

**REPORT FOR: TENANTS' AND
LEASEHOLDERS'
CONSULTATIVE FORUM**

Date of Meeting: 19 July 2011

Subject: INFORMATION REPORT – Resident Services Manager Report

Responsible Officer: Lynne Pennington, Divisional Director of Housing

Exempt: No

Enclosures: None

Section 1 – Summary

1.1 This report sets out a range of information items that the Resident Services Manager would like to bring to the attention of the Tenants and Leaseholder Consultative Forum and provides feedback following discussions and questions raised at previous TLCF meetings.

FOR INFORMATION

Section 2 – Report

2.0 TLCF – Follow up actions and Feedback

Electricity Charges

- 2.1. At the January meeting officers committed to provide a progress report on refunds due to the Council from electricity charges. During the latter part of the 2010/11 financial year, the interim Leasehold Services Manager, reviewed electricity bills and calculated that approximately £136k should be refunded by the energy supplier. Of this amount £76k was received by 31st March 2011 and the balance of £60k was accounted for but was expected to be received during 2011-12.
- 2.2. Following a recent statement from the provider, credit notes for £51k remain outstanding. These are being pursued with the Council's Energy Manager who manages the contracts on behalf of the Council.

Grounds Maintenance

- 2.3. Tenants and leaseholders asked to be advised of the costs in relation to these services as they were not clear from the HRA financial statement which is reported regularly to TLCF. These costs are shown separately in the detailed accounts and for 2010-11 the total cost (including tree works where orders are raised as and when required) was £496k against a budget of £505k, so there was an under spend of £9k.
- 2.4. For 2011-12 the estimated cost is £505k, but this may vary depending on the amount of additional work that is ordered for on demand work over and above the contract.

Garage Lettings

- 2.5. TLCF members asked about the reason for the different rates for garage rents, which Donna Edwards explained was due to the VAT rules. As a follow up detailed below is the VAT advice provided by our Taxation Officer based on Customs guidance.
- 2.6. "Garages are standard rated unless they are let in conjunction with residential lettings which are exempt from VAT. The VAT status of the rent is exempt and therefore the garage [if closely linked to the dwelling] is also exempt". In other words housing tenants who also rent a garage are exempt from VAT- garage tenants who do not have a housing tenancy are liable for VAT.

Miscellaneous Properties

- 2.7. A question to TLCF asked for clarification of the number of tenanted properties within the HRA that are classified as miscellaneous properties. Work done on the review of service charges and the development of the service charge model indicate that there are 206 of these properties.

HRA Outturn Value For Money

- 2.8. At the February TLCF residents asked for comparisons from neighbouring boroughs and RSL's to demonstrate whether Harrow was achieving value for money within the Housing Revenue Account and explore opportunities to reduce overheads. Harrow submitted 2010-11 financial data to an organisation called Housemark at the end of May so that our figures could be compared to those of other social landlords. The data will not be available until late July 2011 but will be reported to TLCF once it has been received and analysed.

Charging freeholders service charges

- 2.9. Over the last few months there have been discussions at TLCF about the possibility of increasing HRA income by charging freeholders for estates services in the form of service charges. Whilst considering this option the Council has been taking steps to determine whether it would actually be lawful and has taken legal advice both internally and externally. That advice has concluded that it would not be lawful to make these charges so the Council does not intend to seek service charges from those freeholders currently living in ex-Council properties on housing estates.
- 2.10. However, following revisions to the transfer agreement, the Council retains the right to consider recovering appropriate costs from all future Right to Buy Sales purchased under the revised transfer agreement.

TSA Report

- 2.11. Members of TLCF may recall that Harrow submitted our first annual report to the Tenant Services Authority (TSA) in October 2010. This report detailed our self assessment against 5 national standards set by the TSA and particularly covered our plans to engage with more residents in an effective, and meaningful way. Our second report is due to be submitted to the TSA by 1st October 2011.
- 2.12. Initial discussions regarding content and format of this years report have taken place amongst housing staff, communications staff, HFTRA Management Committee and a tenant representative. Good practice lessons from last years reports have also been researched to consider how both the content and design of the report can be improved to make it more meaningful to residents. Once an early draft has been prepared the next stage will involve engaging a broader range of tenants in developing

the report, and the draft will be presented to HFTRA management committee in September for approval.

Value for Money (VFM) sub group

- 2.13. The idea of establishing sub groups to look at key aspects of the Housing Service is being developed as part of the overall TLCF review. It was agreed with HFTRA that some fundamental discussions should take place prior to the conclusion of the review and that the VFM sub group would be set up to initially agree the role of the group and identify any training and support needs that resident members would require in order to perform an active and participative role. Representatives were sought from the LSG and HFTRA and a first meeting has now been arranged for the 6th July 2011. It is intended that meetings will take place monthly, inform broader discussions and feedback regularly to TLCF meetings.

Other news and initiatives

Senior Professional- Leasehold and Service Development

- 2.14. Debi Sainsbury the interim Leasehold Services manager left Harrow on 9th June to take up a new contract elsewhere. Debi did a tremendous amount to move forward the LEAN review of Leaseholder Services in conjunction with the LSG and her achievements were very much appreciated both by the management team and leaseholders. Carol Henry-Smith started work with Harrow in this role on 13th June and will be working with the Leaseholder Support Group to further improve services to leaseholders.

Tackling Social Housing Fraud

- 2.15. Karen Connell, Senior Professional Housing Management has been leading for Resident Services on a campaign to tackle social housing fraud such as illegal subletting in partnership with Harrows corporate anti-fraud team (CAFT). Following a successful funding bid, a specialist Investigation Officer was jointly appointed by the teams in February to focus on this growing area. To date 3 tenants have given back their tenancies as evidence of fraud has been gathered. In another case a tenant faces criminal charges for obtaining a property by deception and is awaiting a court date. A number of other live investigations are at an advanced stage and it looks as though the Council is likely to re-gain possession of more properties through this initiative.
- 2.16. All such properties will become available for letting to households in housing need. It is estimated that social housing tenancy fraud costs the economy in the region of £900 million each year nationally and Harrow's progress in dealing with issues locally could have a significant impact on local communities.

Tenant Service Charges

2.17. Residents have requested a further explanation on how service charges for tenants are calculated, and in particular have asked about the services that are received by tenants who live in houses and the corresponding charges that are made. To help explain this a number of properties, of different types and sizes in Eastcote Lane have been used as examples, so that residents can see two things:

- a) How the Council has changed the way it charges tenants for services since 2006/07
- b) How service charges now differ, and how they are calculated for different properties.

2.19 Prior to April 2007, there were no service charges made to any tenants. Instead charges for services were recovered as part of the overall rent. This was not uncommon and some local authorities continue this practice. The table below shows how the service charge and rent have been calculated on one particular house in Hamilton Crescent since 2006/07 year. It can be seen that in 2006/07 only a rent charge was levied – which means that the block and estate costs were part of the rent of £81.77.

	Rent	Service Charge	Total	% increase	£ increase
2006/07	£81.17	£0.00	£81.17		
2007/08	£82.03	£3.63	£85.66	5.53%	£4.49
2008/09	£86.74	£3.79	£90.53	5.69%	£4.87
2009/10	£92.13	£4.00	£96.13	6.19%	£5.60
2010/11	£92.19	£4.11	£96.30	0.18%	£0.17
2011/12	£101.92	£1.70	£103.62	7.60%	£7.32

2.20 From April 2007, this changed as rents in Harrow were “*depoled*.” This is the term used to describe the separation of charges for services from the rent. Depooling meant that the costs associated with services were identified and charged separately to tenants as a service charge, and in this example a service charge of £3.63 was introduced.

2.21 At this time the total costs of block and estate services across the whole of the housing stock were shared equally amongst all tenants and leaseholders, irrespective of the size of the dwelling or the services that were actually received. Although this exercise split the rent and service charge element on the existing rent levels- if the two were added together the total charge for rent and service charge remained the same as the total rent before the depooling. Tenants did not therefore see an overall increase in their charges as a result of this exercise (with the exception of the annual percentage increase). For example if a tenant was previously charged £80 for rent without service charge, introducing the service charge element of £5.00 would have reduced the rent to £75-so that the total charge stayed at £80.

- 2.22 But what this exercise failed to do was establish which tenants actually received services, or what services they actually received and therefore all tenants paid a proportion of the overall cost of those services across the whole housing stock, regardless of whether they actually received the services.
- 2.23 Following the lean review of leaseholder services in 2010, costs and services provided have been reviewed to enable a consistent 'tenure blind' approach for the charging of services to be developed from April 2011. The work has involved mapping of estates so that the actual cost of services in a particular block, estate or area can be calculated. This has given the department the information it needs, for the first time, to charge tenants only for services that are actually provided in the area where they live. Those tenants who live in an area where no services are supplied will not be asked to pay a service charge, and those that receive more services will have a higher charge. Generally tenants of flats receive more services and they will therefore have a higher service charge.
- 2.24 However the overall cost of rent and service charges combined, will remain the same. As can be seen in the example above from April 2011 the weekly service charge reduced from £4.11 to £1.70, but the rent increased to compensate for this reduction. The net result for the tenant is therefore the same i.e. an increase of 7.6% as applied to all tenanted properties.
- 2.25 As this is the first year the new method of calculating service charges has been used the additional increase in the rent to compensate for the reduction in service charge was necessary to ensure the Council could collect the total rental income it needed to provide the service. In future years though service charges will only fluctuate according to the % increase the Council agree, and where the level and cost of services actually provided change.
- 2.26 To illustrate the points made above the table below shows how the amount of the service charge now varies between different property types on the Eastcote Lane estate.

		Data		
Estate Ref	Property Type	Sum of No	Average service charges	Average rent
11	Bedsit bungalow	5	£1.51	£85.33
	Bungalow	19	£1.51	£93.52
	Flat	22	£2.12	£94.04
	Non-parlour house	141	£1.70	£106.35
	Parlour house	1	£1.70	£125.31
	Sheltered disabled flat	4	£1.62	£80.94
	Sheltered flat	56	£1.62	£80.95
11 Total		248	£1.70	£97.78
Grand Total		248	£1.70	£97.78

- 2.27 The 22 flats are situated on Stuart Avenue and have service charges of £2.10 or £2.15 per week – the above figure of £2.12 is an average. The majority of the 141 houses are situated on Hamilton Crescent, Stiven Crescent and Kings Road and have service charges of £1.70 per week.
- 2.28 However it is also useful to point out that there are 239 properties within the housing stock that do not have any service charge levied. The majority, but not all of these are miscellaneous properties i.e. those that are not situated on housing estates.

Summer Events

- 2.29 The Resident Involvement Team have been working hard over the last few months to set up a number of events over the summer to help increase the number of residents actively involved with us, particularly target younger people, try to generate interest in new TRA's and drum up more members for some TRA's that would like more members. We are also using these events to widen discussions with residents about the local policy changes we need to consider due to the government changes in housing policy.
- 2.30 The first of these events was a stall at Under One Sky on 26th June where HFTRA were also actively involved. Further dates are:

30 June	Woodlands/Cottesmore
5 July	Pinner Hill/Antoneys Close
21 July	Stall at Harrow Tesco
26 July	Glebe
4 August	Grove
9 August	Stonegrove
16 August	ELTRA/Brookside
20 September	Kingsfield

- 2.31 As this report is being written before the first event takes place, a verbal update will be given on the first 3 events at TLCF.

Section 3 – Further Information

3.1 This report contains a number of items of information and feedback from earlier TLCF discussions and questions which are important enough to bring to the attention of TLCF but do not warrant individual reports.

Section 4 – Financial Implications

There are no financial implications arising from this information report

Section 5 – Corporate Priorities

5.1 All of the above initiatives contribute to the corporate priorities, in particular united and involved communities: a Council that listens and leads.

Name: Donna Edwards	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 7 July 2011		

Section 6 - Contact Details and Background

Papers

Contact:

Maggie Challoner

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Background Papers: None