

**REPORT FOR: OVERVIEW AND
SCRUTINY COMMITTEE**

Date of Meeting: 27 April 2011

Subject: Scrutiny Lead Members Report

Responsible Officer: Alex Dewsnap, Divisional Director
Partnership Development and
Performance

**Scrutiny Lead
Member area:** All

Exempt: No

Enclosures: Report from the Scrutiny Lead
Members

Section 1 – Summary and Recommendations

The report accompanies the reports from the Scrutiny Lead Members.

Recommendations:

The Committee is requested to consider the reports from the Scrutiny Lead Members and agree the actions proposed therein.

Section 2 – Report

Introductory paragraph

This report outlines details of the work of the Scrutiny Lead Members.

Financial Implications

There are no financial implications associated with this report

Performance Issues

There are no performance issues associated with this report.

Environmental Impact

There is no environmental impact associated with this report

Risk Management Implications

There are no risks associated with this report.

Corporate Priorities

The Scrutiny Lead Members' responsibilities cover all areas of the council's activity.

Section 3 - Statutory Officer Clearance

Not required for this report.

Section 4 - Contact Details and Background Papers

Contact: Lynne Margetts, Service Manager Scrutiny, 020 8420 9387, lynne.margetts@harrow.gov.uk

Background Papers: None

SUSTAINABLE DEVELOPMENT AND ENTERPRISE

NOTE OF THE SCRUTINY LEAD MEMBER BRIEFING **1 MARCH 2011**

LEASEHOLDER CHARGING

Attendees:

Councillor Sue Anderson, Scrutiny Lead
Councillor Stanley Sheinwald, Scrutiny Lead
Maggie Challoner, Service Manager, Resident Services
Debi Sainsbury, Head of Home Ownership
Heather Smith, Scrutiny Officer

Leaseholder charging – Lean review

The Head of Home Ownership began the briefing by providing details of why a Lean review of leaseholder charges had taken place.

The service had had an unfavourable inspection by the Housing Quality Network (HQN) in 2009. This had highlighted problems relating to process as well as attitude to customers. As the charging process was convoluted, a Lean review was commissioned.

The housing service began work with the Leaseholder Support Group (LSG) to identify changes that leaseholders wanted to see, both in the long and short term. Leaseholders wanted to have a clear service bill and invoices. Traditionally leaseholder charges are billed on estimate, with collection on final account. Financially the council is now approaching a break-even position as leaseholders are beginning to appreciate that bills are more accurate and that non-payment will now be challenged.

The average service charge for leaseholders is £127 per annum in comparison with an average London service charge of approximately £1300 per annum.

Tenants and leaseholders on the same estate are now paying broadly similar service charges. With regard to tenancies, the de-pooling exercise has meant that service charges have been separated from rents; in theory this means that tenants on a particular estate could choose to pay higher service charges if they wanted extra services such as more cleaning or grass cutting. This has been a sensible process in that service charges are naturally different for individual houses versus estates; while charges are tied together in an 'envelope' (making them cost neutral with regard to accounting) the separation means that it is easier to explain the differences to residents.

Councillor Anderson asked why there were differences between leases and that there appeared to be no common standard. The Leads were advised that while there is now a standard lease, historically manual alterations had been made to individual leases. The council is ordering copies of leases from the Land Registry to ensure all records are correct. The standard lease is 125 years with the right to extend.

Right to buy – Lean review

The Lean review of 'right to buy' highlighted that the process was high cost in comparison with the number of properties eventually sold. It was calculated that each application cost the authority approximately £9k. Although approximately 50-60 applications were made annually, only a few were successful.

The process was changed and a pre-application interview added into the process. This covered responsibilities of home ownership including the service charges, cost of major works as well as whether the applicant could secure a mortgage. Since the process has been changed only one application has been made and the purchase has been completed.

With regard to assignment packs, the council previously charged £75 to provide information to applicants; there were complaints about the accuracy of the packs. Since reviewing and professionalising the packs, the council now charges £350; there have been no complaints regarding the cost.

Section 20¹ consultations

Tenants paying variable service charges must be consulted before the council carries out works above a certain value. Though the content of the consultation is dictated by regulation, the council asked leaseholders what information they wanted to see included.

Leaseholders asked for greater detail including the cost of the contract overall and the cost to individual leaseholders. The information now provided exceeds requirements and reflects best practice. Though bills are large they are now factually accurate, enabling the council to successfully defend challenge.

Where leaseholders do not pay the council can take court action. The lease can be forfeited for serial non-payment or a charge be put on the property.

The Tenant Services Authority (TSA) requires the council to develop 'local offers' (standards) in conjunction with residents. So far there are five potential 'offers' that are subject to consultation, with the intention that three will be settled on at the housing conference in April. One of these is the development of a consultation charter; with regard to section 20 consultations the charter could mean that the consultation process could start earlier than the statutorily required period.

Voids

The standard for lets is subject to review. The council cannot take deposits but re-charging is being considered; this is in tenancy conditions but has not been enforced.

The notice period is, however, being enforced; this enables a housing officer to visit prior to the end of the tenancy. Charges can then be collected if problems are not put right or the property not cleared at the end of the tenancy.

¹ Section 20 of the Landlord and Tenant Act 1985.

While there is a target for void turn-around there is a balance to be struck, for example if works are due it is easier to complete them while the property is empty. In future a more detailed capital work programme will assist with better scheduling and advising new tenants of when work such as kitchen replacement is scheduled for. The Housing Ambition Plan is driving forward developments in this area.

Sub-letting

The council has received a grant to look at social housing fraud; a joint post has been created with the corporate fraud team. A new information sharing protocol is being developed; while there are regular tenancy audits sharing information with others will make the process more effective. Other methods will include developing a joint telephone number for the reporting of fraud.

Future national policy developments

The Leads and officers discussed the proposed end to life time tenancies. If this change were to be introduced, the council would be able to continue to issue secure tenancies (with restrictions) or flexible tenancies for a minimum period of two years.

Possible advantages include the council being able to sustain its stock. Some tenants have, however, expressed concern that there would be limited incentive for tenants to look after their properties without security.

Down-sizing is already cash-incentivised but in general tenants are more likely to need help and support rather than funds to make the transition to a smaller property. Future housing benefit reform is likely to mean that tenants will not be able to sustain payment of rent on a property that has become too large.

PROPOSED ACTIONS:

That the scrutiny leads receive a progress update in six months.

Heather Smith
Scrutiny Officer