re-sale activity is provided on a monthly basis to the Leasehold Services manager and is reviewed at the neighbourhood housing departmental management team meetings. This is useful as it provides the necessary data to identify resource issues and income generated by that activity.

We found that there is no re-sales policy or procedure. New members of staff would be unable to ensure that solicitors' enquiries are dealt with comprehensively and that future costs are incorporated in any responses as there would be no process to follow. Delays may be incurred resulting in delays to a sale and failure to meet corporate response times.

We observed that on page seven of the RTB procedure a sentence appears to end mid-way:

'The S&AO carrying out the RTB2 interview should liaise with the Fraud...'

## 6. Estate services and neighbourhood management findings

At the meetings held with leaseholders almost without exception the comments were extremely positive regarding the ground's maintenance and caretaking service and the manager of estate services.

We were advised that a First Tier Tribunal (FtT) determination on the methodology used to apportion grounds maintenance charges was fair.

We also know that THH calculates the cost of management based on an assessment of time spent on the leasehold activities and not based on a percentage of the costs of services. The percentage add-on approach is not favoured by the FtT or RICS, as it does not drive value for money, so we are therefore pleased to see that THH does not adopt that approach. At the meetings held with leaseholders when asked about the costs of management there were no unfavourable comments made on the issue of the cost, although a few comments were received via the online

***"What is covered by the management charge?"***

***"If lights are out the caretakers deal with them – efficiently"***

survey asking what the management fee was for.

## **6.1 Areas for improvement**

The neighbourhood management review (NMR) started in 2017 and was 'rolled out' from the middle of 2018. We spoke to neighbourhood officers as part of this review, to establish what plans have been put in place following the NMR, to equip them to fulfill the enhanced role in dealing with leaseholders; referred to in the NMR. We were advised that there is no plan that they are aware of, although they have received some training on leasehold management related issues, and more is planned.

We were advised by officers that fire officers request that neighbourhood officers visit leaseholders where they believe unauthorised alterations may have been carried out. But the officers say that they are not trained to know what is a load bearing wall or are not told what the layout of the flat was/is and the plans provided are not helpful as they do not show the layout of the flat, therefore they cannot assess whether there have been alterations and if so whether they have been carried out in breach of the alterations policy. Whilst this is not their role, managers must be clear what is expected of neighbourhood officers with regard to these issues.

Officers advised us that estate inspections are advertised on the THH website but that they did not know how digitally excluded residents would know about them; not all blocks have a notice board.

We found that the report following the review recommended ensuring that THH 'maintain our commitment for a named Housing Officer for all properties that we manage' is consistent with comments made by leaseholders at the meetings held - they want consistency and a presence on the estates. But leaseholders felt that this was not in fact the case and that due to under-resourcing some services were failing, ie, estate walkabouts where there had been no communication that the walkabout would not be taking place.

We found that the neighbourhood officers had limited knowledge of leasehold management issues, for example, the officers we spoke to were unaware of how service charges are apportioned.

Whilst a 'Getting to know you' visit is carried out for new tenants this has not been extended to include new leaseholders.

The neighbourhood officers said it would be useful to know who does what in the leasehold services team. They send any requests for information to the generic leasehold email in-box.

The neighbourhood officers advised that Comino, the document management system does not immediately identify if the property is leasehold, and that the 'properties' page must be accessed to establish the tenure type. They further advised that some information is not always maintained for example contact telephone numbers for leaseholders or where they are sub-let, the letting agents contact details.

## 7. Service charge accounting and income recovery

### 7.1 Service charge accounting

The service charge accounting function is now located within the finance team – previously it was located within the leasehold team. An audit carried out in 2011 by Beevers and Struthers recommended that it should come under the finance team to avoid conflicts of interest.

***“Charges – how do you argue against them? Nothing to explain the process or how to go about it”***

We were asked to comment on where other organisations place this function. In our experience there is no ‘norm’ for where service charge accounting is placed. There is good justification for it to be part of the finance function as it is about money in and money out, and officers employed with a sound finance background are arguably better equipped to deal with this. Equally there is a good justification for it to be located within the leasehold services team as it is this team who are usually responding to the resultant enquiries and are more familiar with the leaseholders on a day to day basis. The leasehold team is usually better informed about the estates and blocks. However, wherever it is located there will be a requirement that there is a close dialogue between teams and that whoever is required to speak to leaseholders to explain how the costs have been calculated, is provided with the necessary detail to do so. For the arrangements to be effective and to ensure that leaseholders are not placed into financial difficulties it is important that the service charge accountants notify the leasehold team where exceptional spend is identified that will incur a significant increase to the original estimated costs. Further comments are made later in this report under structures.

We found that there are processes in place for dealing with preparing budgets and final accounts for each service cost however see areas of weakness. The service charge accountant has in addition, drafted work instructions for each stage of the process.

We were advised of the process for calculating the estimated charges at the beginning of the year that is sound for all service costs. The two service costs that are difficult to calculate are usually the costs of day to day repairs and the utility costs. In both instances the calculation is based on an average spend over the previous three years together with an up-lift. This is a method used by most organisations. Other service costs are based upon known contract costs.

We were provided with copies of information sent during the service charge accounting ‘year’ to leaseholders. We found them to comply to good practice and current legislation, ie, including a reference to providing a number of payment options, referral to welfare and debt advice and the in-house financial inclusion officer, provided in alternative languages, offers to meet with officers and including the necessary Notices S21B and S166 for ground rent.

## 7.2 Accounting and charging for major works

We know that like many other organisations THH has amended its approach to charging for major works costs that will be incurred in the forthcoming financial year. Since 2017/18 all anticipated expenditure to be incurred both for revenue costs and capital (major works) costs are notified to leaseholders at the beginning of the financial year. We believe that this is good practice and is most commonly what leaseholders have requested; and not to be notified at a second point in the year about further costs via the S20 consultation process. The revised method of billing has brought a number of challenges to THH which, once overcome will provide leaseholders with improved information.

*“Things have moved on.”*

*“There is more transparency.”*

For example it requires the asset management team to provide information on what works are anticipated in the year with accurate costs, to the service charge team in advance of the preparation of the estimated charges for the year. It also means that leaseholders can arrange to enter into re-payment agreements with THH at an earlier stage in the major works process.

We have found that ALMOs, such as THH, have found it difficult to provide adequate notice of planned works because of the constraints of waiting for budget approval from the landlord organisation, ie, LBTH in this instance. The revised approach to billing for major works introduces an additional challenge to THH.

The preparation of the final accounts is triggered by the provision of a timetable to the service charge team by the management accountant. The actual costs incurred are provided by the various budget holders. In respect of utilities, consumption files for each block in management is provide by LBTH, as it is the Council who procure the energy and pay the bills received. As 46% of properties now have SMART meters significant discrepancies in consumption can be identified by residents. Also, the service charge accounting team monitor the consumption too and if it identifies anomalies it will ask LBTH to investigate and read the meters.

We were also advised that as part of the process of preparing the final accounts the repair schedules are scrutinised; there are on average 80,000 transactions per year. An audit of the service was carried out in 2011, the report commented that the error margin in allocating the repair to the wrong code was nominal for the number of transactions; 0.01%. Like other local authorities THH has recently introduced a policy to offer 5% discount for prompt payment of major works invoices. As the policy is in its infancy take-up is low; only 98 leaseholders at August 2018. It is too soon to evaluate the impact of this policy.

### 7.3 Other charges

The re-charge for removing bulk rubbish came under some criticism by leaseholders at the meetings held. Officers advised, that the LBTH environmental services department provides a list of rubbish collected and from which blocks. As part of the review, we were provided with a copy of one of the lists; it is detailed and long.

***“Insurance – what does the policy include? What is the cover?”***

The apportionment of the costs is based on estate map sites. The reason for this method of calculation is that it is not always the case that a person in the block where the rubbish is located is the perpetrator, and therefore to apportion costs only to the block where the rubbish is found would be unfair.

We heard from leaseholders that they were not advised that the insurance premiums had doubled and why? As part of the review we checked the website to view what it held as information for leaseholders. We found that there was a notification placed on the website to advise that there would be an increase to the insurance costs although there was no clear reason as to why. All leaseholders were also notified as part of the S20 consultation process which was carried out in February 2018. The LBTH arrange the building insurance policy and it was due to an increase in claims made together with fire related risks that the premium increased. The LBTH advised that during the consultation process 42 observations to the stage 1 consultation were received and 90 observations to the stage two consultation; given that there are almost 10,000 leaseholders we believe that the number of observations received represents a very small percentage.

On a positive note we know that the management fee applied to the service charge has reduced over the past three years; it was £220 p.a. and is currently £190 p.a.

### 7.4 Management of service charges

There are targets in place for the service charge accountants based on meeting the required timescales, accuracy of the accounts together with the number of enquiries received.

The leasehold services team employs two full time and one part-time leasehold advisors. We were advised that they represent the Alternative Dispute Resolution (ADR) service that other organisations have in place. Alternative Dispute Resolution (ADR) is generally encouraged by the courts and tribunals. Indeed, parties to litigation may find themselves criticised or even penalised if they decline to attempt settlement through ADR.

***“Any credits go to the next year’s account but if we owe money we have to pay in 28 days – should get overpayments back like BT?”***

The five principal methods of ADR are arbitration, adjudication, conciliation, mediation or early neutral evaluation. See Appendix four for further explanation of each method. The London Borough of Camden has a mediation service that it has found is less expensive and less confrontational than allowing cases to be heard at an FtT. Likewise LB of Southwark have not only an arbitration panel but also have MSHA (MySouthwark Homeowners Agency) that is an internal advocacy service for homeowners to use.

The service charge accountant advised that in order for the leasehold advisors to respond to enquiries received from leaseholders they attempt to respond to the advisors within ten days. We suggest that this is an agreed timescale that is monitored as it ultimately provides the necessary customer care for leaseholders.

We found that on request, leaseholders can be provided with a 'macro'; a detailed breakdown of the costs listed on the final account. The macros are sent either by email or post. THH receive on average 100 requests per year.

The leasehold advisors we met said that the training they have been given has been very good, although did add that they are not completely confident on the issue of the improvement clause in the lease. Team leaders check the correspondence that is sent by the advisors who may also obtain legal officers' advice before preparing responses to leaseholders.

We were advised that there is an exercise currently taking place to look at the transfer document for each of the 400 plus freeholders who have bought under the RTB to establish if it contains the ability to charge freeholders for providing estate services.

## **7.5 Income recovery**

With regards to income recovery, again we were provided with the THH policy and procedure for recovery that includes scripts and flow charts for officers. The housing management system in place is Northgate version 6.13. It is understood that THH is seeking to upgrade to 6.16. There is an escalation process in place that meets the requirements of the pre-action protocol in place since October 2017.

After the second letter of the escalation process a file is prepared and either sent to the in-house legal team or to an external solicitor depending on whether the debtor is a freeholder or leaseholder; leaseholder cases are referred to the external solicitor.

Some of the cases are dealt with by the leasehold advisors in the leasehold services team where there are issues concerning service delivery. There is also a financial inclusion officer within the leasehold services team, who we were advised is usually fully booked. The monthly RAG report prepared for the leasehold manager provides data on the number of cases dealt with by the financial inclusion officer and the value of the debt in respect of those cases.

There are targets in place for officers to send 20 cases per month to legal, and to monitor 175 cases per week. Managers monitor performance using an accumulated arrears actions data report.

Performance has been very good over the past three years up to 2017/18.

Year	Collection rate
2015/16	108%
2016/17	102%
2017/18	112%
2018/19	Currently below target but has been challenging targets

THH has set itself a challenging target to have no historic revenue debts by March 2020.

## **7.6 Areas for improvement**

At THH, although the service charge team within the finance department prepare the estimates and final accounts, it is the officers in the leasehold team that respond to enquiries raised as a result. For the arrangements to be effective and to ensure that leaseholders are not placed into financial difficulties it is important that the service charge accountants notify the leasehold team where exceptional spend is identified that will incur a significant increase to the original estimated costs. We were provided with conflicting advice, when asked, about what happens when exceptional spend is identified; one said that the leasehold team are immediately alerted, and another said that they were not aware until the final accounts information was made available.

Although we were provided with service charge accounting processes we were not provided with a service charge accounting policy as to what will be re-charged or the organisations approach to monitoring and dealing with exceptional spend, or capping charges. When questioned we were advised that it is THH intention to recover all the costs of the services provided where the terms of the lease allow.

Also, the procedure notes that are in place do not include target response times for information to be made available. The date the procedure was drafted is also not included.

As referred to above the revised method of billing has brought a number of challenges to THH. We were advised by leaseholders at the meetings, that in the first year of introducing the revised billing arrangements the full cost of anticipated work was invoiced but the full cost of the work had not always been incurred in that financial year and a percentage was therefore invoiced again in the following year without a clear explanation given as to why this was the case. We understand from officers that only a percentage of the full cost will be invoiced in the first year. This takes account of the

length of a programme or anticipating the final account to be paid to the contractor. A statement should also be made to leaseholders that there may be a further sum to pay in respect of any retention that is held back and then released at a later date.

When asked the question regarding the revised billing arrangements and whether leaseholders found it helpful, only 38% said they did, with more than 61% saying 'no' they didn't.

THH places major works charges invoiced on the same current account as revenue charges. If a leaseholder makes a payment against an invoice number the account for a particular project could potentially be put into a credit position. If payment is made against the unique property reference number (UPRN), then the payment is placed against the oldest debt first. The use of Northgate in this way is not consistent with how other local authorities use Northgate particularly since they have also moved to billing for major works together with the revenue charges. For leaseholders using MyTHH, the online facility for leaseholders to access their account, they are only able to view the balance of their account at present; there is no facility enabling them to see a statement of payments made.

We were advised by officers that the system is very time consuming in that Northgate does not produce reports identifying leaseholders who default on payment plans. It is also cumbersome in that notes of conversations held with leaseholders are logged on one side of the system and other information regarding the leaseholder is held elsewhere on the system. Also that any letters generated have to then be saved on a separate system Comino, the document management system; this is not unlike other organisations where arrears letters are not generated automatically. Because of the over-linking to Northgate, we were advised that it often 'crashes or freezes'.

THH has placed great emphasis on reducing the level of arrears. At September 2018 the sum outstanding in respect of day to day service charges was £11.68 million. The team comprises nine members of staff in the collection team including two senior positions. When comparing the staffing levels with another local authority with a similar number of leaseholders, LB of Camden has 11 members of staff in the collections team and at the end of 2016/17 the level of arrears for day to day service charges has reduced from £1.3 million to £919,000 with 1,171 leaseholders in arrears. We cannot find on the RAG report how many leaseholders are in arrears at THH.

The recovery procedure states that leaseholders will be sent at least one statement during the year. This is not value for money and does not encourage leaseholders to sign up to MyTHH. However, a number of leaseholders commented that they would welcome more statements during the year.

We were told that leaseholders are advised that they are only able to challenge their service charge when they receive the final statement of actual costs incurred not on the estimated costs. This is technically incorrect. Under Section 19 of the landlord and Tenant Act 1985 costs to be incurred, ie, estimated costs must be reasonable and can be challenged at the FtT. Indeed the right to apply to the FtT for a

determination before costs are incurred is also afforded to THH as well as its leaseholders.

It is noted that THH has successfully defended challenges to the estimated service charges at the FtT to date.

We were informed by the leasehold advisors that they also act as a form of one-stop shop for a number of enquiries relating to major works consultation and associated work and that in attempting to deal with the enquiries it is necessary to speak to the relevant project manager, but that it is not always apparent who it is. They said that it would be useful to have all the S20 Notices scanned to the Comino system and that when invoices are sent the advisors are made aware.

In circumstances where the cost of the service has been challenged and upon investigation the leasehold team require a cost to be reduced or removed then a request must be made to the service charge accountant. We were advised that all journal transactions of this nature are recorded but that no report is generated. The reasons for the credits or 'capping' of costs are categorised so it would be a straightforward exercise to produce a report to identify the reasons and to use that information to improve service delivery as necessary.

## **8. Asset management findings**

### **8.1 Day to day repairs**

THH's contract for day to day responsive repairs is with Mears; they are in their final two years of a ten-year contract. Mears' supervisors are located within the offices of THH which assists with communication and contract management. THH employs repairs inspectors to monitor and inspect the repairs that are logged and reported as completed. A list of completed repairs is created twice weekly. From that list a random selection is made; this includes repairs to the inside of tenants' properties. The statistics are prepared by THH not Mears. THH monitors the variance between the completion date and the system completion date. Variation orders are required for jobs worth more than £250 and will result in an inspection. Mears also has a warranty system in place.

We were advised that THH has a 'right first time' policy for repairs and carries out Kwest surveys of a random selection of repairs completed.

THH has a Better Neighbourhood programme that has superseded the decent homes programme to some extent. Property managers are limited to having responsibility for no more than 10 blocks each; placing quality as a key priority. In addition, we are advised that in 2017/18 through listening to Tenants & Resident Associations (TRA's) and Learning from complaints THH identified Communal Repairs as an area for improvement. Working in partnership with residents, board members, officers and contractors THH developed a Communal Repairs Action Plan with 38 actions. The purpose of the action plan is to improve the quality of the communal repairs service, increase the transparency and

accountability of the service for residents and reduce the level of avoidable contact due to delays and other issues.

We were provided with a 'repairs dump' from the THH responsive repairs system for a three-month period from August to October 2018. The report comprised of individual repairs data and other information for completed repairs in this period. The repairs included the north and south area offices.

There were 17,159 repairs in this sample with a total value a little over £2.5m ; aggregated over a year we can see that there are a considerable number of repairs placed per year albeit including repairs to tenanted properties. The average cost of repairs in the sample was c. £146.

There were a number of work programme codes that enabled us to identify repair categories such as responsive repairs to tenanted properties and other work streams.

For the purposes of this report we were able to identify work streams where we considered there would be elements of rechargeable works to leaseholders. Our approach was discussed and verified with a member of the THH repairs team.

The categories, or work streams, that were identified included:

- Maintenance works to playgrounds
- Communal repairs
- Commercial heating systems
- TV aerials
- Drainage and sewer works
- CCTV repairs
- Door entry systems
- Lift maintenance and repairs
- Water supplies
- Communal lighting.

We identified that there were 5635 repairs within these work streams during the three- month period with an average repair cost of c. £165 and a total value of a little over £930,000. By extrapolating these values it suggests that over a 12-month period costs in the region of £3.6 – £3.8m are likely to be incurred where a proportion of these costs will be recharged to leaseholders.

We have provided a more detailed breakdown of costs in the three-month period in the table below:

Contractor	Number of repairs completed	Total value of works completed	Average cost	Highest individual repair cost
DRS (In-house drainage contractor)	760	£40,000	£53.22	£250
Mears – com (Appear to be mainly communal works)	251	£135,000	£541.84	£7,100
Mears – GB1 (Appear to be mainly fabric, environmental, boundary, fencing, paving, etc, works to Estates)	2,835	£475,000	£167.48	£5,810
Openview (Appear to be mainly door entry and communal TV works)	1,355	£181,000	£133.68	£2,231
Precision (Lift maintenance)	438	£98,649	£225.74	£4,393

We were advised that the pricing mechanism for the main contracts, particularly for the tenanted properties, is a price per property pricing mechanism. Whilst this is outside the scope of this review, it is relatively unusual within the sector for responsive repairs to be charged on a price per property pricing mechanism. HQN recently carried out a significant survey of a range of landlords and found within that sample approximately 24% of organisations were using price per property as a pricing mechanism. A number of organisations that were using price per property advised us that they felt this was not necessarily delivering value for money and that is why they were considering alternative pricing mechanisms. Organisations using price per property as a pricing mechanism tended to be smaller organisations with lower levels of resourcing from a contract management and on-site supervisory perspective. Our experience is that in general, price per property tends to deliver less value for money compared to other pricing mechanisms.

From a leaseholder point of view, this issue of pricing responsive repairs is less important since the majority of repairs that are raised through the price per property pricing mechanism are unlikely, we have been advised, to be either directly or indirectly charged to leaseholders.

We understand that the majority of works identified in the table above will have been charged/invoiced on a schedule of rates basis. In our experience schedules of rates works well for high-volume relatively low-cost repairs ordering and pricing of repairs.

Within the sample of repairs that we analysed, there were approximately 160 repairs with an invoice value over £1000. The total value of repairs over £1000 was a little over £292,000, suggesting that over a 12-month period approximately £1.2 million of high-value repairs are being ordered.

Whilst it is clear that some of the works have been subject to a competitive quote, it is not always possible to identify the pricing mechanism for these high-value repairs. We recommend that more investigatory work is carried out in this area, and if these investigations indicate that high proportions of work by volume and value have been raised through a schedule of rates system, that alternative pricing and procurement approaches should be considered as a mechanism to ensure value for money has been delivered for recharging to leaseholders.

We found that of the 65,000 repairs raised THH received 600 complaints about the service. We were advised that THH holds a meeting with Mears weekly to discuss specific topics such as complaints, and KPIs. We are advised that under the Communal Repairs Action Plan, as of May 2019, 26 of the 38 identified actions had been completed and as a result had contributed to the following performance figures:

- The percentage of communal repairs carried out right first time in 2018/19 was 85% compared to the baseline of 62% for Apr-Dec 2017 (using Northgate system data)
- More communal repairs are now being post-inspected (in 2018/19, there were 3,042 post inspections of communal repairs compared to 1,141 in 2017/18)
- There has been a reduction in the percentage of communal jobs that result in a recall (8% in 2018/19 compared to 19% in 2017/18)
- The percentage of non-emergency communal repairs completed on time improved to 96.1% in 2018/19 compared to 94.7% in 2017/18
- The percentage of emergency communal jobs completed on time improved slightly to 93.3% in 2018/19 from 92.3% in 2017/18
- The percentage of communal repairs overdue in 2018/19 was 7%, which is a significant reduction compared to the 2017/18 figure of 26% and the 2016/17 figure of 17%.

We were also advised that when a leaseholder reports damp to their property THH will provide a damp meter and will carry out inspections for free.

***“Why are certain responsibilities for repairs with THH and other with leaseholders?”***

We were told that early in 2019 the new version of Northgate will provide more ‘flags’ for cost control

and approval.

With regard to work identified as costing more than the S20 consultation limit, then leaseholders are consulted unless it is an emergency when the work is completed, and leaseholders are still advised but not consulted via the S20 consultation process.

We were advised that THH's policy for dealing with replacement of flat front doors that are not compliant with fire regulations is to provide a replacement for free in those blocks that THH identified as 'high risk'. This is also the policy that some other local authorities have adopted. However, there are known alternative approaches to requiring leaseholders to change their front door at their own expense.

## **8.2 Major works**

THH has historical and legacy issues to resolve with a small number of contractors; in summary the issues relate to agreeing final accounts on previous Decent Homes work projects. THH has employed two interim quantity surveyors to assist in finalising the accounts. There is a target deadline of April 2019 to finalise all of the historical accounts. We were provided with a report in respect of Thornfield House, Decent Homes works submitted to the THH board that illustrates how THH is interrogating the details of each of the projects, not only to agree settlement to the contractor involved but also to what costs it feels it can re-charge to leaseholders.

***“There is no monitoring”***

***“Cross over of contractors/sub-contractors – warranties get lost/poor record keeping.”***

The report demonstrates that there is a pragmatic methodology and approach in considering risk and case law to each scenario.

It aims to have inspected all its stock within the next five years. It will develop the capital programme from the information held.

THH has a bespoke four-year framework agreement that starts in March 2019 that covers routine building maintenance to the fabric and to blocks. The agreement is a JCT framework agreement that it believes is easier to administer. THH believes that a full partnering agreement is too loose if there are problems and that the pricing structure is difficult to support challenges from leaseholders. Where specialist work is required then direct procurement is carried out. Currently THH uses an external consultant to produce the procurement documents but is intending to develop its own documents for the future.

THH has a capital works programme of £41m (2019/20), involving large scale replacement programmes for door entry systems, lifts, electrical work including the installation of emergency lighting. Because of this and the resultant increase in S20 consultation the capital programme's team has employed a further two members of staff.

We were advised that Residents' Panels were involved in the procurement process but that THH is exploring how greater involvement can be achieved in the future.

A revised process was introduced a couple of years ago (September 2016) for all major works contracts. The process requires contractors to provide sufficient information in order that a scheme and estimated cost report can be submitted to the Asset Governance Group (AGG) for sign off followed by the S20 consultation. The AGG is made up of officers from the asset team, finance and the leasehold services team. A purchase order is then created for each project. This is very good practice and enables the leasehold services team to pre-empt and prepare for observations that might be received from leaseholders, or preferably prepare an informed FAQ to accompany the S20 consultation notices. We understand that the process is in its infancy and is being developed.

The revised method of estimating and billing for 'major works' also means that THH is not at risk of under recovery due to failure to send S20B Notices (the 18 month 'rule'); and the 'final account' does not have the risk issues usually associated with it.

We were advised that THH does not rely on the contractor to provide evidence of the work required. THH employs its own surveyors or will engage a consultant to provide the condition information. We were also advised that within the past year if leaseholders want to attend inspections of their block to provide the condition evidence they can. They can also, if they want to, engage their own surveyor.

We know that the S20 consultation is carried out by officers within the leasehold services team. The delivery team is responsible for arranging and managing the pre and post consultation meetings, and the 'meet the contractor' events, which the consultation officers are encouraged to attend. But we understand that the consultation officers do not attend all of the consultation meetings.

Individual meetings with leaseholders can also be arranged to discuss the costs of works. They co-ordinate the responses to observations received. The review found that the costs provided for works to take place during 2017/18 differed from the actual costs because it was assumed all of the work would be completed but it wasn't.

As part of the review we asked for copies of the relevant S20 consultation documents that officers are required to work with. We found the S20 consultation process and quality of letters are comprehensive and good. The procedure refers to inviting leaseholders to make observations on an enclosed form and to return it in a pre-paid envelope. We were advised that a pre-paid envelope has not been enclosed for more than a year now. The procedure therefore requires updating (and could be done online).

THH accepts that closing down final accounts historically has been a weakness however we were advised that on all new contracts the contractor is required to provide the final account within 3-6 months for it to be valued and signed off by the quantity surveyors, that there will be a 10% retention on completion and that 5% will be retained until the end of the defects liability period whereas historically no retention was held. This should provide leaseholders with greater confidence that the work will be

properly carried out and if it isn't they will not be required to pay for it until it is. Currently leasehold services have a target of billing 100 final accounts in the current year; these are produced and validated by the Interim Quantity Surveyors. However we were advised that previously the information provided has not been validated and often will not include the relevant warranties, eg, FENSA certificates.

As part of the delivery arrangements THH employs resident liaison co-ordinators (RLCs) who attend site meetings and are tasked with, amongst other issues, arranging/negotiating access where necessary, and dealing with complaints. For leaseholders they advised that the key issues are cost and quality. There is a Property Services target in place for the RLCs to achieve 80% satisfaction with the service. We were told that meetings will be held before work starts to 'meet the team' as part of the enhanced consultation process in place under the 'New Deal' for leaseholders. The meetings are attended by the contractors, the RLCs and project managers, when evidence for the need for the work is produced such as photos. We were told that the meetings are held in the evenings and that an invite is sent 10 working days before the meeting by the RLC and that a notice of the meeting is placed on the notice board of the block a few days before. We were advised that meetings were not always held; the level of consultation required is agreed at the AGG meeting. We received conflicting advice about what influences the requirement for enhanced consultation and suggest that there is a clear policy placed on the website and in accompanying information regarding THH's approach to major works but also to enlighten officers.

The liaison co-ordinators encourage residents to set up a steering group so that they can inform that group on a monthly basis of progress of the work. In any event they advised that contractors are required to send a monthly update for high rise or complex blocks, not so frequently for low rise.

The liaison co-ordinators advised that recently an end of contract walkabout has been introduced with an invitation to the Councillors for the area and any recognised tenants associations.

We were shown the link via the website to 'Living in your neighbourhood' that all residents with access to online services can access and without any need for a login. It provides information of the five-year programme for all blocks. The information is updated by the business information and investment planning team. However, see areas for improvement.

We were advised that one of the targets for the capital programme team is to - by the end of the financial year, to start to build up a library of information that is sent to leaseholders included in the programmed work, including points of contact, newsletters in respect of all work in the next financial year. In addition to have completed a major works handbook that was requested by the resident scrutiny meetings. Additional targets are in relation to budgets and satisfaction. In relation to satisfaction we were provided with the results of a KWEST customer satisfaction report for 2018/19 for major works that indicate 83% of residents found the quality of the work to be excellent, good or fair. As with all satisfaction surveys the level of satisfaction with

tenants far exceeds the satisfaction of leaseholders. We were told that satisfaction results and complaints are regularly reviewed at monthly management and contractor meetings and that required actions are included in departmental service improvement plans.

We were informed that the team now employs core staff not agency staff but that some officers within the team could benefit from further training on leaseholder repairing responsibilities and S20 consultation.

### **8.3 Areas for improvement**

We were provided with a copy of the current asset management strategy, 2016 – 2021.

We were advised that THH has commissioned two major stock condition surveys since 2009, Savills in 2015 surveyed 318 blocks externally/communally and 175 houses, Ridge & Partners in 2016 surveyed 347 houses. In addition to these surveys, Baily Garner surveyed 1600 garages, and Savills undertook Fire Risk Assessment (FRA) surveys to approx. 900 blocks in 2017; Armstrong York are currently undertaking communal asbestos surveys to approx. 900 blocks, 100 houses and 1600 garages.

We do not believe that the FRA, asbestos and surveys of houses provides the necessary detail to influence the data, and question whether there is sufficient stratified data at this time. As previously mentioned above, THH has a target to have surveyed all of its stock within the next five years to base future planned works.

Future investment planning is contingent upon having up-to-date stock condition data. From a leaseholder perspective that is extremely important since this means that good forward notice of major capital works to properties can be provided, enabling leaseholders to be forewarned well in advance of future significant costs of works to their homes for which they may be expected to make a major personal contribution.

There is therefore a risk that the future investment planning is flawed as a consequence of having insufficient stratified stock data.

On a positive note in section 4.2 of the strategy a target to complete a minimum of 20% stock condition surveys each year is incorporated; we also know that the contract for the new stock condition survey is about to be awarded.

***“Works on block – shouldn’t be cloned. Need to use local knowledge as not all the blocks need”***

We would expect to see detailed five-year investment planning with a clear indication of groups of properties or individual blocks flats etc where it was anticipated within that five-year framework works could be anticipated to be undertaken. The asset management strategy currently incorporates a draft five-year

***“There is more transparency.”***

investment plan, but this is at a very high level by main component time/workstream. To give leaseholders a high degree of certainty, more detailed investment information should be provided to them.

Leaseholders would expect there to be, as mentioned above, investment planning sufficiently detailed to give them forewarning of major works to their homes. This appears to be absent. There may be other documentation available to leaseholders in this area; however at the time of drafting this report we have not been provided with more detailed investment planning information.

We were advised that the enhanced consultation policy is not always followed. It is not clear why meetings are not always held for each project or why there is inconsistency over which officers attend the meetings; although we were advised that enhanced consultation is not carried out for works to mechanical and electrical installations. See recommendations.

The delivery team has advised that it welcomes the assistance of the consultation officers at the enhanced consultation meetings. We would therefore recommend that this be a requirement within the process.

The RLOs we spoke to said they would welcome training on the THH billing arrangements, affordability awareness and re-payment options that THH offers, and to be able to re-direct leaseholders to money advice organisations. See recommendations.

We found that the work of the consultation officers is hampered because of failure to obtain accurate costs for works from the procurement managers, or where the template used to obtain costs has not been fully populated. The consultation officers advised that in order to justify and respond to the leaseholder's enquiries they must be able to liaise with the relevant and those officers responsible for providing the costs. The consultation team make enquiries when they identify discrepancies in information received initially to prepare estimate and on the final information they receive. There are delays in issuing final invoices to leaseholders as they are dependent on receiving advice from those responsible officers to justify the discrepancies. The consultation team seek to pre-empt the queries that might be raised, and to act as the internal safe challenge.

They are further obstructed when they are not updated on the progress of the work, and they cannot contact the relevant RLO. The consultation officers cannot find copies of letters that they know have been issued by the project managers as the asset team does not use Comino. However, we know that moving forward this has been addressed; the delivery teams improvement plan includes implementation of a new filing structure which will allow the major works team to access real time information. Additionally, each block will have an online notice board which will contain all project information, from programmes to newsletters and general notices. The Delivery team will also issue a Major Works Information sheet, to managers to circulate to their teams at the beginning and at completion of each project; we were provided with a copy template.

We know that there are a significant number of historic final accounts outstanding; 159 as of 1 November 2018.

Where S20B Notices (to ensure payment for sums incurred more than 18 months previously) are issued we were advised that the sums indicated on the Notice are those provided by property services, but that many of the Notices issued did not include all of the sums paid. Under S20B Landlord and Tenant Act 1985 landlords cannot recover costs unless they are demanded within 18 months of being incurred; but can do if they serve a S20B Notice advising leaseholders of the costs incurred or estimated to be incurred and that a demand/invoice will be sent in due course. If the S20B Notices that THH are issuing do not capture the full costs of expenditure THH will be unable to invoice for more than the sum stated in the Notice. In summary it will be at risk of under recovery of costs.

We were also advised that as the leases are not 'mapped' the consultation officers have to re-read them to know what costs can be re-charged and therefore included in the Notice. This is not good use of staff time. If 'mapped' new members of staff can access the relevant lease clauses quickly.

We were advised that the asset team hold the guarantees for the completed work or for new installations. The issue of guarantees was raised by leaseholders at one of the meetings. A leaseholder said that she has been credited with costs charged in respect of a failing roof, when she holds the guarantees for the roof replacement work, but that she had to provide the guarantees to THH as they did not hold them. See recommendations.

At one of the leaseholder meetings a leaseholder accessed the link to 'Living in your neighbourhood' to see what information was held for his block and the five-year programme. He found the information was outdated. It is essential that this facility is kept up to date as otherwise leaseholders will have no confidence in it and will use other methods to gain information, resulting in more telephone calls. We were advised that this is work in progress as part of a wider IT review and upgrade generally in technology across the organisation. See recommendations.

We found when visiting the website, that on the page that refers to major works it refers to a S125 Notice but does not provide an explanation for the reader to understand what a S125 Notice is.

We did not find the website was written in plain English. For example 'welcome to our new interactive investment plan that enables you...' and 'six months prior to...'

## **9. Lease management findings**

There is a part time officer in the leasehold team who deals with requests in relation to approvals for alterations and improvements, lease extensions and sub-letting. There are currently 140 live cases where a request for an alteration has been received.

A new alterations policy has been in place since April 2017 which includes post work inspection and fees. We found a detailed explanation of the process leaseholders must follow on the THH website. The officer advised that there are 12 known cases of breach of lease where an unauthorised alteration has been carried out. On investigation the officer found that LBTH had given planning consent. There is a comprehensive alterations advice leaflet and application form in place for leaseholders contemplating carrying out improvements or alterations and whilst it refers to the requirement for planning permission and building regulation approval it should also make it clear that just because planning permission may have been received and building regulation approval received, it does not automatically mean that the improvement will be permitted under the terms of the landlords policy. We understand that there is an issue with how this service is processed. For example we were advised that leaseholders experience delays while THH is waiting for information from LBTH planning department or the building regulation approval department or that alterations have been carried out where the approvals have been received by LBTH but that the alteration is not permitted under the terms of the alterations policy in place with THH.

The planning department uses different criteria for assessment than that adopted by THH and must follow the planning rules and regulations in place. There can be conflicting approval arrangements. We have made further comment and recommendations for THH to consider overcoming this issue.

We were advised that where a Deed of Variation is required to be entered into, THH refer to the legal department of LBTH to administer.

### **9.1 Areas for improvement**

The Northgate system is not being maximised to generate reports or letters for applications for improvements or lease extensions.

The website is not interactive and does not assist the process compared to other organisations, eg, LB Harrow where request forms for alterations can be downloaded from the website, photos can be up-loaded of, eg, plans, payment can be made up-front and online.

## **10. Governance findings**

We found THH recognises that as leaseholders represent almost 50% of the properties in management it must deliver a service that is transparent, and fair to them. From our experience of working on a number of projects at THH over the past ten years we can identify positive changes in the culture and approach to delivering the leasehold service demonstrated by policies and processes developed with leaseholders clearly in mind. For example during 2017/18 a 'New Deal' initiative for leaseholders was established offering leaseholders an enhanced service in a number of areas, for example, providing the opportunity to buy into a repairs service for the inside of their property via the arrangements with the contractor Mears that carries out the

responsive repair service to tenanted properties, gas servicing at a competitive rate, enhanced consultation for proposed major works and a 5% discount for prompt payment.

We also know that THH has increased the resources in the asset management team by two due to the impact of increased consultation with leaseholders, again recognising the level of service it wants to provide to leaseholders to ensure leaseholder satisfaction and to address vulnerability issues.

The Business Plan identifies leaseholders' satisfaction, as a priority. Indeed, the review found that the processes which are in place incorporate leaseholders at all stages.

We were provided with the Leasehold Services Improvement plan for 2018/19. Overall the plan is comprehensive and detailed.

There are two leaseholders on the THH board one of whom is the chair of the Leasehold Review Steering Group. During the review a query was raised about the information provided to leaseholders explaining why the insurance premium had increased. We were advised that the board made a clear directive to officers to ensure that this was communicated on the website. On checking the website we can see that this has been acted upon although, in our view, it provides insufficient information to leaseholders for them to understand why the costs had increased. The text reads:

*'Given that THH is obliged to ensure cover is in place, we have had to accept the compliant bids. However this will mean an increase in the amounts payable by you'.*

We found that there are only a small number of agency staff working at THH. Historically, the high reliance on agency staff has resulted in poor customer care for customers as there is limited commitment and the measures to manage performance are not effective. Therefore this is a positive move.

***“Staff turnover is high and knowledge goes.”***

THH does not operate a recognised performance management accreditation scheme. It uses a skills-based approach to manage performance. We requested a number of performance development plans for a range of officers across a number of departments. Our comments with regard to the performance plans provided to us are made below.

### **10.1 Areas for improvement**

We were advised that there is no mystery 'shopping' undertaken of the leasehold service. Periodic reality checks would help to identify weaknesses in customer access and competency and knowledge of officers.

## **11. Value for money findings**

We were advised that there is an exercise currently taking place to look at the transfer document for each of the 400 plus freeholders who have bought under the RTB to establish if it contains the ability to charge for estate services. Historically, sales of

houses by local authorities under the RTB initiative failed to incorporate in the transfer document a requirement for freeholders to make a contribution towards the costs of estate services as the costs of those services, generally being grounds maintenance, were met from the general fund, ie, poll tax/council tax. Increasingly, local authorities are seeking ways of increasing revenue and re-charging homeowners, and often tenants, for the costs of services they benefit from.

THH is attempting to future proof its blocks to obtain value for money over a longer period of time. For example we were advised that the lift specification has been tailored to THH's requirements in order to achieve a longer life. Also, the door entry systems that THH is proposing to install under the replacement programme will move from audio to video system to incorporate data cabling. The benefit of video over audio is that it provides a greater level of comfort and security in particular for the elderly and the vulnerable. The data cabling will allow for new data developments, ie, the system can be used in the future to alert if the lift is out of use for example. The programme was a LBTH Mayoral promise to which it contributed £750,000. An FtT determination heard in August 2018 found that the replacement door entry system was reasonable.

Interestingly, the issue of 'future proofing' or considering longer term benefits of installations, was raised by one of the leaseholders at the meetings held; the leaseholder wanted THH to make things last longer to reduce cost and disruption. The secure by design specifications that Councils seek to adopt, by their nature, tend to have a higher specification that will inevitably incur a higher initial cost.

As referred to above, THH has increased resources in the asset management team by two due to the impact of increased consultation with leaseholders.

We were told that external consultants were engaged to produce the documentation for the framework agreement. However moving forward THH is developing its own procurement documents to avoid the need to engage external consultants.

Increasingly, landlords and managing agents are calculating the actual costs of management and are moving away from using the historical approach of applying a percentage to the costs of services. The tribunal, the Royal Institute of Chartered Surveyors (RICS) and Association of Retirement Housing Managers (ARHM), do not favour the percentage approach as it does not encourage organisations to seek value for money, in fact it favours higher service costs as there would be a resultant higher management fee.

In further support of the comments above, and given the views of the tribunals, RICS and ARHM of a policy that applies a percentage to the cost of a service, an activity-based policy is deemed good practice. In practice, however, and on a yearly basis, this may be an onerous task. As mentioned above, it may well be the case that after carrying out an activity-based costing exercise over a number of services; the findings are that the resultant fee calculates to an average percentage of the cost of the service, that you revert to using that percentage, but reviewing it on a periodic basis. If there was a challenge at a tribunal you would be in a position to support the percentage-based policy approach on a sound transparent exercise.

THH can also demonstrate that it has fees in place for most services, ie, requests to carry out alterations/notice of transfer/charge/Deed of covenant/Re-mortgage/lease extensions/pre-sale enquiry packs. This is additional income for the organisation the level of the fees should be continually compared to those charged by other organisations. There are a few exceptions that are referred to below. We know that THH does belong to a benchmarking group; previously the London ALMO group comparing data and costs.

We also found as a matter of good practice, that THH has a target in place for increasing the use of Direct Debit payers; at August 2018, 53% of leaseholders make payment by Direct Debit, which is above the target of more than 30%.

### **11.1 Areas for improvement**

THH could go further in including further fees for other administrative functions, ie, there is no administrative charge for providing a copy invoice/actual statement, or for certificate of compliance, or for providing a copy lease. We were also advised by neighbourhood officers that there is no process in place for re-charging leaseholders for fly-tipping.

The review identified that the housing management system, Northgate is not being maximised to generate automatic letters/reports for a number of functions, ie, alteration requests.

Currently RTB officers do not rely on the Keystone asset management database for reliable five-year costs and have been using the maps system that we were advised is also not reliable.

We were advised that THH is not evaluating the benefits of using the financial inclusion officers, ie, how many cases resulted in re-payment agreements being made and the value attached to those agreements. By evaluating the cost benefit, it informs on resource implications.

IT generally is not being used or developed to support management or to keep pace with current advances in technology. We noted that there are a range of developments planned to enhance the leasehold service or residents generally, ie, manage and record sub-lets, to develop a means of automating the S20 consultation process, to introduce a Northgate Direct Debit payment arrangement instead of continuing with allpay due to the associated costs, holding contact information for leaseholders amongst others. We know that an IT improvement plan that incorporates the above together with other developments is in place.

We found that the income recovery procedure advises that leaseholders will be sent at least one statement during the year. This is not, in our view, value for money and does not encourage leaseholders to sign up to MyTHH. However, interestingly one leaseholder commented about the lack of statements being sent, and we know that there is an argument to suggest that by sending statements, residents are prompted to make payment particularly where there are small arrears.

We found, that THH does not evaluate/cost reductions/capping of charges following FtT cases. We would recommend that this is introduced in order to focus on the circumstances that attract a 'cap' or reduction, and in order to address the issues that resulted in the reduction, ie, training or policy decisions.

When considering the RTB process we found that THH does not evaluate what costs (discount payments) have been saved by using the fraud team to identify cases of fraud. Again by doing so it justifies the resources in place.

## **12. Benchmarking**

We were asked to benchmark practices and processes with those adopted by other housing providers. We were also asked to compare the structures in place for some activities such as income recovery, S20 consultation and service charge accounting with other providers. Additional comparisons and comments are made in other sections throughout the report.

We have included examples from LB Camden in this report as it has been successful, on two occasions, in becoming accredited for its leasehold and home ownership management service under the HQN LEN accredit scheme. In order to do this LB Camden has been able to demonstrate best practice across most of the service areas. However, our comments below with regards to structures in place for managing the leasehold service will indicate that we are not 'wedded' to the structure in place at LB Camden as being the 'holy grail' for delivering the perfect service. Camden's arrangements are not the only ones that work well – other options could equally work for THH.

### **12.1 Structure**

This section of the report considers the arrangements and structures for managing key services provided by THH for leaseholders and looks at whether they could be arranged in a different way, eg, de-centralised to generic teams. We have used our knowledge of working with other organisations and of their structures.

#### **12.1.1 The current arrangements at THH**

Currently there is a centralised leasehold team at THH. Therefore there is one point of contact for a number of different issues. The benefit of having a centralised team is that it avoids multiple points of contact for leaseholders. With a de-decentralised team clear processes and periodic and regular training is required to ensure that the different points of contact are understood by contact centre staff and that leaseholders are signposted accordingly.

Leaseholders make contact with the organisation at discrete times during their relationship with it, and when a service request is triggered.

The table below provides a breakdown of the key components of the service showing the responsibilities and:

- What might be expected from the service in question
- The appropriate directorate or 'team' that could have responsibility for the function in question if there was no centralised leasehold service department
- The key 'ingredients' to delivering the service effectively.

We have based this on a leaseholder's experience of the service – from the point of purchase to the point of sale.

Function	Tasks/expectations	Alternative option to a central team	Key requirements	Responsibility at THH
Maintenance of data-base	<ul style="list-style-type: none"> <li>• Change of ownership</li> <li>• Change of tenure if sale under RTB</li> <li>• Adding/amending correspondence addresses where the property is sub-let</li> </ul>	One of the following: <ul style="list-style-type: none"> <li>• Centralised data management</li> <li>• Sales</li> <li>• Legal</li> <li>• Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Procedure</li> <li>• Work instruction</li> </ul>	<ul style="list-style-type: none"> <li>• Leasehold team</li> </ul>
Provision of information to leaseholders on sale	Introduction to the organisation on purchase-points of contact/service charge information and	One of the following: <ul style="list-style-type: none"> <li>• Sales</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Leasehold (sales) team</li> </ul>

Function	Tasks/expectations	Alternative option to a central team	Key requirements	Responsibility at THH
	ways to pay	<ul style="list-style-type: none"> <li>• Customer services</li> <li>• Finance</li> </ul>		
Service charge accounting	<ul style="list-style-type: none"> <li>• Producing estimates of projected service charges</li> <li>• Issuing estimates of service charges</li> <li>• Budget monitoring</li> <li>• Producing final accounts</li> <li>• Issuing final accounts</li> <li>• Responding to enquiries with regard to the accounts</li> <li>• Providing schedules of repairs</li> </ul>	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Leasehold services</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Procedure</li> <li>• Work instructions</li> <li>• Staff training</li> <li>• Performance management</li> </ul>	<ul style="list-style-type: none"> <li>• Finance for preparation of estimates/budget monitoring/preparation of final accounts/providing RAMS and MACROs/responding to S22 requests</li> <li>• Leasehold team for issuing estimates/final accounts/responding to enquiries</li> </ul>

Function	Tasks/expectations	Alternative option to a central team	Key requirements	Responsibility at THH
	<ul style="list-style-type: none"> <li>Responding to S22 requests for supporting information</li> </ul>			
Income recovery	<ul style="list-style-type: none"> <li>For service charges</li> <li>Major works costs</li> <li>Ground rent</li> </ul>	<p>One of the following:</p> <ul style="list-style-type: none"> <li>Centralised income recovery team</li> <li>Finance</li> <li>Legal after a point in the escalation process</li> <li>External debt collector after a point in the escalation process</li> </ul>	<ul style="list-style-type: none"> <li>Policy</li> <li>Procedure</li> <li>Work instructions</li> <li>Staff training</li> <li>Performance management</li> </ul>	<ul style="list-style-type: none"> <li>Leasehold services team</li> </ul>
S20 consultation	<ul style="list-style-type: none"> <li>Identifying requirement to consult</li> <li>Preparing notices for – QLTA/responsive repairs/other</li> </ul>	<ul style="list-style-type: none"> <li>Property services/asset management.</li> <li>Leasehold services</li> </ul>	<ul style="list-style-type: none"> <li>Policy</li> <li>Procedure</li> <li>Work instructions</li> <li>Staff training</li> </ul>	<ul style="list-style-type: none"> <li>Leasehold services team prompted by property services (technical), and in collaboration with property services (technical)</li> </ul>

Function	Tasks/expectations	Alternative option to a central team	Key requirements	Responsibility at THH
	major work <ul style="list-style-type: none"> <li>• Responding to observations</li> <li>• Applying for determinations/ dispensation.</li> <li>• Appearing on behalf of organisation to defend an action</li> <li>• Attending resident consultation meetings</li> </ul>		<ul style="list-style-type: none"> <li>• Performance management</li> </ul>	
Re-sale enquiries	<ul style="list-style-type: none"> <li>• Responding to solicitors requests for information prior to sale</li> </ul>	One of the following: <ul style="list-style-type: none"> <li>• Sales</li> <li>• Legal</li> </ul>	<ul style="list-style-type: none"> <li>• Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Leasehold services</li> </ul>
Applications for enfranchisement/lease extensions/mortgage approvals	<ul style="list-style-type: none"> <li>• Establish if the right Exists – consider required criteria</li> <li>• Obtain valuations</li> </ul>	One of the following: <ul style="list-style-type: none"> <li>• Sales</li> <li>• Legal</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Leasehold services (compliance)</li> </ul>

Function	Tasks/expectations	Alternative option to a central team	Key requirements	Responsibility at THH
	<ul style="list-style-type: none"> <li>Process applications within statutory guidelines</li> </ul>			
Applications for alterations/improvements.	<ul style="list-style-type: none"> <li>Consider lease</li> <li>Consider plans/drawings</li> <li>Process fee</li> <li>Give approval – general liaison with leaseholder</li> <li>Post inspection – where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Property services.</li> <li>Neighbourhoods</li> <li>Leasehold services</li> </ul>	<ul style="list-style-type: none"> <li>Policy</li> <li>Procedure</li> </ul>	<ul style="list-style-type: none"> <li>Property services</li> </ul>
Resident involvement	<ul style="list-style-type: none"> <li>Cross tenure issues</li> <li>Leasehold specific issues</li> <li>Arranging meetings/ events/ publications.</li> <li>Booking meeting</li> </ul>	<p>One of the following:</p> <ul style="list-style-type: none"> <li>Resident engagement team</li> <li>Specific issues – raised by relevant department</li> </ul>	<ul style="list-style-type: none"> <li>Policy</li> <li>Performance management</li> </ul>	<ul style="list-style-type: none"> <li>Central RI/E team</li> <li>Leasehold services</li> </ul>

Function	Tasks/expectations	Alternative option to a central team	Key requirements	Responsibility at THH
	rooms.			
Anti-social behaviour	<ul style="list-style-type: none"> <li>• Liaison with leaseholder</li> <li>• Legal action where necessary</li> </ul>	One of the following: <ul style="list-style-type: none"> <li>• Estate/neighbour-hood management</li> <li>• Leasehold services</li> <li>• Legal at higher level of escalation</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Training</li> <li>• Performance management</li> </ul>	<ul style="list-style-type: none"> <li>• Neighbourhood officers and ASB team</li> </ul>
RTB/A	<ul style="list-style-type: none"> <li>• Process applications for the Right to Buy</li> <li>• Liaison with property services/housing management/ service charge accounting officers</li> </ul>	One of the following: <ul style="list-style-type: none"> <li>• Sales</li> <li>• Legal</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> <li>• Procedure</li> <li>• Work instruction</li> <li>• Training</li> <li>• Performance management</li> </ul>	<ul style="list-style-type: none"> <li>• Leasehold services to the point of acceptance</li> </ul>
Policy review/development/ service improvement	<ul style="list-style-type: none"> <li>• Keeping abreast of relevant legislation/FtT determinations</li> </ul>	One of the following: <ul style="list-style-type: none"> <li>• Corporate policy team</li> </ul>	<ul style="list-style-type: none"> <li>• Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Leasehold services</li> </ul>

Function	Tasks/expectations	Alternative option to a central team	Key requirements	Responsibility at THH
	<ul style="list-style-type: none"> <li>Arranging relevant training/briefings</li> </ul>	<ul style="list-style-type: none"> <li>Governance/strategy</li> <li>Legal</li> </ul>		
Defending FTT applications for service charges		<ul style="list-style-type: none"> <li>Team dependent on nature of challenge</li> <li>Legal</li> </ul>	<ul style="list-style-type: none"> <li>Policy</li> <li>Procedure</li> </ul>	<ul style="list-style-type: none"> <li>Leasehold services</li> </ul>

### 12.1.2 Comparison with other organisations

The following table summarises the arrangements that are in place at other organisations.

Organisation	Description of organisation	Total no. of properties managed	Total no. of leaseholders	Centralised homeowners/leasehold team
THH	Inner London ALMO	22,000	9,500 plus 500 freeholders approx	Yes, except for service charge accounting
A	Inner London Borough	12,000	4,600 and 200 freeholders	Yes, mainly
B	Inner London Local authority	23,800	9,200	Yes
C	Inner London Tenant management Organisation	9,700	2,600	Yes

Organisation	Description of organisation	Total no. of properties managed	Total no. of leaseholders	Centralised homeowners/leasehold team
D	Inner London local authority	55,000	15,000	Yes
E	Outer London ALMO	16,000	4,000	Yes
F	Outer London Local authority	8,500	1,450	No
G	South east based housing association	34,800	3,000-4,000	Yes
H	South East based housing association	66,000	13,289 including freeholders	Yes, mainly
I	South West housing association	27,000	3,000	Yes
J	London Housing Association	27,000	6,000	No
K	Inner London housing association	9,000	3,000-3,500	No

NB: The above data is current at Dec. 2016.

All of the above organisations manage a leasehold portfolio that includes a significant number of second-generation leaseholders, and between 35-50% of their stock is sub-let. Thereafter their similarities with THH are limited.

Of those organisations, five local authorities, other than THH, include the accounting process within their centralised team. It should be noted that this includes preparation of accounts for the tenanted stock as well. This suggests that in effect it is a finance function which has been located within a centralised leasehold team.

It is known that a further two organisations prepare the leasehold service charge accounts within their centralised team, however, the information used to prepare the accounts is derived from a centralised finance team who prepares accounts for the tenanted stock as well. It could therefore be argued that the preparation of the accounts for the leasehold stock could just as easily be carried out within the centralised finance team with those same members of staff.

Managers, when asked, take the view that finance officers who are responsible for all tenures and are not employed within a centralised leasehold/home-ownership team, are not familiar with and conversant with the cost limits such as for leaseholders who have bought their property within the past five years, and or S20 cost limits on responsive repairs and major works. However, the associated risks can be overcome by ensuring staff are fully trained and the IT systems have the necessary checks and authorisation levels in place.

The manager of Organisation H advised us that the service charge accounting function did not work well because the responsibility for that function was located outside of the centralised team. The reason being that enquiries received from customers, on receipt of the accounts, were received by the centralised team. Because of the location, the demands and pressures the finance team are usually under, the response to colleague's enquiries on behalf of customers is not always timely, resulting in poor customer service.

There are benefits from having a finance function, such as service charge accounting, located within a dedicated finance team, for example management of resources, and succession planning. Some would argue that measures can be taken to eliminate, or at least, reduce the number of enquiries received by customers regarding accounts.

Agreed protocols for responding to colleagues should queries be raised elsewhere within the organisation, can enable greater levels of responsiveness. Improved customer care training for officers, with role model exercises can assist in improving confidence in dealing with customers for officers who are not usually customer facing.

It should be noted, that where organisations have decided to de-centralise the services to other departments a number of years later the decision is taken to centralise, mainly due to issues mentioned above such as lack of knowledge and poor customer care

### *12.1.3 Property services team – major works and S20 consultation*

Where to locate responsibility for S20 consultation is frequently a challenge for organisations. There can be a variety of reasons for failure to consult properly:

- Lack of sound procedures
- Lack of training for relevant officers
- Lack of performance management.

There tends to be a lack of awareness of the tools available to achieve full recovery of costs such as applications for dispensation from full/part consultation or applications for pre-determination of costs/payability.

Property and asset management teams are often under pressure to spend budgets and to achieve value for money. Their skills are usually and not unexpectedly confined to technical aspects of buildings and performance targets are aligned to budgets and satisfaction.

The S20 process is largely an administrative function that runs alongside the management of carrying out repairs of a day to day nature and project management of programmed work. But S20 consultation should not be seen in isolation of wider consultation regarding major works programmes with all tenure groups. The lack of a comprehensive consultation strategy that includes S20 is usually one of the factors in low satisfaction.

Most of the organisations in the table above have retained the S20 process within a centralised leasehold/homeownership team. Managers when asked, explain that the process 'works' because of the proximity of the officers responsible for issuing the Notices, to the asset management teams, and regular meetings which take place with the asset management teams. No justification is offered for why the responsibility for consultation is not located within the asset management team. If, as managers, advise, location and communication is key to the success of the process, then one could strongly argue that the officers would be best located within the asset management team to ensure that the channels of communication are immediate. We believe that the function should sit outside of the asset management team, and that the role of the consultation officers should not only be limited to process but should include an internal 'challenge' before paperwork is issued to leaseholders.

At THH, the S20 consultation function is the responsibility of the leasehold services team. The asset management team triggers the process by sending a notification. The identified weaknesses in the process and the criticisms made by leaseholders are due to unreliable costs being provided to the leasehold services team or failure to notify the team of the need to consult, in particular for responsive repairs that exceed the cost limits prescribed by the legislation.

Training and regular liaison with the asset management teams can overcome the identified weaknesses – they do not necessarily require structural changes in our view.

## **12.2 Performance**

When considering the performance of those organisations that have a centralised or de-centralised team, one area that is often focused on is that of income management. At THH performance for recovery of both day to day service charges and major works costs is good and targets are met, despite the fact that the monitoring process in our view is cumbersome and not automated.

Interestingly a couple of the organisations referred to above have officers in the centralised team who are multi-functional within the team, ie, responsible for different leasehold services such as re-sales and income recovery. And in both cases performance is relatively high at 99%. Organisation E is structured in a similar way in that the officers are responsible for multi-functions, and again performance is more than 98% recovery. There is no control test to compare to, to see what performance would be, all other things being equal, if there was a dedicated team.

The benefit of having dedicated team/officers is that performance can be readily identified and monitored, and resources can be managed more easily and effectively. The income recovery function is located in the finance department at Organisation F where performance is not as high as for the other organisations where data is available.

There does not appear to be a correlation between performance and where a dedicated team exists.

One could argue that having dedicated officers within a centralised team is the same as locating the same officers within a centralised income recovery team.

When we have asked the question as to the reason for locating the income recovery function in a centralised team rather than a generic team, managers could offer no justification. One manager did say that from experience, responsibility for income recovery should not be included with other responsibilities as this presents a conflict with other demands which could undermine the importance that income recovery requires.

The ratio of the number of units to collection officers is 500 – 1300; the average is 785. At THH the ratio is approximately 1:1050. The ratio at Organisation B is 1:845 and we know performance is very high.

The staff to property ratios are of limited use however, as performance is also closely associated with the functionality of the housing management systems.

## **12.3 Service improvement**

One of the disadvantages of splitting the various leasehold tasks across different teams is that the bigger picture can easily be overlooked. There can be lack of awareness of priorities and deadlines that are critical and if not met, can pose a financial risk.

Whilst benchmarking cannot be relied upon for all areas of the business, there are some issues where it provides an indicator of performance and good practice, such as the development of information technology for income recovery and service charge accounting, or approach to resident involvement. There is therefore a role for benchmarking, or for 'networking' with leasehold/homeownership management companies to ensure parity. Where the service is de-centralised, this function might be lost.

In the table provided above and when considering service improvement as one of the elements of the service, the suggested team/department to undertake this role, if there is no dedicated homeownership manager, is a strategy or governance team. One organisation we know of is considering a Homeownership partner, essentially a role that interfaces with all of the other relevant teams involved in service delivery. The role is a form of internal consultant providing advice and guidance on all leasehold/homeownership issues. It may also take the form of an internal quality auditor to ensure compliance with the procedures for all aspects of the service. Lack of sound procedures and training contributes to poor delivery of services. Putting them in place with clear performance management will overcome this.

#### 12.4 Comparison of processes and policies

We took the opportunity during the review and when making contact with other organisations, to consider the arrangements in place and the policies for a variety of other issues. A table is provided below.

Policy/arrangements in place	THH	Camden	AN other organisation
Alternative dispute resolution policy	Has leasehold advisors	Yes. Advise that it has reduced no. of FtT cases and wasted costs	<b>Southwark:</b> has an advocacy service (Mysouthwark Homeowners Agency) plus has its own paid for arbitration panel
Repayment options for non-resident leaseholders	Two years interest free	Yes as part of pre-action protocol repayments are agreed but less favourable and on exceptional circumstances	<b>Southwark</b> – not advertised but on an exceptional basis <b>Haringey</b> – yes up to 36 months
Costs of improvements re-charge to leaseholders	Most where lease allows. No re-charge in	Some fire safety work not recharged to leaseholders,	

Policy/arrangements in place	THH	Camden	AN other organisation
	some circumstances	eg, replacement front doors	
Alterations/improvement applications	Sound policy and process, but no agreed protocol with LBTH		<b>Other providers</b> Agreed arrangements in place
Satisfaction	71%	42%	<b>Southwark:</b> Poor. At recent survey key issues for leaseholders: <ul style="list-style-type: none"> <li>• Service charges VFM</li> <li>• Repairs</li> <li>• Major works and consultation</li> <li>• Communication and access and how we treat them</li> </ul>
Use of IT	42% of leaseholders signed up to MyTHH  Website poor	63% signed up to equivalent of MyTHH called Camden account  Website good – and constantly being developed  Have developed a software programme called RAPID to process S20	<b>Haringey:</b> introduced a new repairs reporting system in 2017, via handheld PDA's, full implementation will provide for real time updates on the website  Also: 4211/h of 5,000 signed up for Seemydata = 10%  <b>Harrow:</b> for alterations from the website – leaseholders can download forms/upload forms/attach photos/plans/pay upfront online  <b>Southwark-poor</b>

Policy/arrangements in place	THH	Camden	AN other organisation
		consultation	
RTB – staffing levels	Five officers (approx, 350 RTB applications and approx 300 pre-sale enquiries p.a)	Eight officers (approx 500 RTB applications and 400-500 pre-sale enquiries p.a)	
Income collection staffing levels	9 FT	11 FT	

### 12.5 Conclusions on benchmarking and comparisons

There are some common themes but not across all of the organisations. It is difficult to draw out comparisons between them as no two organisations are exactly the same in terms of numbers, location, use of technology and so on.

Neither can benchmarking measures, such as satisfaction with the service; be relied upon on its own, as timing and other factors can distort the results. For example:

- We know of an organisation (ALMO) that manages a small number of leaseholders within its stock, but it charges no management fee. Satisfaction with the service is, not surprisingly, in the top quartile
- Because of the differing performance indicators used to measure performance with income recovery between local authorities and housing associations, this is not always a reliable indicator. Local authorities tend to measure performance by the income received (that may include arrears from previous years) against the debit for the year. Examples of performance are 105%. Therefore the debit for the year has been received in full and 5% towards previous debts. Performance of 120% could be interpreted as very good, or very poor in the previous year.

There are no shining lights in terms of best practice in the organisations used for comparison. Organisation C has improved customer satisfaction and income recovery significantly over the past few years due, in part to improved use of IT. However, it is not known if previous poor performance was as a result of structures, processes, IT, performance management.

Processes, training and internal communication are key to the success in delivering all elements of the service.

THH's performance for income recovery compares favourably with the other organisations and also in terms of efficiency, ie, the ratio of officers to leasehold properties in management. At THH the ratio is 1:1050 and performance has been very good over the past few years; above 100% for recovery, at organisation D where the ratio is 1:150 the performance for income recovery is 120%. This suggests, that ratios do not tell the whole story, and that there are other factors to be taken account of. LB Camden has 11 full time members of staff in its income recovery team and has a debt level of less than £1m. If THH were to increase the numbers of staff within its income recovery team then it is possible it would make greater inroads to reducing the level of debt. But as mentioned previously, other factors such as use of the Northgate system has an impact on efficiency.

Leaseholder satisfaction with the service at THH, compared to other organisations, is reasonably good. We have not compared satisfaction levels with other organisations for the reasons cited above, ie, timing and other factors can distort the figures.

The arrangements and liaison with the asset management team does need to be strengthened but this can be done with improvements in training, communications and processes, and as mentioned in the report, has been recognised and is being addressed.

Whilst in theory, there is no reason why the various leasehold and homeownership functions cannot be de-centralised, in practice and because the service is very reliant upon most of the other directorates, organisations generally use a dedicated team to 'pull together' the necessary information/data and communicate it to leaseholders in the required statutory format. If de-centralised, the communication is at risk of not being delivered in the correct manner resulting in loss of income. Service improvement plans are easier to develop and progress through a centralised team where the manager has clear responsibility for delivery.

### **13. Conclusions**

The review found that the direction and pace of progress is sound in most areas, particularly in income recovery and placing the expectations of leaseholders high on the list of THH's priorities. This can be evidenced across all services.

We found that there are many changes taking place within THH; it is continually evolving and responding to change following issues in the wider environment such as the Grenfell tragedy and changes in technology. We know for example that as part of the wider business transformation programme, there is a digital service delivery project, a mobile working project as well as changes following the review of the neighbourhood management and the procurement process to replace previous framework agreements.

THH is not being complacent about its approach to managing its assets or its residents and it can be seen that it is taking steps to enhance the customer experience.

Managing the expectations of residents is challenging. It is clear from the online survey that leaseholders are often not provided with comprehensive legal advice before buying; this is illustrated by the question posed in the survey about the various services provided such as grounds maintenance, repairs and maintenance, caretaking, dealing with anti-social behaviour: some 7% said they were not aware that the costs of those services were included within the service charges. This would undoubtedly result in dissatisfaction when they are aware that payment is required for those services.

Given this information THH must work hard at getting that message across to leaseholders and develop their basic understanding of the contractual relationship.

The review highlighted the legacy issues of previous major works contracts and how, in our view, THH is being pragmatic about its position in relation to those issues and the management of risk. The current approach to contract management is sound and we believe will not present the same issues.

The revised method of billing for major works will also, out of necessity, require the asset management team and leasehold services team to work closely at all times. The recommendations we have made in this regard we suggest will ensure that the enhanced consultation together with the revised billing method will allow leaseholders to be fully aware of future works and associated costs and that managing affordability will be enhanced.

The benchmarking exercise indicated that THH can demonstrate it delivers good practice in some areas such as providing the macros, is in line with other providers in operating a 'key leaseholder' scheme and offering repayment options to non-resident leaseholders for a limited period of time. There are no 'shining lights' to compare with; other providers have their strengths and weaknesses. We pointed to LB Camden as it was successful in becoming accredited for its leasehold and home ownership management service under HQN's accredit scheme.

The review suggests that a number of the weaknesses are associated with competency and empowerment of officers that can be strengthened by training, robust detailed policies and processes.

It also suggests that THH is relying on stock condition information that may not be reliable. This presents a risk in terms of programming work that may not be deemed to be reasonable and could incur costs to leaseholders that are unnecessary.

Another area of weakness is the development of technology as a tool to support the delivery of a number of functions such as neighbourhood management, income recovery, and providing clear and up to date information for leaseholders on planned works. However, as we have already mentioned, we believe the digital service delivery project will bring about the changes that are needed.

## 14. Recommendations

The following recommendations are made to assist THH in enhancing its services to leaseholders and to enhance efficiency and as a result greater value for money. We have used the same categories referred to in the 'Findings' and have suggested our view of the importance of addressing each of the recommendations, as high, medium or low.

Our recommendations include the cross-cutting themes of communication, value for money and governance. We have not made recommendations with regard to developing the digital technology as we noted that there are a range of developments planned to enhance the leasehold service or residents generally, ie, manage and record sub-lets, to develop a means of automating the S20 consultation process, to introduce a Northgate Direct Debit payment arrangement instead of continuing with allpay due to the associated costs, holding contact information for leaseholders amongst others. We know that an IT improvement plan which incorporates the above together with other developments is in place. However, we would reiterate that where the technology already exists that it should be maintained; ie, the 'Living in the neighbourhood' web page.

## Tower Hamlet Homes recommendation table

Improving communication and transparency				
Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
Communication with leaseholders				
<p>Ensure that a service charge policy is in place and held on the website to accompany the procedures held and to clearly outline the organisation's approach to what will be re-charged, the organisation's approach to monitoring, dealing with exceptional spend, or capping of charges.</p> <p>Ensure the procedure makes reference to target time scales for response and provision of information at the key points in the financial year, and to include responses to internal enquiries raised by the leasehold advisors to ensure that those same officers can respond in turn to leaseholders in a timely fashion. The</p>	<p>We found that there is no service charge policy</p>	<p>Leaseholders will know what to expect of the service charge accounting process, when to expect to receive bills and final accounts, what is included in the service charge and how the budgets are monitored</p>	<p>Homeownership</p>	<p><b>High</b></p>

**Improving communication and transparency**

Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Communication with leaseholders</b>				
timescales should be monitored.				
Ensure that the MyTHH online facility for leaseholders, gives them access to their account and an ability to view not only the balance of their account but also for them to view a statement of payments made. Introduce a link between MyTHH and 'Living in your neighbourhood'	Officers advised that the MyTHH facility does not provide leaseholders with the functionality to obtain a statement of their account or to view payments made	This would then overcome the issue of resorting to issuing statements to leaseholders more frequently than once a year which is in our view, not value for money other than to those leaseholders who do not have online access. It would also encourage leaseholders to sign up to MyTHH	Homeownership/business development	<b>High</b>

Improving communication and transparency				
Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Communication with leaseholders</b>				
Incorporate, within an accompanying FAQ to the estimates and final accounts, more information on how the costs were arrived at in respect of pest control, anti-social behaviour and removing fly-tipped rubbish.	Leaseholders at the meeting and from the online survey asked how costs for pest control and anti-social behaviour are calculated?	This will provide greater transparency of how costs are calculated and why	Homeownership	High
Ensure that the website page 'Living in your neighbourhood' is up to date.	We found that the webpage 'Living in your neighbourhood' is not maintained regularly.  At one of the meetings held with leaseholders a leaseholder accessed the page for his property and found the details held were not up to date.	The information provided not only to tenants purchasing under the Right to Buy, but also to existing leaseholders will inform what major works are planned over a five-year period so that leaseholders can either source the funds required in advance or make alternative arrangements, eg, selling.  This facility could be one of the 'game changers' in raising leaseholder's	Asset management	High

**Improving communication and transparency**

Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Communication with leaseholders</b>				
		confidence in THH, certainly it will enable leaseholders to know what is planned for them to make choices – stay and be billed a significant sum and to then source funding externally or using one of THH’s repayment options or sell. It also places THH in a stronger position when billing for larger sums.		
Include a comprehensive explanation of what costs the management fee meets on the website and in an FAQ with the estimates and final accounts. Once drafted, ask a leaseholder board member to read the draft to confirm if it is plain English, in their view and is comprehensive.	One or two leaseholders’ comments made in the online survey regarding the management fee and that they did not know what it was for	Provides greater transparency for leaseholders of what they will be required to pay for	Homeownership	<b>Medium</b>
Provide notice boards on all	We were advised that	Leaseholders are able to	Neighbourhood	<b>High</b>

Improving communication and transparency				
Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Communication with leaseholders</b>				
blocks managed by THH and ensure that not only information relating to fire safety is placed on them and maintained but that notifications of estate inspections are placed on them.	dates of the estate inspections are placed on the website and that not all blocks have a notice board many residents will not be aware of when an inspection is due to take place.	attend estate inspections and are aware of the actions being taken as a result.  Leaseholders have up to date information on fire safety.		
Ensure that the estate inspection timetable takes account of there being fewer neighbourhood officers and is realistic	Leaseholders at one of the meetings held advised that he had given up time to attend an estate inspection, but that no-one turned up	Ensures that leaseholders are not disappointed, or more importantly that they do not give up their time for an inspection that does not take place because of resourcing issues	Neighbourhood	<b>High</b>
Provide leaseholders with details of the name of their neighbourhood officer is; that this is placed on the notice boards referred to above	Leaseholders advised at the meeting that they do not know who their neighbourhood officer is	Leaseholders have a known point of contact	Neighbourhood	<b>High</b>

Improving communication and transparency				
Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Communication with leaseholders</b>				
Consider introducing a 'Getting to know you visit' as was suggested in the neighbourhood management review recommendations	We were advised that the 'Getting to know you' visits have not yet been introduced into the scope of the neighbourhood officer's role	Improve communication/raise knowledge and awareness of services and who to contact for new leaseholders.	Neighbourhood	<b>Medium</b>
Following the revised approach to billing for major works ensure that leaseholders are advised of how the overall costs will be billed, ie, a percentage within the first year, a further percentage the following year and so on. Ensure that leaseholders are made aware, if there is a retention arrangement in place for the contract and that a further final request for payment will be made in respect of retention	A leaseholder at one of the meetings advised that a demand for payment for major works did not make it clear that the invoice was not the total amount due for the work and that a further payment would be demanded as the work was carried out over two financial years and/or that a retention had been held	Leaseholders will be aware of the estimate for the planned work and how it will be billed enabling them to source appropriate funds	Homeownership/asset management	<b>High</b>

Improving communication and transparency				
Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Communication with leaseholders</b>				
Provide training for the RLCs on the THH billing arrangements, affordability awareness and re-payment options that THH offers		Enables RCCs to re-direct leaseholders to either the Leasehold Services team or the appropriate money advice organisations		<b>High</b>
Monitor the digital service delivery project to ensure that the introduction of mobile working for officers to order repairs and for the monitoring of the progress of repairs can be accessed by all residents online	We were advised that currently there is no facility in place for caretakers or other officers to report repairs, ASB or other issues via remote technology; it is included within an overall digital improvement plan	Repairs and other issues will be dealt with efficiently and leaseholders will be able to view progress in real time and know that the issue is being dealt with	Business development	<b>Medium</b>
Revisit the website to carry out an exercise to compare what is available on other websites; local authorities but also housing associations and private managing agents. Also to revisit the information that is	We found the website to be limited in what it has to offer, and the information that can be downloaded. It does not compare favourably with	Improvements will enhance the leaseholders' experience and build confidence with leaseholders that the information is accurate	Business development	<b>Medium</b>

Improving communication and transparency				
Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
Communication with leaseholders				
held to ensure it makes sense and is in plain English	other providers			
Introduce an illustrated/ pictorial approach to presenting programmed works to leaseholders to indicate the stage of the process they have reached, to include all the stages of the S20 consultation including appointment of contractors, enhanced consultation meeting, start on site, billing of % of works costs, billing of penultimate % of works costs and billing of retention	The idea was suggested by a leaseholder at one of the leasehold meetings	Will provide clarity for leaseholders about the billing arrangements and other timescales within the major works process	Homeownership and asset management	<b>High</b>

**Improving communication and transparency**

Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Internal communication</b>				
<p>Develop a strategy for implementation of the recommendations following the neighbourhood review in conjunction with the neighbourhood officers; incorporating their views on training requirements as one of the tasks to be included. An element of the training should include awareness of breaches of leases in particular around unauthorised alterations, if it is the responsibility of the neighbourhood officers to inspect for those breaches, but also raising awareness of leasehold management issues; for example how service charges are apportioned</p>	<p>Neighbourhood officers advise that they were not aware of any 'plan' following the neighbourhood review.</p> <p>They also advised that they welcome training on breaches of leases such as unauthorised alterations.</p> <p>A leasehold advisor said that he/she is not completely confident on the issue of the improvement clause in the lease.</p>	<p>All residents will benefit from higher skilled officers with a greater knowledge of issues that impact on day to day management issues to deal with them effectively and confidently and therefore more efficiently</p>	<p>Neighbourhood</p>	<p><b>High</b></p>
<p>Ensure the policy of enhanced</p>	<p>We were advised</p>	<p>Provides leaseholders</p>	<p>Asset management</p>	<p><b>Medium</b></p>

**Improving communication and transparency**

Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Internal communication</b>				
consultation for major works is clear and communicated to all officers and where it applies always followed and that minutes/notes of those meetings are taken and documented.	that it is unclear when enhanced consultation would be adopted, ie, what work programmes and that were they had taken place no notes/minutes had been taken	with an opportunity to raise queries/discuss payment options and provides transparency. It also provides evidence for THH, should there be ensuing challenges.		
Ensure there is a written re-sales policy and accompanying procedure in place ensuring the timescales for responses are in line with corporate ones	We were advised that there is no written re-sales policy or procedure	New members of staff will know where to locate information to respond to enquiries, that solicitor's enquiries are dealt with comprehensively and that future costs are incorporated in the responses. By including timescales in the procedure it reduces delays to a sale and	Home ownership	<b>Medium</b>

**Improving communication and transparency**

Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Internal communication</b>				
		provides sound customer care		
Ensure that neighbourhood officers are aware of who does what in the leasehold services team	Neighbourhood officers advised that it would be useful to know who does what in the homeownership team	To speed up the response to enquiries as the neighbourhood officer can contact the officer direct not via a generic email address	Home ownership	<b>Medium</b>
Consider holding joint team meetings, periodically	Comments received from a number of officers suggested that closer working arrangements would be beneficial to better working relations	To enable officers to put names to faces and for team building across the organisation	All teams	<b>Medium</b>
Develop Comino so that the first 'page' identifies if the property is leasehold or tenanted without	Contact centre officers and neighbourhood	Leaseholders enquiries will be dealt with more efficiently	Comms	<b>Medium</b>

**Improving communication and transparency**

Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Internal communication</b>				
the officers having to go into a further 'page' to find out, and that Comino is maintained at all times with current information particularly telephone numbers and the details of letting agents where they exist	officers advised that it is not always obvious from the initial screen on Comino what tenure the property is held in			
As part of the performance appraisal review, ensure officers are encouraged to identify training requirements		Improved customer service	All managers	<b>Low</b>
Review policy on document management, in particular the use of Comino and who and when it must be used to hold relevant documents	We were advised that one or two teams do not use Comino and therefore other teams cannot retrieve correspondence sent to leaseholders	Leaseholders will receive an improved and knowledgeable response as all officers will be aware of correspondence sent to leaseholders and be informed of progress on key issues such as major works	All teams	<b>Low</b>

Improving communication and transparency				
Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Internal communication</b>				
Develop the dialogues and protocols between the asset management team and the consultation officers. This will ensure a more efficient transfer of information and in order for consultation officers to do their job effectively. As it is those officers speaking directly to leaseholders they should be equipped with up to the minute and accurate information and the necessary explanations for why works are needed, where, when, etc, THH should see that team as the 'internal safe challenge'	We were advised that there can be delays in responses from asset management with the information required to respond to leaseholder enquiries	Leaseholders will receive timely and accurate informed information regarding planned works to their building and will have confidence in the information they are given	Asset management and homeownership	<b>High</b>
Ensure all warranties and guarantees are stored documents for all completed works and where they are stored is made known to and are easily accessible to officers of THH. In general ensure that filing of	We were advised by leaseholders that THH did not have guarantees for a roof that had been replaced	Documents can be retrieved easily and provided to leaseholders if requested	Relevant officers.	<b>High</b>

**Improving communication and transparency**

Recommendation	Data/findings	Impact/outcome for leaseholders/THH	Team/s input	Priority
<b>Internal communication</b>				
relevant documents is maintained and understood by all officers	We were also advised by officers that in order to obtain the guarantees they had to request them of project managers			

<b>Major works</b>				
<b>Recommendation</b>	<b>Data/findings</b>	<b>Impact/Outcome for leaseholders</b>	<b>Team/s input</b>	<b>Priority</b>
Undertake a review of the asset management strategy with an update on key targets and objectives to be carried out between two and three years into the timescale of the strategy with up to date stock condition information.	Stock condition strategy.	Providing leaseholders with more accurate information about planned works.	Asset management	<b>Medium</b>
Review the strategic aims and objectives tracker within the asset management strategy. Of particular interest to leaseholders is an assessment of progress achieved in the following key strategic aims of the strategy:  Strategic Aim one – establishment of a comprehensive accurate asset database  Strategic Aim three – to be in a position to make informed decisions about stock using an	We were advised that there was a stock condition survey carried out in 2009 since which time other specified surveys have been carried out, but not stratified.	Providing assurances to leaseholders that planned programs are accurate and co-ordinated and that they are receiving value for money.	Asset management	<b>Medium</b>

Major works				
Recommendation	Data/findings	Impact/Outcome for leaseholders	Team/s input	Priority
<p>option appraisal approach.</p> <p>Strategic Aim five – the development of coordinated and effective planned programmes using the keystone stock condition database</p> <p>Strategic Aim ten – ensuring leaseholders receive a quality service tailored to their service</p> <p>Strategic Aim 14 – produce and deliver co-ordinated planned programs that achieve value for money and offer certainty for residents.</p>				
<p>Develop a protocol with LBTH planning and building control for dealing with applications from leaseholders to carry out alterations/improvements</p>	<p>We were advised that leaseholders are either unsure what alterations and improvements can or cannot be</p>	<p>To minimise the number of cases where leaseholders are advised that the alteration is not approved by THH but has been given planning permission/building</p>	<p>Asset management/home ownership</p>	<p>High</p>

**Major works**

Recommendation	Data/findings	Impact/Outcome for leaseholders	Team/s input	Priority
	made, or after receiving approvals from LBTH are then told by THH that they must put the property back to how it was as it is unauthorised	regulation approval		
<p>In respect of applications to carry out alterations, we would make a number of recommendations:</p> <ul style="list-style-type: none"> <li>• Carry out an exercise to evaluate whether a part time surveyor would be better value for money, to post inspect alterations rather than out-source</li> <li>• Compare the websites of</li> </ul>				Low



Major works				
Recommendation	Data/findings	Impact/Outcome for leaseholders	Team/s input	Priority
<p>improvements policy.</p> <ul style="list-style-type: none"> <li>Explore the functionality of the Northgate housing management system so that it can generate reports or letters for applications for improvements or lease extensions</li> </ul>				<b>Medium</b>
<p>Review how major works charges are recorded on the Northgate system. Consider placing the debit on a secondary account</p>		Ease of monitoring and reporting		<b>Medium</b>

## Communal repairs

Recommendation	Data/findings	Outcome for leaseholders	Team/s input	Priority
Monitor the digital service delivery project. to ensure that the introduction of mobile working for officers to order repairs and for the monitoring of the progress of repairs can be accessed by all residents online	We were advised that officers do not have mobile working facilities, but that it is included in the digital service project being undertaken	Greater transparency and in real time the progress of repairs to the block/estate	Business development	<b>Medium</b>

## Right to Buy

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
Introduce a requirement, as part of the RTB process, to carry out a home visit as a matter of course. Virtually all housing providers are now including a home visit as part of the RTB residency check, sometimes in the evening or weekend, unannounced	Advised that a home visit is not included as part of the process unless there are suspicions that the tenant may be acting fraudulently	THH will not waste resources on processing the application and also not have to release a discount to the tenant	Homeownership	High
Set a target timescale as part of the RTB and re-sale process for amending the database to reflect the new owner's name; We suggest a three-day timescale from receipt of the Notice of Transfer/Deed of Covenant	We found that there is no documented timescale for amending the database following an RTB sale or re-sale	Will ensure that the new owner is 'recognised' should they contact the HSC in the immediate following purchase	Homeownership	High
Review and update all documents required for the RTB sales packs and the re-	We were advised that the information held on	Will ensure that new leaseholders are provided with accurate information on	All teams	High

## Right to Buy

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
sale information in response to pre-sale enquiries on Comino. Nominate officers to be responsible for maintaining the information	Comino that officers use to prepare RTB offer notices and pre-sale enquiry packs is not always the most up to date	service charges and other relevant information when they buy		
Establish clear protocols with LBTH's fraud team for the turnaround timescale to deal with referrals	Advised that there are currently delays in responses from the LBTH fraud team following referrals by the RTB team	THH will meet RTB statutory timescales and not be financially penalised because of delays	RTB/LBTH	<b>Medium</b>
Monitor referrals and evaluate the costs saved in terms of discounts saved, where fraud is established in order to justify the process	Advised there is presently no evaluation of the cases referred to the fraud team of how much discount is saved	THH will understand if the team is a resource that should be provided in-house or contracted out as some organisations have done	Homeownership	<b>Low</b>

## Right to Buy

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
Ensure that officers utilise the RTB monitoring tool facility on the Northgate housing management system	Advised that the RTB monitoring functionality within Northgate is not always used and is therefore not reliable for reporting or for ensuring that the statutory timescales are being met	THH will have a reliable reporting tool and will know if it is meeting the statutory timescales	Homeownership	<b>Medium</b>
Carry out a satisfaction survey after the RTB sale is completed	Advised that there is presently no post (RTB) sale satisfaction survey to identify where improvements can be made to the service	THH will be in a position to identify where improvements can be made to the service	Homeownership	<b>Medium</b>

## Improving value for money

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
<p>Investigate the high value repairs pricing mechanism. If it is established high proportions of work by volume and value have been raised through a schedule of rates system, ensure that alternative pricing and procurement approaches are considered</p>	<p>We were provided with a 'repairs dump' for responsive repairs system for a three-month period from August to October 2018.</p> <p>Within the sample of repairs there were approximately 160 repairs with an invoice value over £1,000. The total value of repairs over £1,000 was a little over £292,000, suggesting that over a 12-month period approximately £1.2m of high-</p>	<p>To gain a better understanding of the pricing mechanism for repairs and to ensure value for money has been delivered for recharging to leaseholders</p>	<p>Asset management</p>	<p><b>Medium</b></p>

Improving value for money				
Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
	value repairs are being ordered			
Carry out an exercise to identify from users of Northgate within THH, the modifications that officers require to maximise efficiency across all areas	We were advised that Northgate does not for example provide for automatic escalation for income recovery; and cannot produce reports identifying leaseholders who default on payment plans	More efficient use of resources	All teams	<b>Medium</b>
Identify alternative approaches to 'over-linking' to Northgate, to avoid 'crashing' or 'freezing'	A number of officers advised that the housing management system is slow and can on occasions 'crash' due to overlinking	Improved efficiency	Business development	<b>Medium</b>

Improving value for money				
Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
When a situation arises where THH is uncertain if it can re-charge some costs or the works it is proposing might be deemed to be unreasonable, make an application to the FtT for a determination before it incurs costs	We were advised that the terms of the lease clauses can sometimes be ambiguous in terms of the repairing responsibilities of the parties but also whether works being contemplated are repairs or improvements	THH will be in a position to re-charge the costs of works	Asset management/home ownership	<b>Medium</b>
Monitor the closing down of the 159 final accounts we know are outstanding	We were advised that there are final accounts in respect of historic works yet to be issued	To ensure that the target date of end of the financial year 2019/20 is met. Leaseholders affected will have certainty about the costs and can move on.	Asset management	<b>High</b>
Implement a lease 'mapping' exercise to incorporate the terms that are relevant to the	We were advised that the consultation team	Will save THH resources in terms of time as it obviates the need for a succession of	Home ownership	<b>Low</b>

**Improving value for money**

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
finance team, the asset management team, the neighbourhood team	clarify the terms in respect of planned works, however other officers within homeownership will also be reading the leases to clarify terms, and this is repeated as the clauses are not noted	members of staff across different directorates from having to re-read them. It is a loss leader in terms of resource time		
As referred to above, update the website so that leaseholders and other residents can download forms such as applications to carry out alterations	We found that the website is limited in its functionality	Leaseholders will be able to self-serve and cut down on time wasted	Comms	<b>Low</b>
Introduce additional fees for the full range of administrative functions, ie, administrative charge for providing a copy invoice/actual statement, or for certificate of compliance, or for providing a copy lease. And	We were advised that whilst there are some charges in place for some administrative functions, ie, providing a re-sale	Income derived from the additional re-charges could be used to offset against the management fees in place	Home ownership	<b>Low</b>

## Improving value for money

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
that a process is established for re-charging leaseholders for fly-tipping	pack, there were a number of other personal requests from leaseholders that were not charge for and that there is no re-charge for clearing fly-tipped rubbish even when the perpetrator who is a leaseholder is known to THH			
Evaluate how many cases result in re-payment agreements being made by the financial inclusion officers and the value attached to those agreements	THH does not evaluate the cost benefit of having financial inclusion officers	By evaluating the costs and benefits will inform THH on resources	Home ownership	<b>Medium</b>
Evaluate cost reductions/capping of charges following FtT cases	We know that THH does not evaluate the cost reductions/capping of charges due to	THH can use the information to focus on the circumstances that attract a 'cap' or reduction, to address the issues that	Homeownership	<b>Low</b>

## Improving value for money

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
	FtT, compensation, S125 limitations or other reasons	resulted in the reduction, ie, training or policy decisions		

## Governance

Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
Extend the range of KPIs in place for measurement of income recovery to include increasing the number of written agreements and undertakings, and to include reducing the number of leaseholders in arrears	We were advised that there are 2,886 written agreements for repayment but that there is no target for increasing this number	Encourages officers to make contact with leaseholders to enter into repayment agreements.  Prevents leaseholders from falling further into debt that is unmanageable.	Home ownership	<b>Medium</b>

Governance				
Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
Consider introducing a target to reduce the number of complaints and ME	Whilst the number of ME and complaints is reported on there is no target in place to reduce the numbers received	We believe that if there was a target it would provide a greater incentive to getting things right first time, developing staff competencies and managing performance against policies and processes. This would meet an overall objective to increase leaseholder satisfaction	Asset management/ homeownership/ neighbourhoods	High
Where costs are 'capped' or removed due to a failure in service, or failure to consult under S20, ensure that the cumulative costs are reported within the relevant categories	We were advised that THH does not analyse the data relating to when re-charges are 'capped'	Enables THH to identify trends to inform on service improvements	Homeownership	High
Introduce reality checking of the leasehold service via 'mystery shopping'	We were advised that the service is not 'reality checked'	Findings would assist in identifying weakness in customer access and competency and knowledge	Business development	High

Governance				
Recommendation	Data/findings	Outcome for leaseholders/THH	Team/s input	Priority
	Leaseholders at the meeting and via the online survey commented about the lack of knowledge or lack of accountability that officers have	of officers		
Consider introducing an 'end of term review' or end of project review; what worked well and what didn't?	Ask for feedback from relevant officers, RLCs, consultation officers, neighbourhood officers	Important part of systems for continuous improvement		<b>Medium</b>

## 15. Glossary of terms

### **Alternative dispute resolution (ADR)**

A way to try to solve a problem without going to court. Based on principles of arbitration, adjudication, conciliation, mediation or early neutral evaluation. See Appendix four for details.

### **Arm's Length Management Organisation (ALMO)**

A management organisation (in this case THH) set up by a local council (in this case LBTH) to manage its stock of council housing and leasehold properties.

### **Asset Governance Group (AGG)**

Part of the procurement process for major works contracts. Made up of officers from the asset team, finance and the leasehold services team.

### **Association of Retirement Housing Managers (ARHM)**

Trade association body for the retirement housing sector.

### **Benchmarking**

A way of comparing services or performance by different organisations.

### **Comino**

Software used by THH – document management system.

### **Digital service delivery project**

THH project to improve and innovate on IT.

### **FENSA certificate**

Warranty on building works/repairs.

### **First Tier Tribunal (FtT)**

Government agency that handles applications, appeals and references in settling of disputes in relation to leasehold property.

### **Ground rent**

Part of charges to leaseholders, notified via Notices S21B and S166.

### **Income recovery**

THH service that follows procedures to recover payment when a leaseholder (or tenant) is in arrears on their account.

### **KPI**

Key performance indicator. A measure of performance, satisfaction, or the quality of services - used to track improvements over time or compare with other organisations.

### **KWEST**

Customer satisfaction measure.

**London Borough of Tower Hamlets (LBTH)**

The local council (local authority) for this part of London.

**Macro**

A detailed breakdown of the costs listed on a leaseholder's service charges final account.

**Major works**

Repairs or maintenance work that is planned in advance. These types of works are usually larger scale, such as replacing the roof of a block.

**Members' enquiries (ME)**

Questions to the THH service from local councillors.

**Mystery shopping**

A way of checking on the quality of services to leaseholders (or other customers) by asking an independent person to use a service, posing as a customer, and report back on their experience.

**MyTHH**

Online portal for leaseholders to access details about their account with THH.

**Neighbourhood Management Review (NMR)**

THH exercise to review and improve local services, begun in 2017.

**New Deal (ND)**

A package of specific services provided by THH for leaseholders.

**PDA**

Personal digital assistant – a handheld IT device used by housing officers.

**Pre-action protocol**

A procedure to be followed before court action can be taken to recover arrears from leaseholders.

**RAMS**

List of repairs and maintenance sent to leaseholders.

**Reality check**

Checking whether a service meets in practice what its stated aims and targets are on paper.

**Resident liaison co-ordinators (RLCs)**

Officers who attend site meetings and are tasked with, amongst other issues, arranging/negotiating access where necessary, and dealing with complaints.

**Responsive repairs**

Day-to-day repairs carried out in response to a request. These are usually relatively small in scale, such as replacing broken lighting on stairs.

**RICS**

Royal Institution of Chartered Surveyors, the professional body for professionals in the surveying industry.

**Right to Buy (RTB)**

Government scheme that helps eligible council and housing association tenants in England to buy their home with a discount.

**S20**

Section 20 of the Landlord and Tenant Act 1985. This **law requires that leaseholders paying variable service charges must be consulted before a landlord carries out qualifying works.**

**S22**

Section 22 of the Landlord and Tenant Act 1985. This law gives leaseholders the right to request a summary of the service charge account and to inspect accounts.

**Service charge**

Regular charge that leaseholders must pay for day-to-day services, responsive maintenance, dealing with fly-tipping and similar work.

**Tower Hamlets Homes THH)**

The Almo that manages leasehold properties on behalf of the London Borough of Tower Hamlets.

**Unique Property Reference Number (UPRN)**

A numbering system for each property managed by THH, to ensure correct identification.

## **Appendix one: The stages of the review**

### ***Stage one: desktop study***

As part of the review we requested a range of documents covering the different aspects of the service, ie:

- Copies of leases
- Policies and procedures
- Improvement plans and progress against them
- Structure charts so that we are clear on roles and responsibilities
- Financial and cost information
- Strategies, eg, value for money, asset management
- Latest performance reports showing performance against KPIs
- Customer feedback, eg, satisfaction, complaints
- Copies of all customer facing information, eg, leaflets, letters, and statements.

### ***Stage two: in-depth interviews with key staff***

We conducted interviews with officers from the many directorates and teams that have some involvement with providing the leasehold service including finance, asset management, responsive repairs, Right to Buy, neighbourhood management, estate services to gain in-sight to how they interact with each other. Poor communication between the different teams can be a key factor for poor levels of service. We therefore paid particular attention to this.

We also used the meetings as an opportunity for officers to explain to us about how the organisation manages performance and develops the skills and capacity of its staff in their respective role; what targets and measures of success are they required to achieve?

### ***Stage three: benchmarking and good practice***

The brief asked us to consider benchmarking information relating to performance and cost, as well as what other providers have in place in terms of processes and structures. Benchmarking is an inherently contentious and difficult arena where there is rarely an 'apples with apples' or like-for-like comparison that can be made. We have attempted to obtain information with our various contacts at other local authorities about how they operate and how they are structured, together with some limited data.

We have considered current best practice, and the 'norm'.

We have used HQN's Leasehold Excellence Network (LEN) benchmarking data to inform our comments and observations with regards to benchmarking and best practice.

### ***Stage four: Leaseholder workshops***

THH wanted HQN to capture the views of leaseholders on the priorities that needed to be addressed. Therefore, the project board arranged four workshops with leaseholders; three with resident leaseholders and one with leaseholders who sub-let their property.

The objective was to gain feedback from leaseholders about their understanding of their desired outcome from the review, identify areas for improvement, and ultimately to consider the options recommended within this report to improve the services to leaseholders.

The group of resident leaseholders was a consistent group, ie, the same leaseholders were invited to the three resident leaseholder meetings to discuss a different topic at each of the meetings. They were arranged in the early evening to accommodate people who were working.

A different topic was chosen for discussion at each of the three meetings:

- How to improve value for money
- How to improve transparency
- How to improve communication.

All three topics were discussed at the meeting held with the non-resident leaseholders.

### ***Stage five: Online survey***

There was limited capacity for all leaseholders to attend the above meetings therefore an online survey provided an opportunity for those leaseholders who were not able to attend to give feedback on the same issues as well as wider feedback on general issues of concern.

### ***Stage six: Assessment and draft report***

HQN assessed the information that it had collected against an assessment framework that incorporated:

- Relevant legal and regulatory requirements
- Performance measures in place for the service
- HQN's assessment of current best practice for leasehold management – including references to our leaseholder and homeowner accreditation.

**This information was then used to prepare the final report.**

## Appendix two: Leaseholder meetings

The table below provides detail of the attendance at each meeting.

Date & Session	Registered	Attended
3 October 2018 – Resident Leaseholder	11	7
4 October 2018 – Non-Resident Leaseholder	10	5
10 October 2018 – Resident Leaseholder	11	5
17 October 2018 – Resident Leaseholder	11	7

### *Leaseholder comments at first meeting.*

#### *Topic of discussion – Improving transparency*

- Leaseholders are sent a list of repairs and maintenance (RAMS) carried out every six months to 'key leaseholders':
  - No explanation of where the repairs is
  - Some duplication
  - If there is a repair refund (compensation) does it include the management fee?
  - What is covered by the management charge?
  - Would like where it is and what it is
  - Only get cost of the job not the management fee element
  - Availability that on request is not well advertised
  - List identified 19 x lights and 19 x ladders – if this refers to terminology in line with SOR, needs to be addressed or explained
  - Make it clear how many attempts to fix a problem. Mears and then THH attend to do same job?
  - If you don't know the answer – say so
  - Delays as have to wait for a response from Mears/have to chase them up. Who is monitoring who is accountable? – staff training
  - Not easy to argue costs. Cost of the repair – it doesn't say anything about the management cost

- Charges – how do you argue against them? Nothing to explain the process or how to go about it. It's not easy to do this. There should be something which explains what to do
- If lights are out the caretakers deal with them – efficiently
- Contract issues – not just Mears. They don't have a system in place
- They don't take their responsibility seriously
- Changes in personnel (there is a high churn level) are an issue.

### ***Day to day repairs***

- Could there be real time reporting/updates on repairs, eg, XXX repairs has been raised notification via SMS (not much response about this from the group). Raised by Jackie.

### ***Major works***

- Don't understand S20 documents, not user friendly
- THH
  - Has a communications group
  - Now involve residents for past six/nine months
  - Have meetings
  - Things have moved on
  - There is more transparency
  - Be more pro-active
  - People's experience of this had varied
  - Consultation with residents (local knowledge) could gain VfM and address other issues
  - Would like contact details for contractor
  - 1x l/h received a letter from the contractor advising that a portakabin would be parked on her parking space for the duration of works and if she wanted to discuss please call – letter had no contact details at all, no number, no name, no email
  - How are contractors appointed?
  - S20 – not clear when it refers to observations, does this include comments about contractors?

- THH will need to think about how it gets message across that it is obtaining VfM:
  - How can it be when works is sub-contracted
  - Are bigger companies better? Monopolies.
- Works on block – shouldn't be cloned. Need to use local knowledge as not all the blocks need the same
- Use the opportunity to design out problems, eg, Ian and engineer came to redesign ASB. But only because Ian (board member) knew who to contact
- Accountability – there is none when things go wrong there is no consequence, eg, giving wrong advice, repairs not done
- Contractor details – frustrating when no number, no email no details on their door
- Contractor staff – really nice but don't get the job done
- Insurance 'increased from £170 to £300
  - They changed contractor
  - What does the policy include
  - What is the cover?
  - What is the l/h responsible for?
  - Clarity about commission/admin
  - Training for officers to explain clearly about arrangements.
- L/H attended a meeting regarding accounts and THH agree to issue only one invoice that had s/c, GR, and insure on it
- 'Any credits go to next year's account but if we owe money we have to pay in 28 days' should get overpayments back like BT
- 'Repay the credit only if the account is clear but not if paying over the year' – this is in line with lease terms
- Processes and inconsistencies depending on the leases
- Damage by THH and no help/facilitation – why
- 90 days policy – no transparency or accountability, had to have evidence as was over time but didn't have any. Told the wrong thing and person had left
- Lack of training and knowledge
- What's included – windows? Told no
  - Depends on the lease – two lease types

- Did used to get three bills – after a lot of discussion and leaseholder input its now just the one
- Want more detail on management fee
- Good on caretaking/block and estate charge
- Fly-tipped rubbish is being charged across an area not by block as the arrangement was abused
- Can see statement but no payments
- In arrears – but paying to agreed schedule – but not in line with the lease
- Terminology needs to be clear
- Accounts could improve – but they do get information
- Itemised bill but still not clear
- Good information broken down on caretaking
- £50 bulk rubbish – not done by block
- Caretaking gone up – but was informed not being done because of the major works
- Staff example – lunch on the estate and leave their rubbish
- Leave cars parked “no site”. Need to take photo and report.

### ***New Deal***

- Only one out of eight at the meeting had heard of it from the Open Door mag. But as we discussed it a few others said they had vague recollection of hearing of it
- Only way to find things out is word of mouth
- Option on contact centre menu to have alternate languages
- Assume that if send out information leaseholders will all read it – but they are busy. Can't read it all
- Get to hear things word of mouth mostly – from other leaseholders
- Would like an option on the telephone for leaseholder's new deal
- Staff should learn a few sentences in key languages on the contact centre as hard to communicate and explain.

### ***MyTHH***

- Two of eight had signed up. Has a long way to go. can report repairs with some difficulty
- Not many use it

- Some signed up but couldn't do much – first experience not good so not gone back to it
- It's a good start but needs to be developed further
- No proper information on it – statements don't have the payments showing
- Has potential but not there yet
- “Jump the queue” message – wording needs to be changed as gives the wrong impression.

## **Leasehold meeting - second meeting held with resident leaseholders**

### ***Topic of discussion – Improving financial information***

#### ***Management fees:***

- Not broken down
- Management fees – cost of management divided by no. of residents. ‘Only a small part of the overall bill’
- Not enough effort given to tracing source of fly-tipping – caretakers must know often; they see when people are having work done. No intelligence?
- Not happy that ASB is apportioned across a ‘map-site’
- Non-resident leaseholders increase costs of dumped rubbish as they do not benefit from LA free pick up service. What is the basis of the charge – type or weight, £ per item?
- Are they using the GIS to identify the problem areas?
- Want improved information on costs of ASB/resident involvement/pest control.

#### ***Major works***

- Received a NoP three to four years ago in which it referred to my block as a 60's when it was mid-seventies. The detail of the work required did not match the block – referred to a non-existent hallway
- The new accounting for MW approach is not helpful as it indicates in estimate a figure but at that point l/holders have no idea what is proposed. And there is insufficient due diligence given to the detail at that point
- HQN mentioned about the Living in my neighbourhood web link. A resident at the meeting looked it up for his block – it was out of date and did not provide sufficient detail. It is not helpful when selling

- One leaseholder advised that the scaffolding was removed after works completed and then THH used drones to check the work!
- One leaseholder is still arguing and getting compensation back on roof works that are being carried out on a roof replaced in 2009 that is still under a 20-year guarantee – she had a copy of the guarantee but THH didn't!
- Estimates suggest THH include a map of the estate to indicate how costs are apportioned
- Want more info on R&M/how consulted/approach and if not planned and under the S20 cost limits how communicated
- Want to know about guarantees/warranties
- Caretaking – good/know what they should do/'our guy is great'
- Grounds maintenance – the manager listens, there is openness, comes back with the information
- Final accounts – want estimate v actual and the variance and the reason why (FAQ)
- For vulnerable residents provide additional information at all times.

### **Leasehold meeting – third meeting with resident leaseholders.**

#### ***Topic – Improving value for money***

- Do THH look at sustainability? – Perhaps spend more to gain a longer life, and so less disruption. Solar panels?
- Need comparisons as don't know if we get VfM
- Look at opportunities – become a trailblazer
- MW and R&M – accountability
- THH have cut the no. of housing officers an increased patch sizes but this does not allow for holidays or sickness – had an estate inspection planned but no HO turned up
- Would be willing to pay a little more for a housing officer/for a service
- Is there management of sickness – we use 1st Care
- MW – changes are not immediately visible
- There needs to be better data about the buildings so HSC understands the block/building
- Staff turnover is high, and knowledge goes
- Automatic letters generated are not tailored to suit circumstances or consider history

- In today's age there should be greater use of IT/digital and not so many letters that are not read. But to remember the digitally excluded
- Lack of training and procedures – leaseholders turning up at Housing offices with ID they are told is not acceptable to meet security criteria – leads to inefficiency
- Do not want compensation – want accountability
- Management needs to be closer to operations to understand the issues
- Need to place a greater emphasis on getting it right – spend more time, empower officers
- Why cannot HSC operatives not have an expert in a particular field. Have a board that identifies the officer who is expert in a subject. Need to address turnover issue first
- Succession planning
- ASB – want visibility/timeliness/authority/enforcement
- Don't use community facilities for, eg, youths
- Should be more joined up thinking with LBTH and the community
- Work more effectively with other providers who perhaps don't have their own caretakers, reducing duplication of services – lots of organisations/agencies doing the same
- Getting the balance right – people should be encouraged to learn English so THH don't have to pay for interpreters.

## **Leaseholder's comments – non-resident leaseholders**

### ***Topics discussed – Improving transparency/financial information/VfM***

#### ***Transparency***

- Who are the other leaseholders? Want THH to help networking. Previous committees have been abandoned – want one that works, a voice for leaseholders that speaks to leaseholders
- How can we get together? What's the Council's interest in the building? Typical of demographics across London – half are non-resident leaseholders
- Make it clear about roles
- Reporting a leak is very difficult
- The first question asked is 'are you a leaseholder?'

- Mears
  - Useless/inefficient
  - After 11 months a leak has still not been dealt with
  - No accountability
  - Tel. No. given on the website – rang it for three days but not answered
  - Lots of sub-contractors – No chasing up by Mears.

### **Financial information**

- Want more information on what is included in the management fee for day to day services. Service charge up by 38%, insurance by 100%
- Some examples given of paying to locate the stop cock (£70) and trying to get a repair done via website/telephone. Being sent around the houses
- Another example of wasted money – pipes not lagged, central heating can't be switched down, so tenants leave the windows open and heating bills soar
- Major works – provisional costs are high, has to be reasonable
- Limited repayment options for non-resident leaseholders
- Major works costs can be spread over two to three years, the revised accounting is less transparent
- THH should advise that there may be further invoicing for further work in subsequent years
- Officers can't pick up the thread of the communication
- There was no pre-consultation on the new billing arrangements, the 5% discount is not provided if not able to pay within three months
- D-D R&M
  - Get the RAMS if ask
  - Can email repairs
  - SMS is in place to advise repair complete – but not efficient/broken
  - Not confident about the IT
  - Want better information so that can scrutinise for, eg, duplication
  - Want a proposed schedule of works
  - Final accounts
    - Have to ask for why there are differential costs – there are some FAQ's.
- Caretakers – all but one said fantastic, 'go out of their way to be helpful'

- Mears
  - Processes are not effective
  - They are also frustrated
  - Not value for money, not RFT
  - Caught up in systems
  - Not in a position to make judgement about money as don't see the charges.
- Licensing of sub-lets is in place but not everyone obtains a licence – why? Depends on the area. Currently running a pilot. THH most popular ABNB borough in London
- Order for sale – escalation process?
- Services generally
  - Not told by THH what service standard to expect so can't judge if it is good/VfM
  - Grounds maintenance – generally good except for dog mess
  - Gardening – no idea?
  - Window cleaning – does it ever get done?
  - Are management fees VfM?
- There are empty derelict spaces – one leaseholder wanted to buy one but had no response
- Bulk rubbish – an issue
- Overall lack of accountability.

### ***Value for money – Want***

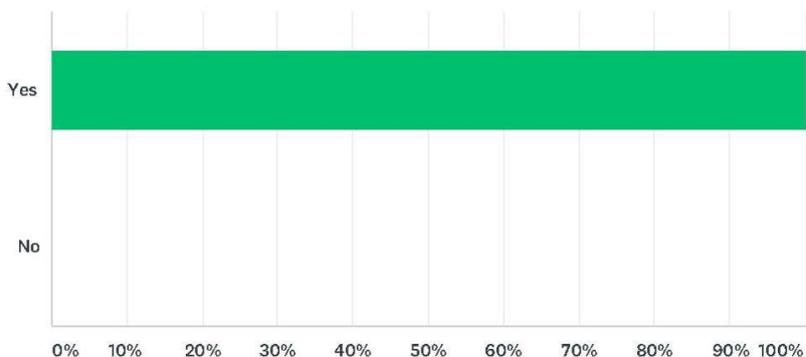
- No cloning
- Officers to take ownership
- There is no monitoring
- Cross over of contractors/sub-contractors – warranties get lost/poor record keeping
- There is no photographic record/evidence – no confidence
- Does THH have protocols for communication
- No policy of planned dilapidations
- Why not listening to leaseholders who say don't want it – more maintenance other IT can be adopted – reference to introduction of video door entry systems

- Want more sent digitally/email
- What is THH's investment policy? – cheapest of longer life/term
- Major works letters need revising – example of one leaseholder receiving two large bills. Dealt with by a school leaver – you have to pay for it. Need to have nerves of steel – no one on the phone to explain anything
- Window frames came up again
- Why are certain responsibilities for repairs with THH and others with L/H?
- Can't go direct to Mears
- Provisional costs very high for major works
- No consultation about blending major works with service charges
- Repayment options don't apply to non-resident leaseholders
- MyTHH – four of five had heard of it/one used it/no confidence/feel it is not secure/takes more time/prefer to talk to a human being
- New Deal – two of five had heard of it/had leaflets/one L/H tried to use the service but there was no answer on the number given
- Takes more time to register, etc
- Lack of accountability overall
- What happens if you log on and you are in dispute – what is shown on your account?
- Publicity about drug dealing in the local news – THH ever slothful.

## Appendix three: Questionnaire

### Q1 1. Are you a Tower Hamlets Homes leaseholder?

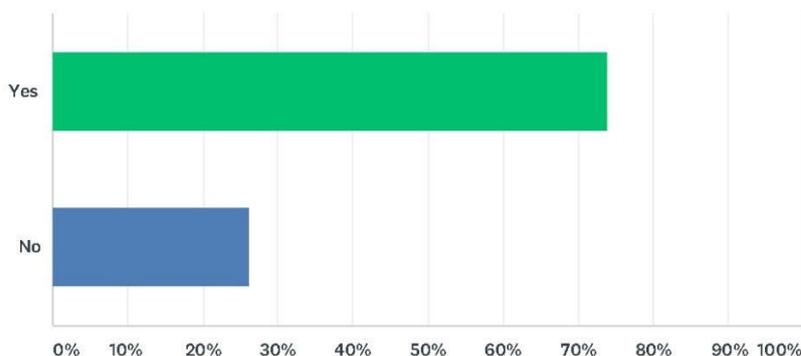
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	214
No	0.00%	0
TOTAL		214

### Q2 2. Do you reside in a Tower Hamlets Homes property?

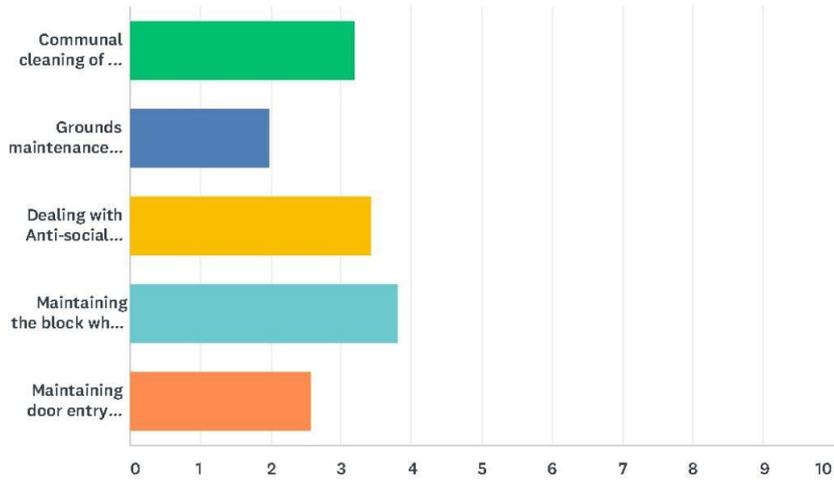
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	73.83%	158
No	26.17%	56
TOTAL		214

**Q3 3. Please mark the following services in order of importance to you ('1' being the most important '5' being the least).**

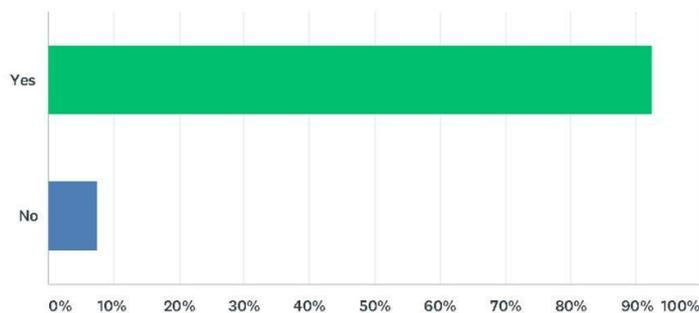
Answered: 214 Skipped: 0



	1	2	3	4	5	TOTAL	SCORE
Communal cleaning of the stairways and landings	15.42% 33	28.04% 60	24.30% 52	25.23% 54	7.01% 15	214	3.20
Grounds maintenance (gardening)	2.34% 5	9.35% 20	19.16% 41	22.43% 48	46.73% 100	214	1.98
Dealing with Anti-social behaviour	32.71% 70	20.56% 44	15.42% 33	20.56% 44	10.75% 23	214	3.44
Maintaining the block where you live	38.32% 82	23.36% 50	21.50% 46	14.02% 30	2.80% 6	214	3.80
Maintaining door entry systems and CCTV (if applicable) to keep you secure in your home	11.21% 24	18.69% 40	19.63% 42	17.76% 38	32.71% 70	214	2.58

**Q4 4. Are you aware that the above services are paid for through your service charge?**

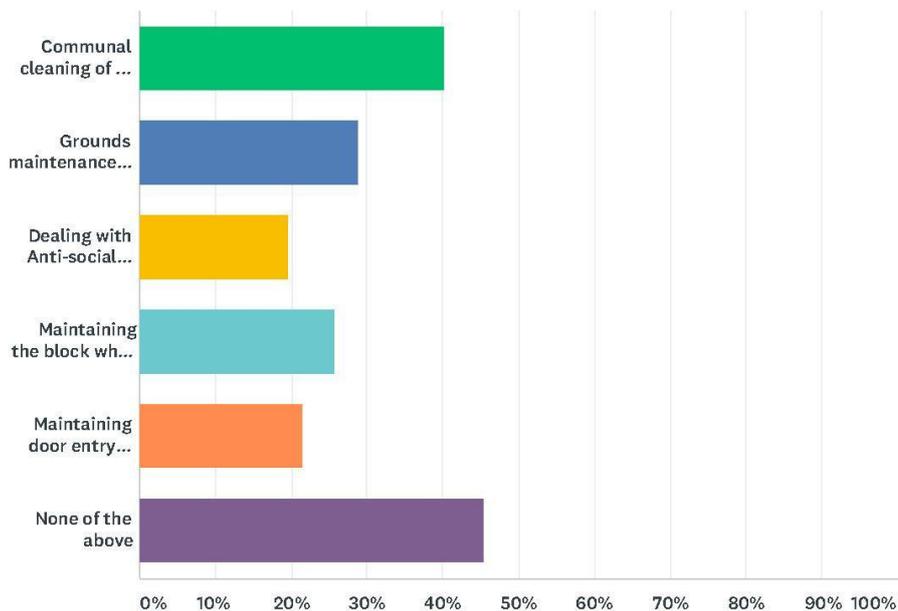
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	92.52%	198
No	7.48%	16
TOTAL		214

## Q5 5. Please select the service(s) you think represent value for money?

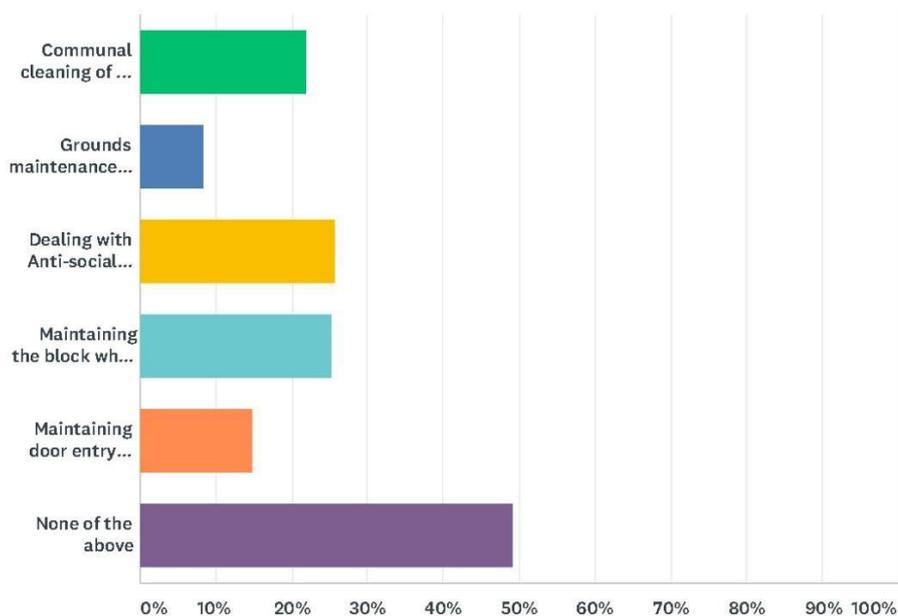
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Communal cleaning of the stairways and landings	40.19%	86
Grounds maintenance (gardening)	28.97%	62
Dealing with Anti-social behaviour	19.63%	42
Maintaining the block where you live	25.70%	55
Maintaining door entry systems and CCTV (if applicable) to keep you secure in your	21.50%	46
None of the above	45.33%	97
Total Respondents: 214		

## Q6 6. If you were asked to pay more to improve a service, please select the service(s) you would be willing to pay more for?

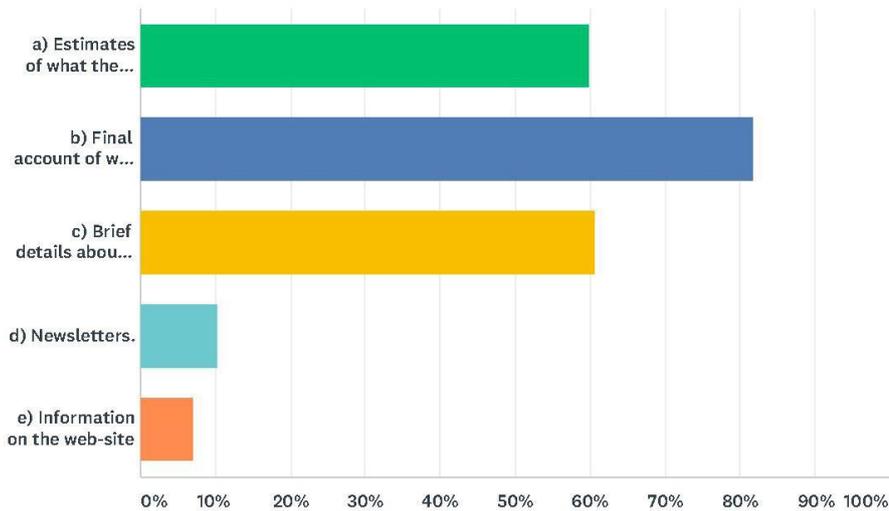
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Communal cleaning of the stairways, landings and communal areas	21.96%	47
Grounds maintenance (gardening)	8.41%	18
Dealing with Anti-social behaviour	25.70%	55
Maintaining the block where you live	25.23%	54
Maintaining door entry systems and CCTV (if applicable) to keep you secure in your home	14.95%	32
None of the above	49.07%	105
Total Respondents: 214		

Q7 7. Tower Hamlets Homes provides information throughout the year through several means. 7a. select 2 from the list below, that are the most important to you

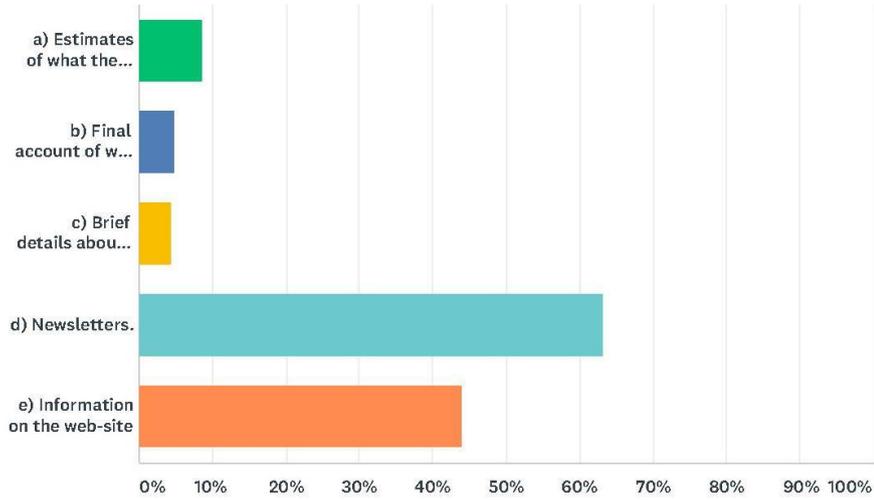
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
a) Estimates of what the service charges will be at the beginning of the year.	59.81%	128
b) Final account of what has been spent compared to the estimate at the end of the year.	81.78%	175
c) Brief details about planned work that will cost more than £250 in addition to the yearly charges.	60.75%	130
d) Newsletters.	10.28%	22
e) Information on the web-site	7.01%	15
Total Respondents: 214		

## Q8 7b. Select 1 which is least important to you?

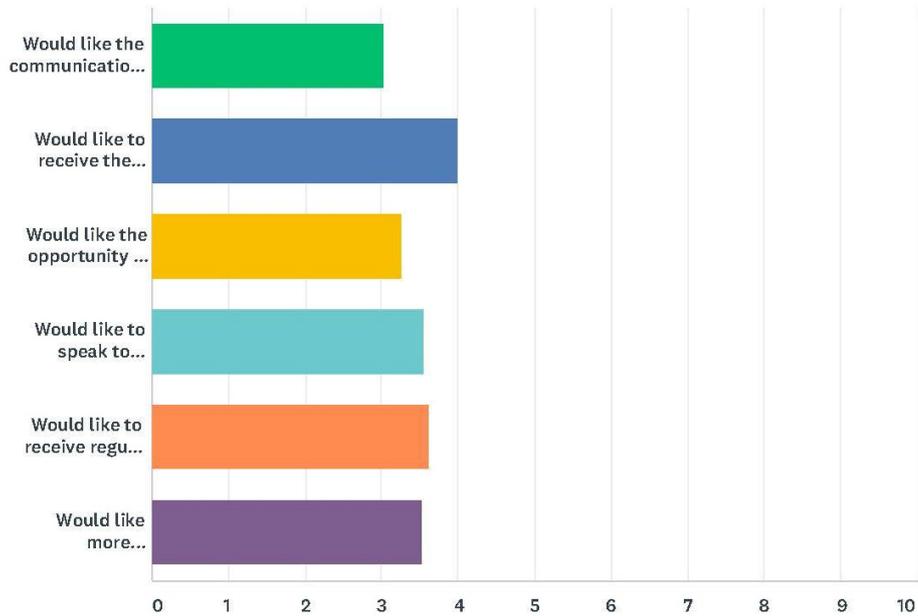
Answered: 209 Skipped: 5



ANSWER CHOICES	RESPONSES	
a) Estimates of what the service charges will be at the beginning of the year.	8.61%	18
b) Final account of what has been spent compared to the estimate at the end of the year.	4.78%	10
c) Brief details about planned work that will cost more than £250 in addition to the yearly charges.	4.31%	9
d) Newsletters.	63.16%	132
e) Information on the web-site	44.02%	92
Total Respondents: 209		

**Q9 8. In order of priority from 1 – 6, how would you rate the following improvements to communication from THH? (1 being the most important and 6 being the least)**

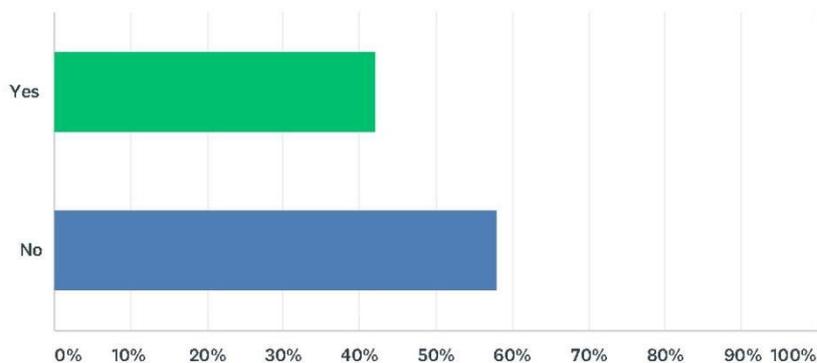
Answered: 214 Skipped: 0



	1	2	3	4	5	6	TOTAL	SCORE
Would like the communication in plain English	22.43% 48	7.01% 15	9.81% 21	10.28% 22	13.08% 28	37.38% 80	214	3.03
Would like to receive the communication in a timely manner, not last minute	18.22% 39	24.30% 52	18.69% 40	19.63% 42	16.36% 35	2.80% 6	214	4.00
Would like the opportunity to discuss issues with someone face-face	14.02% 30	14.49% 31	18.69% 40	11.21% 24	19.16% 41	22.43% 48	214	3.26
Would like to speak to someone over the phone to discuss issues	13.55% 29	17.29% 37	14.95% 32	29.91% 64	14.02% 30	10.28% 22	214	3.56
Would like to receive regular and more frequent updates on matters such as when THH are carrying out or proposing to carry out major works	14.95% 32	18.69% 40	19.63% 42	14.49% 31	24.30% 52	7.94% 17	214	3.62
Would like more information on major works proposals	16.82% 36	18.22% 39	18.22% 39	14.49% 31	13.08% 28	19.16% 41	214	3.54

## Q10 9. Are you registered with MyTHH? If no, skip to question 10

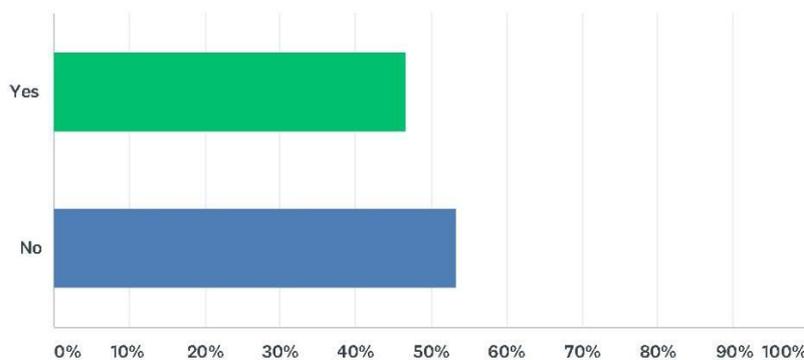
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	42.06%	90
No	57.94%	124
TOTAL		214

## Q11 9a. If you have used My THH, has it been useful?

Answered: 90 Skipped: 124

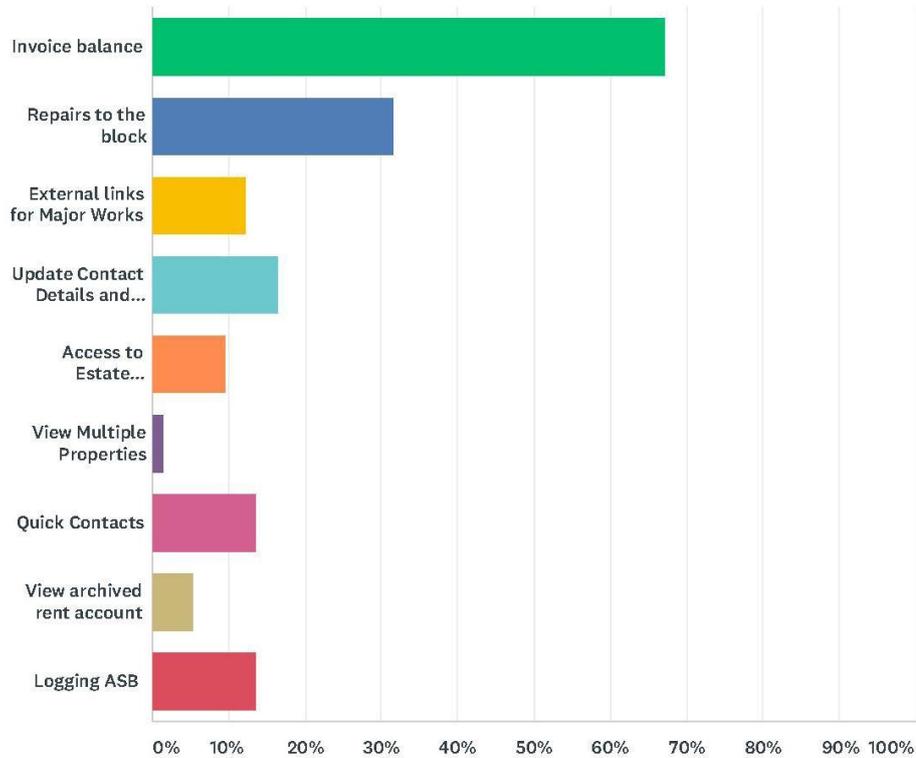


ANSWER CHOICES	RESPONSES	
Yes	46.67%	42
No	53.33%	48
TOTAL		90

Q12

9b. Which functions of MyTHH have you used in the past three months?

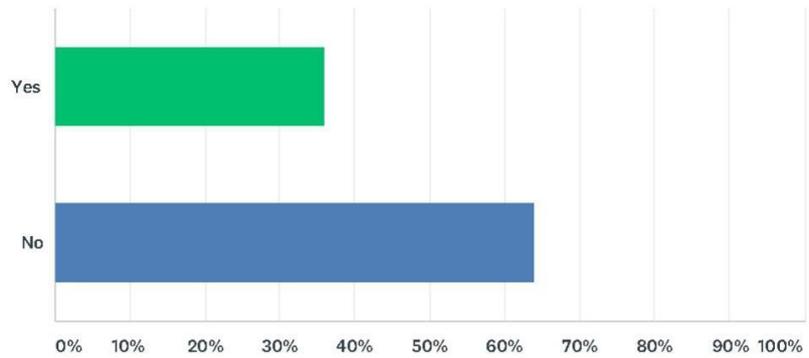
Answered: 73 Skipped: 141



ANSWER CHOICES	RESPONSES	
Invoice balance	67.12%	49
Repairs to the block	31.51%	23
External links for Major Works	12.33%	9
Update Contact Details and other personal information	16.44%	12
Access to Estate Facilities (e.g. parking spaces, garages and sheds)	9.59%	7
View Multiple Properties	1.37%	1
Quick Contacts	13.70%	10
View archived rent account	5.48%	4
Logging ASB	13.70%	10
Total Respondents: 73		

**Q13**      **9c. Do you find it easy to find the information you are looking for on MyTHH?**

Answered: 97    Skipped: 117



ANSWER CHOICES	RESPONSES	
Yes	36.08%	35
No	63.92%	62
<b>TOTAL</b>		<b>97</b>

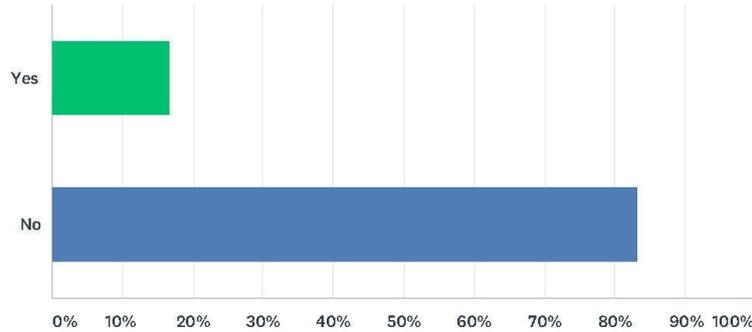
THH Leaseholder Questionnaire

Q14 What else would you like MyTHH to offer/provide?

Answered: 39 Skipped: 175

**Q15 10. Have you heard of the gas servicing deal for leaseholders with Mears contractors? If no, skip to question 11**

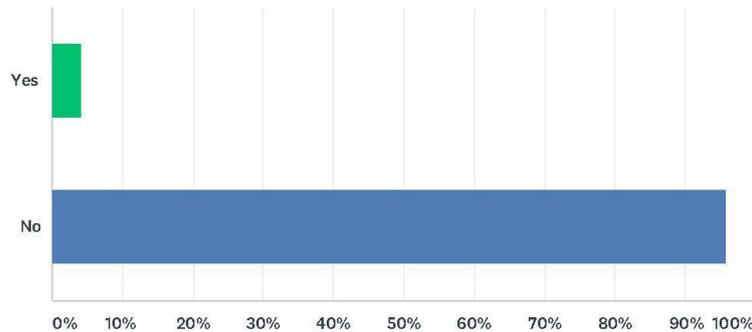
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	16.82%	36
No	83.18%	178
TOTAL		214

**Q16 10a. Have you used the gas servicing deal?**

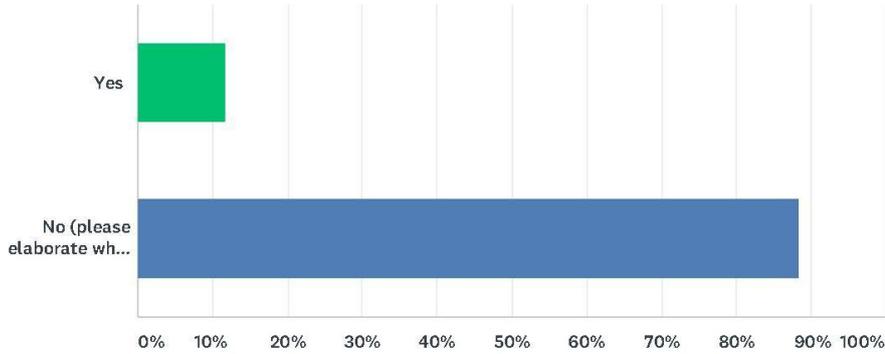
Answered: 95 Skipped: 119



ANSWER CHOICES	RESPONSES	
Yes	4.21%	4
No	95.79%	91
TOTAL		95

**Q17 10b. If you have used it, were you pleased with the service overall?**

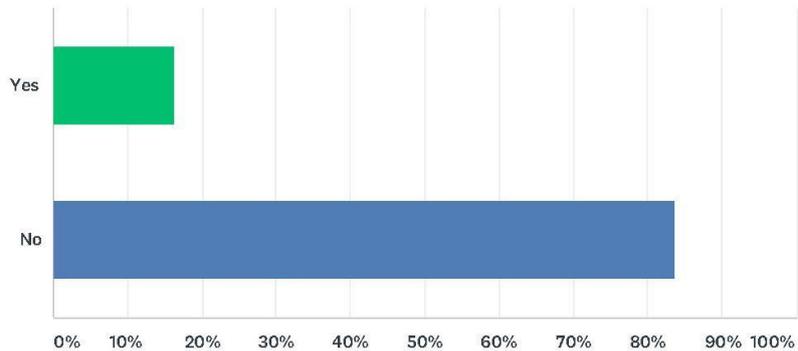
Answered: 17 Skipped: 197



ANSWER CHOICES	RESPONSES	
Yes	11.76%	2
No (please elaborate why not)	88.24%	15
<b>TOTAL</b>		<b>17</b>

**Q18 11. Have you heard of the block shut down service (to turn off water or heating for your block, when carrying out home improvements) for leaseholders with Mears contractors? If no, skip to question 12**

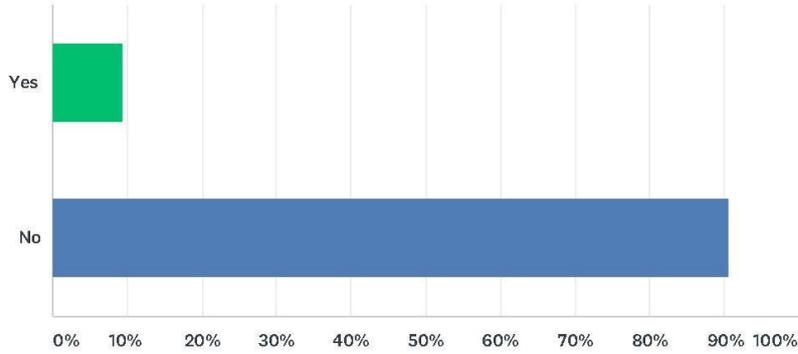
Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	16.36%	35
No	83.64%	179
<b>TOTAL</b>		<b>214</b>

**Q19**      **11a. Have you used the block shutdown service?**

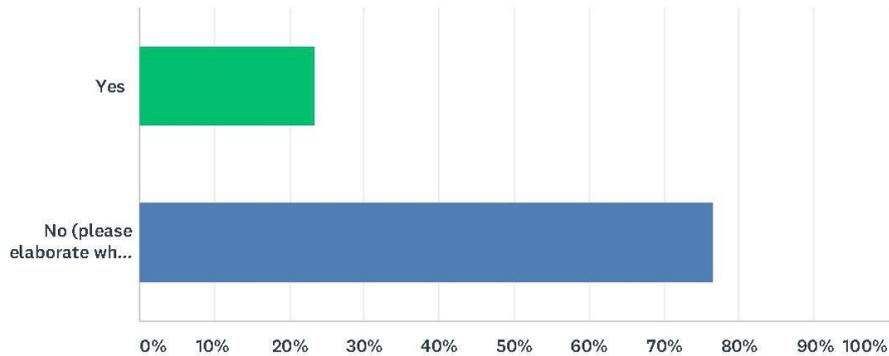
Answered: 75    Skipped: 139



ANSWER CHOICES	RESPONSES	
Yes	9.33%	7
No	90.67%	68
<b>TOTAL</b>		<b>75</b>

**Q20**      **11b. If you have used it, were you pleased with the service overall**

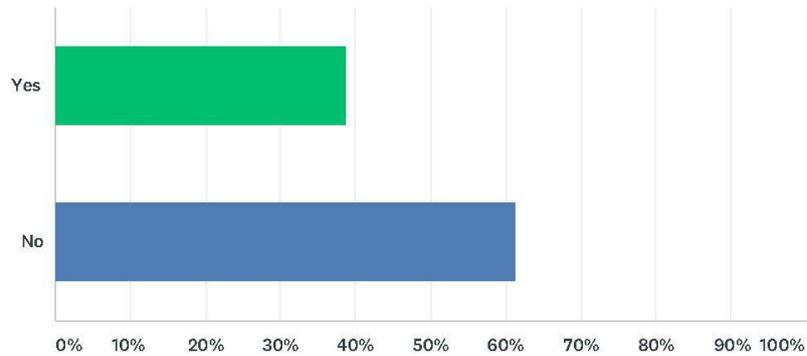
Answered: 17    Skipped: 197



ANSWER CHOICES	RESPONSES	
Yes	23.53%	4
No (please elaborate why not)	76.47%	13
<b>TOTAL</b>		<b>17</b>

Q21 12. THH changed the way it notifies you of planned major works due to take place in the next year. It now tells you in March, have you found this is helpful?

Answered: 214 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	38.79%	83
No	61.21%	131
TOTAL		214

## Tower Hamlet Homes Leaseholder Questionnaire

***What suggestion would you make to improve transparency? Operating in such a way that it is easy for leaseholders to see what actions Tower Hamlet Homes perform***

Respondent No.	Date	Response
15	Nov 14 2018 03:28	Better one to one communication we'll in advance of any changes, plus a follow up call
16	Nov 14 2018 02:11	An online account which displays breakdown in plain English of what is being spent, why and what for – an early alert that there has been a major change from the estimate – not just before Christmas demanding payment
17	Nov 14 2018 02:05	Bring back noticeboards to let us know what you're doing and how to contact local caretakers
18	Nov 14 2018 01:37	Generally ok with current information

## Appendix four: Alternative Dispute Resolution Methods

Collectively these are referred to as methods of Alternative Dispute Resolution (ADR). Useful summaries of the various methods of ADR are available from LEASE and within the RICS Commercial Code of Practice, "Service Charges in Commercial Property 3rd Edition":

<http://www.lease-advice.org/advice-guide/alternative-dispute-resolution-2/>  
[https://www.rics.org/Global/Service\\_charges\\_in\\_commercial\\_property\\_3rd\\_edition\\_PGguide\\_2014.pdf](https://www.rics.org/Global/Service_charges_in_commercial_property_3rd_edition_PGguide_2014.pdf)

Alternative Dispute Resolution is generally encouraged by the courts and tribunals. Indeed, parties to litigation may find themselves criticised or even penalised if they decline to attempt settlement through ADR.

The five principal methods of ADR are:

- Arbitration
- Adjudication
- Conciliation
- Mediation
- Early neutral evaluation.

### **Arbitration**

The parties to a dispute can agree to refer it to an independent arbitrator and to accept the arbitrator's decision as final and binding. An arbitration is usually conducted informally without the need for a hearing. The arbitrator will often decide the issues on written representations alone.

It is not uncommon for leases to contain arbitration clauses setting out a mechanism for appointing an arbitrator to determine disputes between landlord and leaseholder and, sometimes, between leaseholders. Such clauses are less effective nowadays because the Commonhold and Leasehold Reform Act 2002 provided (put simply) that the only form of valid arbitration agreement for disputes between landlords and leaseholders is a "post-dispute arbitration agreement".

A post-dispute arbitration agreement is one which both sides agree to use when the existence of the dispute is already known.

The rules and procedures governing arbitrations are laid down by the Arbitration Act 1996 and post-dispute arbitration agreements must abide by them.

## ***Adjudication***

The parties to the dispute refer it to an independent adjudicator who is often a trained arbitrator or mediator. The adjudicator will read the relevant papers and, unlike an arbitrator, can ask the parties to clarify matters. The adjudicator's decision is issued and is not as final and binding as that of an arbitrator but will be taken into account if the matter goes on to a court. Adjudication is less expensive, more consumer friendly than arbitration and has a high success rate in resolving disputes.

## ***Conciliation***

Conciliation tends to be lumped together with mediation, but it is slightly different. Conciliation occurs when the parties are encouraged (often by a professional organisation to which one party belongs) to sit down together and try to negotiate a mutually acceptable solution. If they fail to agree, they can go on to other forms of ADR or proceed to litigate.

## ***Mediation***

Mediation is achieved when the parties agree to appoint a mediator (or when one is appointed for them by the court, for example) who will attempt to facilitate a resolution by assisting the parties to put their cases before each other and negotiate – usually with the mediator acting as go-between.

The mediator will not act as an arbitrator and decide the case, so if the parties fail to come to an agreement they may need to resort to litigation.

## ***Early Neutral Evaluation***

Early Neutral Evaluation is an assessment of the issues in dispute, designed to serve as a basis for further negotiations and to avoid the time, expense and anxiety caused by unnecessary litigation. An independent expert expresses an opinion on the merits of the issues raised by the parties. The opinion is not binding but gives an unbiased evaluation of the relative strengths of the parties' cases, and guidance as to the possible outcome if the matter proceeds to the First-tier Tribunal (Property Chamber).

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