



Leasehold Panel 12 October 2011

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Leasehold Panel

Minutes of the meeting, 12 October 2011

1. Attendance: Ms M Danielle-Dessent, Mr Ali Ozxemir Omer, Mr Tome Moniz, Mrs Anne Goodhew (Vice Chair of Leasehold Panel), Mr Michael Ruggins, Mrs D Grandson, Ms H Smith, Ms Elizabeth Boakye, Mr John Quinn, Mr Gavin Middleton, Mr Piers Johnson (Chair of Leasehold Panel), Ms Sue Brown, Mrs M Shaw, Ms R Batzias, Mr P Gilbert, Ms B Batten, Mr John Spence, Ms C Zahoor, Mr G Levy, Ms Lucille Parris, Ms Rosamund Tomlins, Ms Molly Ejon, Ms M Mboizi, Mr Nick Martin-Clark, Mr S Sengupta, Martin Laheen. (26).

Apologies: Miss M Merrick, Ms Sylvia Morgan, Ms Nichole Carpenter, Ms Suzanne Cave.

Chair: Mr Piers Johnson chaired the meeting

Officers: Ms Ruth Buckingham, Project Manager, Projects & Best Value Team, Mr Nesan Thevanesan, Head of Home Ownership Team, Mr Michael Bester, Major Works Lead Officer, who took the minutes and Mr Nick Claxton, Senior Home Ownership Officer, Home Ownership Team.

2. Demonstration of proposed web log for leaseholder discussions online and update on email subscription scheme – Nick Claxton, Senior Home Ownership Officer, Home Ownership Team

Mr Claxton explained that Homes for Haringey was setting up a blog for leaseholders to record their views online, to establish a type of dialogue or exchange of views on policy issues at <http://haringeyleaseholders.wordpress.com/>. It was planned to start next week with the proposed charges for subletting he explained. As with all blogs, each contribution from leaseholders would be vetted before being placed on the website to ensure that nothing personal or inappropriate would be included.

In reply to Ms Danielle-Dessent, Mr Claxton said HfH would normally only comment on contributions in relation to matters of fact, rather than

leaseholders' opinions. It would not include consultations on major works under the statutory section 20 procedure. Mrs Goodhew asked the question as to how much time would be involved in administering the blog. Mr Claxton said it was not expected to be very much and would reduce postal costs.

3. Value for Money Review (VFM) of the Home Ownership Team (HOT) (Appendix 1) – Ruth Buckingham, Project Manager, Projects & Best Value Team

Ms Buckingham said it was requested that the Panel should agree to the following recommendations. The Home Ownership service should:

- Enter into discussion with Haringey Council in respect of valuation recharges and insurance recharges.
- Set a target for collecting major works payments.
- Monitor the outcomes of its service improvements.
- Publish service standard performance.
- Look at ways of undertaking a new leaseholders' survey in consultation with leaseholders and the Business Support Quality and Learning Manager.
- In line with the new tenant profiling strategy, HOT should explore and capture leaseholder profile information.
- In the context of reducing work in the areas of the Right to Buy, transferable discount scheme and Decent Homes work it should explore additional ways of reducing costs/increasing income without reducing productivity, performance and quality. Although Decent Homes recovery and challenges will continue for a further 5 years.

In respect of shared services;

- The Home Ownership activities were broadly suitable for sharing although as it was a core service the risk of loss of control if another provider provided the service might outweigh the benefits gained.
- The benefits of sharing the service would lie in providing the service to others and the savings this might generate; however there was a risk of a reduction in service performance or quality.
- The service was already actively exploring ways of providing leasehold management service to other landlords. Offering these services to Registered Social Landlords in Haringey and surrounding Boroughs would fit in well with the Government's localism agenda.
- The service could also investigate any activities not delivered by other Arms Length Management Organisations (ALMOS) to see if there was a marketing gap that HfH could fill. This could include

providing advice on involving leaseholders and producing information leaflets/induction packs for other housing organisations.

Replying to Mr Johnson Mr Thevanesan said that the insurance recharges referred to the work of administration carried out by Haringey Council's Insurance Department in relation to setting the annual premiums paid by leaseholders and liaising with the Insurance Company about claims. In answer to a question Mr Thevanesan said that leaseholders pay nothing towards the costs of processing applications for the Right to Buy since this is a service for tenants. Mr Levy asked why the report had only looked at the cost of the Home Ownership Team (HOT) and not at those for the other services leaseholders have to pay for. Ms Buckingham: this report was only intended to cover HOT; the Best Value Team regularly carried out separate VFM reviews of the other services.

Mr Martin-Clark: was it planned to merge HOT with the same type of service in another borough? Mr Thevanesan: the focus was on selling services where possible; the overall aim was to achieve economies of scale to enable cost savings from which leaseholders would benefit. Mr Martin-Clark opposed this proposal, since he felt it would dilute the service to Haringey leaseholders. Ms Zahoor stated that the Panel should consider any proposals that could result in lower costs. Several Panel Members expressed concern at the increases in service charges over the last 5 years, a large part of which had related to other services apart from HOT; future increases should not be greater than the rate of inflation they felt.

Mr Johnson asked how HOT's performance would be monitored if its services were shared with another authority. Mr Thevanesan: the same systems would be in place and HOT's performance statistics would be reported on regularly to the Panel. Mr Martin-Clark asked whether the cost of any of the recommendations might increase leaseholders' service charges. Ms Buckingham/Mr Thevanesan: any proposal for carrying out any of the recommendations would be presented to the Panel before implementation.

❖ **Action point:** it was agreed that the Panel would be consulted on any future proposal for implementing the recommendations.

Mr Thevanesan pointed out that service improvements had been achieved without any increase in staffing in HOT.

4. **HOT Team plan** (Appendix 2) – Nesan Thevanesan, Head of Home Ownership Team

Mr Thevanesan introduced the plan, explaining that it included a number of improvements:

- Enter into discussion with Haringey Council on valuation recharges and insurance recharges.
- Set a target for collecting major works payments.
- Monitor the outcomes of its service improvements.
- Publish service standard performance.
- Look at ways of undertaking a new leaseholders' survey in consultation with leaseholders and the Business Support Quality and Learning Manager.
- In line with the new tenant profiling strategy, HOT to explore and capture leaseholder profile information.
- In the context of reducing work in the areas of the Right to Buy, transferable discount scheme and Decent Homes work explore additional ways of reducing costs/increasing income without reducing productivity, performance and quality. Although Decent Homes recovery and challenges would continue for a further 5 years.

In respect of shared services;

- The Home Ownership activities were broadly suitable for sharing, although as it was a core service the risk of loss of control if another provider provided the service might outweigh the benefits gained.
- The benefits of sharing the service would lie in providing the service to others and the savings this might generate; however there was a risk of a reduction in service performance or quality.
- The service was already actively exploring ways of providing leasehold management service to other landlords. Offering Homes for Haringey's leasehold services to Registered Social Landlords in Haringey and surrounding Boroughs would fit in with the Government's localism agenda.
- The service could also investigate any activities not delivered by other Almos to see if there was a marketing gap that HfH could fill. This could include providing advice on involving leaseholders and producing information leaflets/induction packs for other housing organisations.

Mr Levy asked why the Team Plan did not include the management of the costs of all the services that leaseholders pay for. Mr Thevanesan responded that the cost of the Home Ownership Team only accounted for a part of the service charges leaseholders pay since the larger part of the costs were incurred by other departments. Mr Sengupta stated

that the management fee should only increase in line with inflation. Mr Thevanesan replied that it had been reduced in this year's Actual.

Mr Martin-Clark asked whether the drop in the Decent Homes work meant that HOT now had less work to do. Mr Thevanesan replied that even when this programme had ended, other capital works would have to be carried out. Mrs Grandson asked given there was no spare capacity arising from the reduction in the Decent Homes programme, how was it that HOT could offer services to other boroughs. Mr Thevanesan answered that since HOT had good procedures and IT systems in place, these could easily be transferred or scaled up to provide the same services to other boroughs. Mr Martin-Clark asked what the legal position would be since Homes for Haringey was a non profit making company and Haringey Council could not make a profit. Mr Thevanesan: all revenue had to be spent on services to residents and the Legal Department would be asked to confirm any new arrangements.

Mrs Goodhew said that this would be in accordance with the agenda for localism. She also noted that leaseholders had not yet received Decent Homes Satisfaction Survey forms. Mr Bester said he would chase the contractors about this. Mr Johnson: requested that this issue should be covered at the next meeting. Mr Thevanesan agreed

- ❖ **Action point:** a senior officer from Property Services to attend and provide a report on Decent Homes programme implementation matters.

5. HOT move / briefing on archiving of office documents - Nesan Thevanesan, Head of Home Ownership Team

Mr Thevanesan explained that HOT was relocating to Alexandra House as part of the overall rationalisation of office accommodation. At the same time, the scanning of all correspondence would mean the introduction of the 'paperless office' to achieve long term cost savings.

6. Proposal for the introduction of charges for leaseholders who sublet their properties (Appendix 3) – Nesan Thevanesan, Head of Home Ownership Team

Mr Johnson noted that this item had been tabled at the request of the last Panel Meeting. Mr Thevanesan referred to the consultation document (Appendix 3) which had been sent to all leaseholders with the October issue of Leaseholder News. He explained that although the lease allowed a sublet registration fee of £50, it was only proposed to charge £25 each year. In addition to the new scale of charges he said, leaseholders who sublet would be requested to provide a copy of their tenancy agreement, as required under the terms of the lease; also

a copy of the gas safety certificate. Mr Martin-Clark said that the proposal concerning tenancy agreements should be discussed at the Panel. In answer to a question, Mr Thevanesan confirmed that letting of a room or rooms constituted a form of subletting. Mr Martin-Clark disagreed and Ms Brown said the proposals would discourage registration.

The question was raised as to whether leaseholders' tenants were responsible for any damage they caused to communal areas. Mr Thevanesan replied that leaseholders were responsible for the actions of their tenants. Mr Levy commented that the Data Protection Act would not allow the tenancy agreements to be provided to a third party. Ms Zahoor said that many assured shorthold tenancy agreements reverted to rolling monthly ones. Mr Thevanesan: annual registration would cover this. Mr Levy requested information as to how the proposed charges were calculated. Ms Batten said that a short holiday let did not fall into the same category as subletting. Mr Martin-Clark: the Panel should have the full details of HOT's proposals for subletting.

- ❖ **Action point:** it was agreed to include the matter as an item on the agenda for the next meeting.

7. Seek views about the style of the minutes - Nesan Thevanesan, Head of Home Ownership Team

Mr Thevanesan circulated an example of minutes in a much more summary style. Ms Brown stated that the minutes needed to be more detailed otherwise they could be too selective. Mr Martin-Clark: the Panel discussions raised a variety of different points, so the minutes needed to reflect this. Ms Batzias said she was happy with the current format. Mr Laheen noted that the Tenancy Participation Panel minutes showed action points more clearly – they should be shown separately. Ms Brown agreed. Mrs Goodhew said she was happy with the current format. Mr Johnson: proposed that the minutes for the next meeting should be circulated in both long and short forms.

- ❖ **Action point:** it was agreed to circulate the minutes for the next meeting in long and short forms.

8. Minutes of the meeting of the 15 September 2011

These were agreed as a true record. There were no matters arising.

9. Any other business

Mr Laheen reported that Homes for Haringey had won two national awards made by the National Federation of ALMOs. Mary Keane,

Learning and Development Advisor at Homes for Haringey, won the ALMO Team Member of the Year award. Derekston James, Haringey Young Advisor, had won the Most Outstanding Young Person of the Year award for his wide-ranging work in engaging young people in the borough.

Report Title	Home Ownership Service Baseline Value for Money Review
Reporting Officer, Team, Role and Contact Details	James Missenden & Ruth Buckingham, Best Value Project Managers 020 8489 1257/4614
Executive Director	Rowann Limond, Director of Resources
Meeting Description	Leasehold Panel
Meeting Date	12 October 2011
Status of Report	Non Confidential

1. Purpose and introduction

The Executive Management Team chose the Home Ownership service for review because it was one of six services where consideration is being given to joint service provision with other providers. It was therefore considered sensible for the best value team to assist the service managers make a baseline value for money assessment prior to any change in delivery. EMT agreed that the Best Value team would carry out a desk top approach which would exclude consultation with stakeholders, but include benchmarking with other Almos.

This paper addresses the following areas:

- the key findings and recommendations of the baseline value for money review of Home Ownership service.
- the suitability of adopting a shared Home Ownership service, and the conditions under which Homes for Haringey might enter it.

2. Recommendations

1. The Leaseholders Panel is asked to agree to the following recommendations in respect of the value for money review:

The Home Ownership service should:

- Challenge Haringey Council on their costs including valuation charges and insurance recharges.
- Set a target for collecting major works payments.
- Monitor the outcomes of its service improvements.
- Publish service standard performance.

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- Look at ways of undertaking a new leaseholders survey in consultation with leaseholders and the Business Support Quality and Learning Manager.
- In line with the new tenant profiling strategy, HOT to explore and capture leaseholder profile information.
- In the context of reducing work in the areas of Right to Buy, transferable discount scheme and Decent Homes work explore additional ways of reducing costs/increasing income without reducing productivity, performance and quality. Although Decent Homes recovery and challenges will continue for a further 5 years.
- Overall it should continue to look for ways to improve efficiency and reduce costs

2. The Leaseholders Panel is asked to agree the following recommendations in respect of the Home Ownership service and shared services:

- The Home Ownership activities are broadly suitable for sharing although as it is a core service the risk of loss of control if another provider provides the service may outweigh the benefits gained.
- The benefits of sharing the service would lie in providing the service to others and the savings this may generate; however there is a risk of a reduction in service performance or quality.
- The service is already actively exploring ways of providing leasehold management service to other landlords. Offering our services to Registered Social Landlords in Haringey and surrounding Boroughs would fit in with the Government's localism agenda.
- The service could also investigate any activities not delivered by other Almos to see if there is marketing gap that HfH can fill. This could include providing advice on involving leaseholders and producing information leaflets/induction packs for other housing organisations.

1.2 Head of Service comments

Whilst it is difficult to benchmark with other service providers in respect of recharges, leaseholders in Haringey have benefited from the innovative improvements the service has put in place over the last few years. The service has been proactive in introducing the most generous payment policies in the country, in advance of the Decent Homes work and well ahead of the adverse economic climate.

The Home Ownership team will continue to play an active role and act as the central point of contact in relation to leasehold matters, in conjunction with colleagues in other frontline services.

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In line with the priority projects set out in the HfH vision for it to be an excellent Housing service provider, the service is looking forward to working with other ALMOs and RSLs in sharing our services without compromising the quality of our services provided to our leasehold customers.

2: Baseline value for money review of HfH Home Ownership service

The evidence which supports the review has been drawn from the Home Ownership services' own self assessment, SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis and the Home Ownership benchmarking report which was reported to the Leaseholders Panel in July.

2.1 Main findings: Is the Home Ownership service delivering value for money?

Our judgement is that the HfH Home Ownership service is a high quality service with good performance delivered at high to medium costs. However, these costs are comparable to those Almos with the closest numbers of leaseholders.

The weaknesses of this service lie in its high valuation charges and its failure to monitor the outcomes of service improvements, publish service standard performance, evaluate satisfaction of leaseholders on a regular basis and improve its collection of leaseholder profiling data.

2.2 Economy - *the price paid for what goes into providing a service*

The HfH Home Ownership service has high to medium costs in comparison to other Almos. However our costs are comparable to those with the closest number of leaseholders - Enfield and Barnet. Homes for Islington deliver a lower unit cost for the same numbers of activities as they have twice the number of leaseholders as Homes for Haringey. Budget costs have been maintained despite an overspend, since equivalent savings were also made. This is in the context of increasing business activities. HfH service charge bill is above average as a result of capturing costs more accurately than some other Almos. Homes for Haringey have a higher than average major works bill works reflecting the Decent Homes work being undertaken. Benchmarking has also indicated that the charge Haringey Council make for valuations is above average, indicating there are grounds to challenge these costs.

- Benchmarking with nine other Almos suggests that HfH Home Ownership service has high costs when looking at costs per leaseholder or medium cost when looking at costs as a % of service charge in comparison to other Almos.
- Homes for Haringey is mid quartile for costs when looking at the cost as a percentage of service charges due. This is the most informative index, since the total costs that the Home Ownership service has to collect are

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set by factors beyond its control. Given these costs, it then has to employ the necessary resources to calculate, bill and collect these costs. These requirements determine to a large extent the costs the service incurs, the number of staff it must employ, and so on. HfH are very comparable in cost as a % of service charge due with the Almos with the closest number of leaseholders, Enfield and Barnet.

- Comparing costs with Homes for Islington our most comparable Almo in terms of activities delivered. Given Homes for Islington have more than twice the number of leaseholders than Homes for Haringey it would be expected that their cost per leaseholder would be cheaper given economies of scale. Homes for Islington Home Ownership service is £66.39 cheaper (per leaseholder) than HfH.
- Despite staff costs being maintained against a growth in the activities undertaken by the team the Home Ownership service overspent their budget in 09/10 by £48k. However, savings were made in the region of £43k as a result of drafting legal claims and developing a bespoke case management system to manage the volume of cases. Since 2009 there has been a substantial growth in business in respect of Decent Homes billing. Costs of the service are not regularly benchmarked.
- Income was generated from providing resale packs (£3,207 in 09/10) and a peer review service to Barking and Dagenham (£300 in 09/10). Workshops provided to HQN and HouseMark paid in kind for free places for staff at other workshops.
- HfH's service charge bill is above average however we have a well defined policy for ensuring leaseholders do not subsidise tenants and as a result capture costs more accurately than some other Almos. The high service charge therefore reflects that some of our service costs and corporate costs are higher than average.
- In the area of major works Homes for Haringey have the second highest average major works bill. This reflects the Decent Homes work currently being undertaken.
- In 2010/11 the total SLA charge is £163,000 of which £30,000 is for valuations. The service is charged £300 per valuations completed by Haringey Council. Benchmarking undertaken in 2007 with 10 other Almos indicated an average valuation charge of £229. Current benchmarking with 3 other Almos found an average charge of £136. This suggests there are grounds to challenge the costs in relation to valuations. Property Services charges an additional charge for general advice and administration and projects which despite agreement has not been analysed and broken down. There is also a case to challenge the Council in the way they treat insurance recharges.
- Legal costs were not benchmarked as part of this review. The costs will be looked at as part of the Income Collection value for money review. Legal costs are £204.75 per service charge recovery and £500 for each Right to Buy.

2.3 Efficiency – *a measure of productivity: how much you get out in relation to what is put in*

There is evidence suggesting the Home Ownership team covers a significantly wider range of activities than most other Almos and has good productivity in comparison to Enfield. The team has a good collection rate for annual service charge but is unable to report its major works payment collection rate. The team is well managed and contributes to Homes for Haringey providing excellent services. The service keeps up with good practice and introduces service improvements as a result. However, it is uncertain how we are monitoring the outcomes from these new initiatives and we do not publishing service standard performance. Performance of the Valuation service does not impact on the service the Homes Ownership team provides.

- Measures of productivity in the benchmarking were quite crude (the numbers of service charge and major works invoices raised and the numbers of Right to Buy applications received and completed). Homes for Haringey's productivity was average in comparison to other Almos but good compared to Enfield the Almo with the most equivalent number of leaseholders to Homes for Haringey.
- Although the following activities were not benchmarked it should be noted that HfH's Home Ownership Team carry out the following important activities in-house: Litigation Officer issues letters before legal action and HOT raises all the documentation for submission to the County Court in support of county court claims for arrears of service charges (instead of the Council's Legal Dept); HOT undertakes maintenance and development of Access Database systems used for raising various statutory documents (e.g. section 20 notices, and RTB notices), also used for most standard letters, annual and major works breakdowns. Only CityWest is known to have similar policies.
- The team has a good collection rate for annual service charge.
- The fact that Homes for Haringey don't set a target for collecting major works payments was a disadvantage in being able to compare performance.
- The team ranked 1st in the number of information leaflets produced and are seen to be leaders in the area of information provided to leaseholders.
- Service improvements introduced as a result of monitoring best practice include the key leaseholders scheme, extending payment options, access to a gas maintenance service, visits to properties sublet by leaseholders and improving information booklets however, it is uncertain how we are monitoring the outcomes from these new initiatives.
- Performance against published service standards is good however service standard performance is not routinely reported to leaseholders which makes it more difficult for leaseholders to challenge performance and ensure they are receiving the level of service they are paying for. The service standards are being incorporated into a local offer to leaseholders.

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- Property Services from the council provide our valuation service. During 09/10 71% of the valuations requested were processed within the agreed timescale. Despite some late valuations as the offer notices were not delayed and no complaints have been made. The process has been made faster by emailing valuations to HOT. Increasing requests from leaseholders for alterations and purchase of the freehold has increased use of the service.
- The team are consistent nominees and winners of staff awards. Staff sickness level is below average for the organisation at 3.28%.

2.4 Effectiveness – *a measure of the impact achieved and can be quantitative or qualitative*

The Audit Commission reported that the Home Ownership service was providing a service where strengths outweigh weaknesses in 2010. Other benchmarking also indicates that the service is providing a high quality service in comparison to other Almos in particular in the areas of information to leaseholders, involving leaseholders and improvements to the service. Although we are unable to prove leaseholders are happy with this high quality service as current satisfaction levels are unknown. The percentage of profiling data held for leaseholders also needs to be improved.

- The Audit Commission in HfH's latest inspection in 2010 stated that the Home Ownership Services service is providing a service where strengths outweigh weaknesses. They stated that "leaseholders receive a good range of useful information and are actively involved in shaping the service. Performance against service standards is good. Service charge estimates and bills are clear and largely accurate and collection of charges is good. Leaseholders have a range of flexible payment options and support with financial difficulties. Tenants are given clear advice about right to buy. The key leaseholder scheme was criticised for not working effectively." Other benchmarking also indicates that we are providing a high quality service in comparison to other Almos.
- The benchmarking indicated that Homes for Haringey are ranked 1st for numbers of improvements made to the service over the last year and are also ranked equal top from their last Audit Commission inspection in 2010.
- As already mentioned above HfH ranked 1st in both the number of information leaflets and the numbers of ways they involve leaseholders in shaping the service. The key ways of involving leaseholders are through the Leaseholders panel, Key Leaseholders scheme, Leaseholders forum and estate inspections. As a result of consultation the following service improvements have been introduced; the introduction of interest free payment periods for major works; the option for leaseholders to install their own windows and doors; the development of Plain English guide to the Lease (we were one of the

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first Almos to do this); the production of various booklets; agreed service standards; capping the charges for work in respect of the digital switchover.

- The manager of the Home Ownership team has done workshops for HouseMark and HQN on innovative improvements to Leasehold services. This is due to the fact that HfH are leaders in areas such as guidelines for subletting, incentives for payment and the range of information provided to leaseholders.
- Homes for Haringey are in the lower quartile for satisfaction, although leaseholders generally register fairly low levels of satisfaction with their landlords, as is evidenced in the benchmarking results. However, the fact that HfH haven't undertaken a survey since 2008 means we can not be sure of current satisfaction levels.
- Leaseholder satisfaction levels with Decent Homes work is measured and the outturn figure for 10/11 was 92%.
- Overall Homes for Haringey provide a high quality service to leaseholders although are unable to prove leaseholders are happy with this high quality service as current satisfaction levels are unknown.
- There is a limited understanding of individual needs as only 35% of profiling data is held for leaseholders. However, some changes have been made a result of information we do hold for example, increasing the use of email, improving information on our website (benchmarking was used to make improvements), arranging for a Turkish translation of the leaseholders charter, referrals to CAB for financial hardship cases, registration of sublet properties, home visits to the elderly and disabled.

2.5 Going forward

The value for money review highlighted that the weaknesses in the Home Ownership service which need to be addressed are the SLA costs, satisfaction and profiling of leaseholders, proving we are collecting major works payments, demonstrating outcomes from service improvements and publishing service standard performance.

The vfm review was carried out in the context of whether a shared service approach would be suitable for the home ownership service. Having a robust performance management framework in place, ideally before we enter into a shared services agreement as a purchaser or provider of a shared service, would put the service in a strong position to construct a contract, deliver or manage that contract, evaluate whether it is delivering value for money, and exit the contract if it is not delivering what we want.

Given that some of the right to buy, transferable discount scheme and decent homes activities are likely to reduce in the current economic climate

the Home ownership service has already responded to a soft market test to provide leasehold services to Your Homes Newcastle. It is also starting to actively approach RSLs to offer its services to. There have also been some enquiries to purchase the access database used to calculate service charge.

The service is in a position to investigate any activities not delivered by other Almos to see if there is marketing gap that HfH can fill. This could include providing advice on involving leaseholders and producing information leaflets/induction packs for other housing organisations as well as selling the Access database and tendering for other services.

3: Shared services: the Home Ownership service

The purpose of the report is to consider whether an Almo shared service approach could be suitable for the HfH Home Ownership Service and the conditions under which HfH might enter such an arrangement.

3.1 Main findings:

1. A large range of Home Ownership activities could be broadly categorised as those which are suitable for sharing
2. There are identified benefits in sharing services in particular cost savings however the risk of a reduction in service quality needs to be tackled as part of the sharing.
3. There are is a high risk in sharing , principally through losing direct control of the service and in potentially having a much increased contract management role, and these will need to be considered and managed as part of any proposal.
4. The weaknesses identified for the service need to be addressed. Doing so would enable the service to approach shared service opportunities in a healthy position.
5. The service is already actively exploring ways of providing leasehold management service to other landlords. Offering our services to Registered Social Landlords in Haringey and surrounding Boroughs would fit in with the localism agenda.

3.2 Do Home Ownership activities lend themselves to a shared service approach?

Home Ownership services can be grouped under one category, functional delivery, which is suitable for shared services.

Functional delivery: Areas in which there is a need for the **consistent delivery** of similar sorts of services across organisations. In the home ownership context this could apply to managing right to buy and transferable discount schemes, sending out service charge and major works bills, recovery of bills, statutory consultation relating to major works, dealing with re-sales and re-mortgages,

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inducting new leaseholders, producing newsletters and leaflets and facilitating leaseholder consultation.

3.3 Potential benefits of a shared approach

Potential benefit	Relevance to HfH Home Ownership
Economies of scale – more potential for cost reductions as a result	<p>HfH take on the management of other leasehold properties the fixed costs of the service will be spread over a larger number of units of delivery bringing the costs down. Some savings could also be made sharing with a single Almo.</p> <p>Savings could also be made from the renegotiation and/or joint procurement of a valuation service.</p>
Economies of skill – pooled resources enable affordability of specialists which single organisations may not be able to afford	Possibly more in house litigation could be provided reducing reliance on Haringey’s Legal services and the charges made. This will allow service users to access specialist staff more readily.
Management focus – enables concentration on core business areas	If HfH were a purchaser of a shared service and did not have any responsibility for managing the service as Home Ownership services are core to the business there would be a big risk attached to the loss of direct control of this service.
Quality improvement – concentration of resources enables more consistent service delivery	The findings of the vfm review were that HfH Home Ownership has been providing a good quality service; pooling of resources could improve the quality further and reduce costs. Having the scale will allow access to best of class technologies, business processes and management techniques. For example, it will be an opportunity to ensure the process for dealing with higher volumes of cases is re-engineered to improve the flow of work.
Service improvement – can improve the reliability	Improved innovation opportunities by using the above to transform the way services are delivered.
Professional and career development –	Consolidating staff into a larger team could give better training, development and opportunities for career progression. This could enable staff to broaden their experience and train and specialise in different areas. It could also lead to easier recruitment and retention of skilled staff.

3.4 Potential risks

Potential risk	Relevance to HfH Home Ownership
Loss of direct control Compromise	If we no longer directly manage this service then we will potentially lose those benefits which arise from direct control, particularly around flexibility to respond quickly to local events or emerging business issues. We will have to accept that compromise is intrinsic to this sort of partnership where there are competing priorities from partner organisations.
Contract management	If we become a purchaser of a shared service, then we will be required to manage a contract which requires an ability to manage outputs, a different set of skills to managing people. Contract management is not strong in HfH generally, and was highlighted as an area which requires more focus. We would need to consider how to equip managers with the appropriate contract management skills to undertake this role.
Reliability and quality reduces rather than improves	The risk is that the service we receive under a shared approach does not match current reliability and quality. In order to mitigate this risk we would need to have good contract management skills; but also it is important to understand the performance and quality we would require from a shared service. This requires us to benchmark our current performance and quality standards by putting in place effective performance management in the service.

3.5 Purchaser or provider

There are benefits and risks to either model. We consider that Home Ownership has some strengths in areas of the service which it can market to other Almos and therefore be the provider of the service.

3.6 Performance and cost management

Robust performance management and an understanding of costs is important in the context of shared services as we need to be able to identify the level of service improvement or savings expected from the shared service.

3.7 Systems and infrastructure

HfH Home Ownership use a bespoke IT systems an Access database. This would be an issue if considering joining another Almo with a different bespoke IT system.



Leasehold Panel
Wednesday 12 October 2011

Home Ownership Team Plan Summary 2012/13

Functions and objectives	Description
<p>Summary of team's main function/s</p>	<ul style="list-style-type: none"> ○ The Home Ownership Team is responsible for the calculation, billing and recovery of all types of service charges. ○ It assists Property Management in the carrying out of major works programmes e.g. DH and capital works. Essential requirements include ensuring full compliance with statutory section 20 provisions and the implementation of effective income recovery procedures (including dealing with complaints, producing accurate breakdowns, etc). ○ It undertakes periodic consultation with leaseholders in relation to all major policy initiatives through monthly meetings of the Leasehold Panel and of the Leaseholders' Forum when required ○ It communicates on issues relating to all leasehold matters via standard letters, booklets, 'Leaseholder News' and information on the HfH web pages. ○ It is also responsible for the processing of Right to Buy applications and Transferable Discount Scheme grants (to tenants who want to buy in the private sector) ○ It manages applications and grants, landlord consents (in respect of leaseholders who apply to make alterations to their properties and to install their own windows and doors).

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	<ul style="list-style-type: none"> o The team is also responsible for dealing with pre-assignment enquiries (for resales). o It maintains records relating to the registration of subletting and it also arranges visits by Tenancy Management Officers to sub-lessees. Also, in liaison with the TMOs HOT takes the relevant legal action to remedy any breaches of the lease in respect of subletting. o From time to time HOT arranges workshops on leasehold management for all frontline staff. It also arranges courses for leaseholders on: <ol style="list-style-type: none"> 1. leaseholders' rights, 2. Introduction to leasehold management. 3. Internet access / HOT web pages, etc.
<p>Improvement work proposed for 2012/13</p>	<ul style="list-style-type: none"> o To assist in setting up a system to enable customers to access their service charge information online via the resident portal o To work with IT to implement an Electronic Data Management Retrieval System to scan and store leaseholders' correspondence records. o To review the apportionment methods in respect of internal cleaning charges. o To review the management fee. o To consult on and implement an internal repairs service for leaseholders' flats, as an optional service with additional charges. o To assist in the production of some short explanatory films for the HOT web pages o To issue court claims using the courts online system in order to reduce costs. o To promote Homes for Haringey's leasehold management services on a fee paying basis to other housing providers

APPENDIX 2

	<ul style="list-style-type: none">o To implement smart and flexible workingo To continue working on changing the culture within the organisation to achieve excellent and highly efficient services throughouto As part of the overall commitment to get actively involved in voluntary projects wherever possible
Efficiency savings	<ul style="list-style-type: none">o HOT is currently using its existing resources to meet the growth of business, especially arising from the issue and recovery of decent homes bills.o Expand on HOT's communication strategy (promoting use of web based services) in the use of a web blog for wider consultation with leaseholders.o Maximise the use of emails when corresponding with leaseholders.o Customise the yearly explanatory booklets and consider one off circulation.

Nesan Thevanesan
Head of Home Ownership
5 October 2011

Subletting – proposals for charges

We wish to consult you about charges we are proposing to make to leaseholders who are subletting (renting out) their properties. The proposed start date is the 1 April 2012. We are providing you with an explanation of the proposals in this paper. If you would like to provide any comments, please reply by the 25 November 2011 – see next page for details.

Reasons for the proposed change in policy

- o Increase in subletting – over the last few years more leaseholders have been subletting their properties so the overall administrative costs for this type of work have been increasing. About 1,400 leaseholders are now subletting.
- o Cost of maintaining records – work is required to record the contact details for leaseholders and their sublessees, notify the Insurance Department and inform the Tenancy Management Officers (TMOs) who carry out visits to sublessees with an information pack, details of local services, and so on.
- o Management Fee – since we haven't been charging anything up to now, it means that the cost of administration for subletting has been paid by **all leaseholders** in their annual service charges (through the Management Fee). A lot of leaseholders feel it is unfair they have to pay towards this type of cost.
- o Problem properties – a few leasehold properties which are sublet cause a lot of problems through leakages, noise problems, overcrowding and so on. This often results in a lot of extra work for Home Ownership Officers and TMOs. It is only reasonable that these costs should be charged to the leaseholders owning these properties, rather than all leaseholders having to pay.
- o Good practice – this policy will be in line with the fees we make for other services we provide to leaseholders and which we invoice on an individual basis. It is also in line with other Arms Length Management Organisations and Local Authorities.

Individual charges

There will be special one-off charges to individual leaseholders if they fail to register or where problems occur, such as leakages into other flats and noise problems.

Legal basis for charges

- o The lease states that a leaseholder who is subletting must register with the landlord and also pay a fee up to £50 or any larger amount as long as it is reasonable.
- o Schedule 11 of the Commonhold and Leasehold Reform Act, 2002 (Section 158) means that the landlord is entitled to make reasonable charges to recover administration costs arising from the requirements of the lease.

CONSULTATION

Proposed fees for Subletting

a. Annual fee for subletting to cover administration costs such as for the maintenance and updating of leaseholders' details on the Home Ownership Team (HOT) registration database: £25.
b. Fee for non-registration – where leaseholders fail to provide their correspondence address or do not register their sublet details, which means HOT has to undertake checking (Council Tax check plus an Experian check): £50
c. Investigation fee – if the Tenancy Management Officer has to go out to the leasehold property to investigate problems with a sub-lessee, such as excess noise or leakages: £30 per hour plus an administration charge of £25 to cover invoicing and collection
d. Non-compliance fee: for sending out a letter detailing issues of non-compliance with the lease (such as misbehaviour of sub-lessees, noise and water leaks): £50
e. Service action fee: for instance if an internal survey is required regarding a leakage, there will be a charge for the cost of our surveyor's time; or if sublessees leave rubbish in the communal area when they move out, there will be a charge for its removal. There will also be an administration charge of £25 to cover invoicing and collection
Note: the charges listed b to e above will only be made if a problem occurs
VAT at 20% will be added to all the above charges

If you have any comments on the proposed charges for subletting, please provide them:

- o By Freepost – write to the following address:
 FREEPOST RRKL-JLCA-EXHR
 Homes for Haringey
 Home Ownership Team
 13-27 Station Road
 London N22 6UW.
- o By email: leasehold.panel@homesforharingey.org

Thank you for your help.

Deadline for comments: 25/11/2011