

**LONDON BOROUGH OF CAMDEN**

**Housing and Adult Social Care Scrutiny Committee (HASC)**

**Report of the  
Leaseholder Recharges Scrutiny Panel**

**30 October 2012**

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# **Leaseholder Recharges Scrutiny Panel**

## **Members**

<b>Cllr Meric Apak</b>	<b>(Chair) Labour</b>
<b>Cllr Sally Gimson</b>	<b>Labour</b>
<b>Cllr Tom Simon</b>	<b>Liberal Democrat</b>
<b>Cllr Jonny Bucknell</b>	<b>Conservative</b>
<b>Cllr Paul Braithwaite</b>	<b>Liberal Democrat (substitute member)</b>
<b>Dr Peter Wright</b>	<b>Chair of the Leaseholders Forum (external expert)</b>

## Chair's Foreword

I cannot help but speculate whether, before my time as a Councillor, my predecessors have been in this same position, aspiring to resolve leasehold related issues in council housing.

My personal aim through this scrutiny process has been to shine a torch on our failings as shown by the evidence we have collected, learn from this, and make recommendations to unravel this complex tangled mess which we seem to have allowed to fester.

Alas, for too long now we seem to have turned a blind eye to a culture which treats our leaseholders as second class residents - at least that's the impression I get from my postbag. We need to accept that leasehold tenure in council housing is here to stay and that our leaseholders make a positive contribution to Camden.

Leaseholders are neither an irritating adjunct to council housing nor an ATM machine, and we need to differentiate the ordinary vast majority, from the minority who used the Right-to-Buy scheme for property speculation purposes.

We need to tap into Leaseholders' knowledge and expertise to help Camden drive costs down, particularly in supervision and management. Services need, particularly in today's straightened times, to provide value for money and to be comparable with those procured elsewhere in the marketplace, whilst complying with health and safety requirements. Not driving costs down can only result in unjustified charges to leaseholders which will not be recovered, which in turn can only be met by the Housing Revenue Account - thus pushing rents higher. So when we say leaseholders are "subsidised by tenants", are we not highlighting our own failure?

We need to come up with ingenious methods to successfully engage with and meaningfully involve leaseholders (together with tenants) during the consultation process and convince them from the outset that this process will deliver a high quality service and value for money.

For this to work, there needs to be 'buy-in' from leaseholders that the survey and estimated cost of works to be done is worth the paper it's written on. We then need to execute the agreed work, on time and to the agreed budget. This is obviously a simplification of what is needed – perhaps even a fanciful aspiration some might say.

Our success will be measured by how much culture change we can bring about throughout the officer ranks of the Council. We have a real opportunity to expand the 'Right First Time' philosophy, and to instill 'buy-in' for this concept right from the very junior member of staff to the most senior manager, and through to external providers and partners involved in delivering services to our leaseholders and tenants.

I would like to extend my thanks to the panel members for assisting me in this process. I

would also like to say a special thanks to our Assistant Director Stuart Dilley, who agrees that there does need to be a culture change within the Council. Special thanks also to our committee clerk Vinothan Sangarapillai who has been instrumental in capturing the evidence through his diligent note taking.

But most of all, I am truly grateful to the many leaseholders for the large number of case studies that they have submitted to the Panel and took the time to describe the many harrowing experiences they have endured under the unsatisfactory historic arrangements – thank you.

**Meric Apak – November 2012**

## Terms of Reference

1. The Committee has set up the working party named as “The Leaseholder Re-Charges Panel” (LCP) to complete a piece of time limited work i.e. a “Task”.
2. The task for the LCP will be to:
  - Explore the progress made implementing the recommendations of the previous panel set up in 2010,
  - Investigate the current re-charging process for all works and services, the object being to explore how re-charging can be delivered more efficiently with better value for money,
  - Examine the accounting and administration of service charges for tenants and leaseholders so as to ensure :-
    - The maximum cost-effective recovery of costs the Council incurs;
    - Residents have the maximum possible chances to access information that can be made available at minimum cost to satisfy them that costs charged to them have been reasonably incurred;
    - Councillors, officers and residents regularly receive information allowing them to monitor costs incurred, the cost of managing those costs, and to compare the figures with other housing providers in the public and private sectors;
    - The proper allocation of costs between residents, the Housing Revenue Account and the General Fund;
  - Consider implications of the findings and any recommendations with appropriate outside organisations if indicated (e.g. the Chartered Institute of Public Finance and Accounting, the Leasehold Advisory Service, the Royal Institute of Chartered Surveyors, and the Greater London Assembly scrutiny of leasehold service charges),
  - Consider implications of the findings and any recommendations for project management, procurement practices, finance management and internal audit within the Council,
  - Consider implications of the findings and any recommendations for joint monitoring by councillors and residents.
3. The makeup of voting council members on the LCP shall be proportional to the political makeup of the Council.

4. The LCP will be made up of at least four council members and one co-opted member serving on the committee. If the Committee has not any co-opted members this will not prevent panel from forming or working. The LCP shall have the power to appoint up to one 'expert' to advise the panel on leaseholder re-charging and value for money matters on works carried out to council owned buildings.
5. The LCP will submit progress reports to Committee meetings outlining works done to date and a plan of action of how it intends to progress further and conclude its work.
6. The LCP may at its discretion hold meetings, carry out fact finding visits, ask officers to provide information, and gather evidence in support of the task and within its specific terms of reference. Officers, stakeholders and outside organisations may be invited to attend the panel's meetings to give evidence as required.
7. The LCP will aim to conclude its work in time for the scrutiny committee meeting on **28<sup>th</sup> November 2012** with recommendations to be considered for submission to the Cabinet or Cabinet Member for Housing.
8. Working parties shall agree to be bound by the Council's code of conduct and the Committee's terms of reference, and agree to work to the mandated task and work programme set out by the committee and report back to the committee their findings and recommendations within agreed deadlines.
9. The LCP will agree to service their own work and subject to resources being available working parties will welcome clerking of its meetings by Committee Services. The Chair of the panel will have the responsibility of writing the panel's report which will reflect a consensus view of the panel where possible, or a majority view. The Chair will present the report to the Committee and ask that it is formally adopted by the committee who shall ask officers to formally submit their response to the following meeting of the committee.
10. If more than one working party is set up at any one time, each working party will be expected to coordinate their efforts with others to avoid duplication. In particular when asking officers for further information, working parties will be expected to work together on cross cutting issues and share information as much as possible.

**Chair and Membership (4 councillors + 1 co-opted member):**

Membership of the panel shall be 2 Labour (Councillors Meric Apak and Sally Gimson), 1 Conservative (Councillor Jonny Bucknell), 1 Liberal Democrat (Councillor Nancy Jirira), and 1 co-opted committee member (Mohammed Mukider Rahaman).

Councillor Meric Apak to be the chair of the panel.

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# 1 Introduction

- 1.1 This report only looks at leasehold properties where the Council is the freeholders, which have been bought under Mrs Thatcher's Right-to-Buy scheme<sup>1</sup>. In Camden we have over 9,000 leasehold properties compared with some 23,000 tenancies. We must never forget that the ones who originally exercised their right to buy were in fact once themselves council tenants and we should not assume that they are wealthy individuals or able to meet large charges up-front.
- 1.2 Leasehold is a form of tenure, where the leaseholder decides to pay all the rent upfront for the number of years on the term of the lease. The advantage of this arrangement for the leaseholder is twofold; 1) The upfront purchase price divided into the number of years for the term of the lease is only a fraction of the equivalent rent value, 2) The value of leases has appreciated at least over the period since 1945. There are also a number of other advantages to being a leaseholder.
- 1.3 The flipside of this coin is that a leasehold tenure excludes certain benefits which ordinary council tenants traditionally enjoy. Leaseholders are directly responsible for all internal repairs and improvement costs within their flats, and they are largely in control here. However, the small print in leases also makes leaseholders responsible for costs incurred on all external repairs and improvements to the fabric of the building and any communal service costs where the work is undertaken by the landlord – in this case the Council. This, in practical terms, removes control from the hands of the leaseholder, apart from formal s20 consultation processes.
- 1.4 The landlord has a statutory obligation to consult leaseholders for all communal works and services costing over a certain threshold. But this very process is perceived by leaseholders in Camden as a tick box exercise and has lost integrity, particularly since the law was changed in 2002. The system, through leasehold tenure legislation, lacks the flexibility needed to permit leaseholders to effectively engage with the landlord throughout the consultation process. The Council, in the majority of cases does not have to agree with the responses submitted. Case studies submitted to the Panel also suggests that the Council on occasions neither acknowledges nor responds to leaseholders' s20 responses.
- 1.5 This is unfortunate because it is obvious to the Panel that the Council is missing an opportunity here by not tapping in to freely available knowledge and expertise. The council needs to learn to harness this valuable asset in leaseholders from the outset

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<sup>1</sup> Camden bought some properties with leaseholders already in residence; our recommendations apply to them insofar as their particular circumstances allow. The term 'leaseholder' also covers some 300 freeholders of houses on estates, who are by covenants required to contribute towards defined estate costs.

instead of dismissing it, and to integrate it with the views of tenants through an open process which promotes social cohesion amongst residents.

- 1.6 The panel also feels that over the years the Council has developed a defensive attitude instead of setting out its vision through a long term strategy to deal with maintaining and improving its stock. In part, this reflects a lack of capital during the Thatcher years, so properties were not maintained and councils lost the skills to run large-scale capital programmes. When capital was supplied by the Labour government after 1997, it was not necessarily spent well, opting for a “Rolls-Royce” approach rather than focusing spending on keeping maintenance to an acceptable standard. This meant the backlog of £19m in capital works was never cleared. Recent changes to the Housing Revenue Account mean that councils will have more responsibility for their property asset strategy. That strategy means applying rents to maintaining properties, so local rent levels will reflect the costs of maintaining our homes. We need to learn from the past; understand what our tenants and leaseholders are saying; and put robust systems in place for the future.
- 1.7 The Panel has received an extraordinary amount of evidence from leaseholders and others, and has relied upon other evidence and officers’ input. This report attempts to use this information to make strategic recommendations for the Council to come up with policies and processes which we hope would prevent the vast number of concerns brought to us by leaseholders and which will also affect tenants as rents are more closely linked to the costs of running our housing.

## 2 What is going wrong?

- 2.1 **When leaseholders line up in substantial numbers all saying with one voice that, the Council is ignoring them and doing unnecessary work which is shoddy, which is too expensive, is often charging them for duplicated jobs and that the charging is often erroneous, then we need to sit up and take notice.** Leaseholders are rightly angry at the perception that they are paying dearly for the Council’s neglect in a number of areas.
- 2.2 The evidence before the Panel suggests that leaseholders’ perceptions and expectations are miles apart from that of the Council’s. The Council’s organisational structure and processes within that structure appear to be riddled with a ‘silo’ mentality, and the culture within that structure is so far removed from reality that it has forgotten to concern itself with showing empathy towards leaseholders’ plight. In short, when it comes to our leaseholders, the Council might as well be on a different planet.
- 2.3 A pension-aged leaseholder whose children had bought the lease of the flat he grew up in, for his twilight years, says: “when the council sent me a bill for over £50,000 for works it allegedly did, I obviously did not have this money, I have now lost my beautiful

home. My only hope is that no one has to ever go through what I had to ever again". Another leaseholder complained of scaffolding being erected and kept up for six months without any works done, only to be taken down because leaseholders had not been consulted properly. There are countless other examples such as these in the evidence before the Panel, which extended over years but included recent events. A summarised version of this evidence is included in Appendix 1 of this report.

2.4 A document (See Appendix 2)<sup>2</sup> setting out information provided by Camden Council to CIPFA and disclosed as part of a Freedom of Information request, also demonstrates that Camden's Supervision and Management costs have consistently been the highest in Inner London between 2007 and 2011, the last year for which data has been supplied.

### 3 Way forward

3.1 In summary, the Council needs to:

- a. develop a transparent strategy to publish a maintenance and improvement plan for major works,
- b. adopt a culture change throughout its own ranks which embraces an engagement and involvement process and values what leaseholders (and tenants) say, and acts on them,
- c. reduce supervision, management, and procurement costs,
- d. improve the quality of works and services delivered,
- e. recognise the value of leaseholders in providing checks and balances for the council,
- f. complete the agreed works on time and within budget,
- g. remove the existing barriers between the different processes such as; consultation, surveying, costing and procurement, execution of the work, preliminary completion, inspection and snagging, sign-off, charging, dispute resolution, collection,
- h. make sure the charging process is such that invoices sent reflect an accurate account of actual services delivered and works carried out.

3.2 The processes mentioned above may not always be in the same order in practice, however, what is obvious is that these individual processes need to be moulded in to one seamless process; start-to-end. The Panel predicts that this approach, coupled with the importing of a "Right First Time" culture throughout the process, should reduce the bureaucratic problems of disjointedness, 'fire-fighting', and the associated management costs that come with this.

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<sup>2</sup> Readers should note that at the time of writing this report, further clarification was being sought on the figures in Appendix 2 and the recommendation on this may be amended when the report is presented to the Committee at its meeting on 28 November 2012.

## 4 Recommendations

### 4.1 Maintenance and Improvement Strategy

- 4.1.1 The Panel finds that there has been a lack of a long term and transparent strategy for maintaining and improving the Council's housing stock.
- 4.1.2 A new stock condition survey has been carried out recently by the Council. The panel has been informed that this will be used to develop a five year forward plan for major works and that a 30 year asset management plan is being developed.

**RECOMMENDATION 1:**

***Officers are asked to engage meaningfully with leaseholders to develop an appropriate version of the forward plan for major works and the asset management plan for publication on the Council's online web portal for leaseholders.***

### 4.2 Supervision and Management

- 4.2.1 Figures in Appendix 1 demonstrate that supervision and management costs were climbing in the last three years, finally reaching £25.69 million in 2011 – almost double the Inner London average!
- 4.2.2 Driving this cost down must be a top priority for the Council. The Council must aim to make savings in supervision and management through innovative ways, demonstrating quarterly reductions of at least £100,000, increasing by £20,000 per quarter for the next five years.

**RECOMMENDATION 2:** *(please refer to footnote 2 on page 13)*

***Officers are asked to work up a five year strategy to reduce the Council's supervision and management costs from £25.69 million to £17.19 million by 2017, which would still be some £5 million above the inner London average as it stood in 2011. This strategy will have a net outcome of bringing annual average supervision and management costs down for each dwelling from £756 to £506, an average annual saving of £250 per tenant and leaseholder by 2017.***

***Officers are asked to report six monthly outcomes against these targets back to HASC Scrutiny Committee.***

## 4.3 Culture change

- 4.3.1 To achieve the desired outcomes in recommendation 1, the Council must shed its outdated attitudes and look at innovative ways of joining up service delivery under the “Right First Time” philosophy. Competition to drive costs down, while an important consideration, must never be at the expense of quality. The emphasis must be on ‘what can I do to do this job right before I go on to my next one?’ instead of ‘how quickly can I get out of here?’ The council must incentivise workers who are responsible for improvements and major works to get it right first time.
- 4.3.2 The evidence received by the panel suggests that there is lack of coordination between Home Improvements and Leaseholder Services, between the Council and leaseholders, and between the Council and framework Contractors. Of course, any closer co-ordination has to recognise the need for Camden to ensure that contracts do deliver value for money, proper audit trails are in place, and closer co-operation does not merge into covering up issues which should be addressed. Shared, modern IT systems should allow residents, contractors, and the widest range of council staff dealing with our housing and its residents to become involved in works from the moment they are being considered through to evaluating the final outcome. We heard that work to develop such systems is occurring, and could of itself lead to savings as well as driving up quality. But, the panel did not get a clear view of what will be delivered and when.

### **RECOMMENDATION 3:**

***The Council should make best endeavours to base costs re-charged to leaseholders on “reasonableness”. Officers are asked to work up a strategy to reorganise structures so that services can be delivered in a seamless manner from the outset. The start-to-end experience, right from the survey and consultation stage, all the way through to the collection of payment must be seamless, and each stage must strive to achieve its share of the agreed philosophy - ‘right first time’. That strategy should set out who will deliver what and when, and be set out in the officer response to this report.***

## 4.4 Surveys and estimates

- 4.4.1 The Panel has heard that the process currently adopted by the Council for surveying buildings in order to prepare estimates for major works is not fit for purpose. The evidence suggests that as a result, estimates are often inaccurate.
- 4.4.2 The effect of this can be catastrophic. Tenants are told that there will have to be cutbacks to works which they had prioritised, creating resentment and distrust which often lead to apathy and disengagement. On the other hand, leaseholders can see their share of unanticipated costs rocket.
- 4.4.3 The Panel is united in its aspiration that the Council must improve its processes of surveying for major works leading to more accurate estimates being issued. An outline initial survey often will be misleading rather than being informative. A thorough survey based on a detailed analysis of the condition of the building is needed. Taking a page from the “Right First Time” policy, spending a small amount extra and getting it right at this stage is crucial to making savings at a later time.
- 4.4.4 Additionally, the Panel heard that the cost of scaffolding is excessive and unacceptably high. The use of scaffolding erected for this purpose, and then left unused for considerable lengths of time was of concern to residents on grounds of security and (for leaseholders) costs. Alternatives such as abseiling or using ‘cherry pickers’ could allow surveys so that scaffolding is only used for limited periods of time where regular access is required for a number of workers.

**RECOMMENDATION 4-1:**

*Officers are asked to work up a strategy and processes to accurately survey buildings for major works for estimating purposes. The estimate must produce detailed specifications for the entire programme of works based on such surveys which is priced and verified as accurate. A successful outcome must be that budgets must remain within agreed contingent amounts for the entirety of the major work project. The Panel further recommends that once this strategy is adopted, performance review outcomes are reported to HASC Scrutiny Committee no later than May 2013, and biannually thereafter.*

**RECOMMENDATION 4-2:**

*The panel recommends the use of cherry pickers, abseiling, internal access, and other methods in preference to erecting scaffolding for surveying purposes in major works.*



**RECOMMENDATION 4-3:**

***The panel further recommends the adoption of a process ensuring that the survey and the subsequent estimate must clearly state:***

- ***what works are necessary and in priority order,***
- ***the consequences of not carrying out any of the work specified,***
- ***how the works are expected to be carried out,***
- ***what guarantees may be expected from each element of the work,***
- ***a detailed pricing breakdown,***
- ***comparisons demonstrating how value for money has been assessed,***
- ***time scales for completion, the process and scope for snagging,***
- ***the process and scope for attainment of satisfaction levels,***
- ***an agreed process of claims to be made under the guarantee period and not charging this to the leaseholders,***
- ***practical completion date and handover.***

## 4.5 Consultation

- 4.5.1 The Council should enhance the statutory s20 consultation process with leaseholders. The Panel has received evidence of inefficient practices, duplicated works and the call centre not identifying calls as repeat calls for the same job relating to the repairs service. It is hoped that this issue will be picked up once the successful pilot in Gospel Oak rolls out to the rest of the borough. **We make no specific recommendation relating to day to day repairs, however the Panel requests an update on when the rollout will be completed and when a feedback report on satisfaction levels could be provided to HASC Scrutiny Committee.** Getting this process right from the outset is therefore crucial.
- 4.5.2 The Panel has also heard that it is often difficult to engage leaseholders (and tenants) at pre-consultation stage. Officers have reported that several pre-consultation meetings have gone unattended by residents.
- 4.5.3 The Council must develop innovative methods in addition to traditional ways of eliciting views from residents about planned major works. These may include, amongst other methods, door knocking, telephone interviews, community events – such as fun days, school gate surgeries, TRA achievement ceremonies, etc.
- 4.5.4 It is unclear how well Home Improvements, Tenant Participation and Housing Management teams work together to maximise resident involvement. The

Council must work towards maximising the expertise which presumably exists within the Tenant Participation Team and wider Housing Management staff, and those teams must work together and in harmony to achieve greater resident involvement at pre-consultation stage.

- 4.5.5 The Council must take advantage of any successful engagement process to involve interested leaseholders (and tenants) in the subsequent processes in the project - also with the aim of harnessing their unique knowledge and experiences of the place they in which they live.

**RECOMMENDATION 5-1:**

***Officers are asked to work up an effective pre-consultation engagement process in partnership with the Tenant Participation Team and involving Housing Management staff. Progress reports should be brought to HASC Scrutiny Committee measuring outcomes in terms of number of leaseholders (and tenants) engaged, and how many of these progressed on to be involved in planning, monitoring and scrutinising the delivery of the projects.***

**RECOMMENDATION 5-2:**

***This process had always aspired to encourage new groups to continue their interaction with the Council in the hope that they would become TRAs. HASC Scrutiny Committee should receive an update paper on how this strategy has been progressed. How many Better Homes Resident Working Panels have been referred to the Tenant Participation Team for encouraging them to evolve into fully fledged TRAs?***

## 4.6 Cyclical Maintenance

- 4.6.1 Panel Members were alerted by the evidence to the importance of having a robust maintenance regime in place which prevents the escalation of reactive repairs.
- 4.6.2 This is particularly pertinent in preventing deterioration of lifts, heating, and other plant. Panel members asked if replacing lifts was the right approach as opposed to putting in place an effective maintenance regime especially in the case where lifts are relatively new, or ones where spare parts are easily obtainable.

**RECOMMENDATION 6:**

***Officers are asked to provide a response to HASC Scrutiny Committee setting out the Council's Planned Maintenance Programme, and the process of its implementation.***

## 4.7 An Overall Plan

- 4.7.1 Our report, and notably Recommendations 3 and 4.1, envisage end-to-end and seamless processes. We seek reports to HASC on progress towards achieving the changes we wish to see, and which senior officers have told us they wish to see too. But, that final objective also needs an extra element of transparency.
- 4.7.2 Reassurance is needed for tenants and leaseholders that the whole programme is being monitored to ensure targets are being met and value for money obtained. That monitoring will involve senior officers ensuring that those delivering the programme have the expert advice they need to deal with issues as they arise, and that individual projects are on track to deliver.
- 4.7.3 As tenants are asked to contribute directly to the programme, we expect they too will wish to be assured that their money is being spent wisely.

**RECOMMENDATION 7:**

***In responding to us, Officers are asked to develop a strategy for reporting progress on the overall plan and elements within it to relevant stakeholders. They will include residents of properties within the programme, their ward councillors, recognised resident groups, and HASC. The pattern of reports to the old Housing Committee can be used as a source for the future.***

## 4.8 Working in people's homes and communal areas

- 4.8.1 The Panel has received evidence about the attitude and manner of workers towards residents. The Panel accepts that these may be isolated cases however, smoking in people's homes and gardens with cigarette butts discarded inappropriately, use of inappropriate language which is audible by young children, screaming and shouting; is simply unacceptable.

**RECOMMENDATION 8:**

***Officers are asked to ensure that management and supervision process is updated to ensure that unacceptable and disrespectful behaviour is properly and effectively dealt with. Officers are***

***asked to include the process they intend to implement in their response to HASC Scrutiny Committee related to this recommendation.***

## 4.9 Communication

- 4.9.1 The Panel heard considerable evidence in relation to a breakdown in communication with leaseholders in different areas of service delivery. According to case studies received by the panel, responses to s20 notices were apparently not being acknowledged, there were disputes relating to works undertaken and charges levied which were not receiving a timely response **or getting no response at all.**
- 4.9.2 There were also some concerns raised by residents about lack of processes to prevent a council officer being asked by senior officers to respond to queries where that council officer's work is the subject matter of the query/complaint, and so could be suspected of being biased in responding.
- 4.9.3 The Panel also heard evidence from officers of an online portal being developed and work being in progress for its improvement to make this process interactive. Officers hoped that this ultimately would reduce the need for leaseholders to contact the Council with queries by phone or letter.

### **RECOMMENDATION 9:**

***The Panel asks officers to develop a coherent communication strategy which connects all parts of the Council relating to service delivery affecting leaseholders. The outcome of this strategy must resolve failure to respond to communications, untimely responses, and improve coordination between the different parts of the council relating to service delivery to leaseholders. Such a strategy should, of course, involve tenants too and, in the case of larger works, local residents of private housing. The response to this report should set out who will produce such a strategy and to what timescale.***

## 4.10 General

- 4.10.1 Leaseholders questioned the necessity of having expensive communal heating systems which were expensive to replace, in preference to having individual combination boiler systems installed at a fraction of the cost. They remained unconvinced of the savings in carbon emissions arguing that cost

recovery periods are often unattainable in practice and relatively insignificant.

- 4.10.2 Leaseholders also questioned the necessity of heat metering and installing the Integrated Reception Service (IRS).

**RECOMMENDATION 10-1:**

***Officers are asked to provide a response to the HASC Scrutiny Committee regarding the need for IRS, heat metering, and communal heating/hot water systems which are far more costly to install than individual boilers.***

- 4.10.3 The panel received considerable evidence about works which were still under guarantee being recharged to leaseholders. The Panel is concerned at this apparent lack of a process to capture failures which are still under guarantee and to compel original contractors to rectify works at no cost to the Council.

**RECOMMENDATION 10-2:**

***Officers are asked to provide a response to the HASC Scrutiny Committee on what processes are currently in place in regard to making sure that failures occurring on works still under guarantee are not charged to the Council, and/or recharged to leaseholders.***

- 4.10.4 Members felt that partnering contracts should be reviewed, especially in light of the changing conditions in the building industry. Given the high volume of evidence before the Panel regarding bad workmanship and poor value for money, members also expressed a strong desire that there should be an independent enquiry into the current partnering contracts and the partnering concept.

- 4.10.5 The Council needed to have skilled staff in-house who could check what the partners and contractors were doing.

**RECOMMENDATION 10-3:**

***Officers are asked to provide a response to the HASC Scrutiny Committee on the comments in sections 4.10.4 and 4.10.5. In the light of the changing conditions in the building industry, Officers are asked to work up a review of the Partnering arrangements which should consider in-house staff who are appropriately skilled in monitoring and supervising partnering contracts.***

- 4.10.6 Further concerns were raised in evidence ranging from lack of transparency on insurance cover and the excess, on how subsequent profits through open book accounting with partnering contractors will be distributed back to leaseholders, the demographics of leaseholders and whether it would be

appropriate to deal with more sympathetically with more vulnerable leaseholders.

- 4.10.7 It was also apparent from the evidence submitted that there are differing expectations/awareness from leaseholders as to what the terms of their leases legally compel them to, and that there are different terms of leases purchased at different times, which meant leaseholders could be subject to varying conditions depending on when they purchased their flats. It is particularly noted that this adds layers of administration in terms of extra complexity within the Council.
- 4.10.8 It was noted that in some instances dispute resolution was not pursued by the council, or instead of referring leaseholders to mediation, the Panel heard that officers would ask leaseholders to go to the LVT.

**RECOMMENDATION 10-4:**

***Officers are asked to provide a response to the HASC Scrutiny Committee on the points raised in relation to 4.10.6, 4.10.7, and 4.10.8.***

- 4.10.9 The Panel has also received evidence about patchy works relating to caretaking services, where in some areas charges for caretaking are being disputed based on dissatisfaction on the service levels. The nature of these relating to specific areas point towards on-going management issues specific to those areas.

**RECOMMENDATION 10-5:**

***Officers are asked to ensure that the positive working culture within certain patches with high satisfaction levels is propagated to patches where there are high dissatisfaction levels. Officers are asked to provide a report to HASC Scrutiny Committee on strategies as to how they intend to resolve isolated but chronic management issues which have been prevalent in parts of the caretaking service for some time.***

## **APPENDIX 1**

### **LEASEHOLDERS RE-CHARGES SCRUTINY PANEL - 18 September 2012**

#### **Case-study Evidence Submissions**

**Report prepared by Cllr Meric Apak**

#### **Introduction**

The Panel agreed to receive limited submissions in writing of case studies to compare with evidence submitted to the previous Panel and measure any improvements or otherwise.

An email was sent to leaseholders on the database of the Panel's clerk, and the Chair promoted the request for submissions in the local press. Due to demand, the deadline was extended until Monday 17<sup>th</sup> September and this summary prepared on 18 September 2012.

There have been a total of 36 submissions received by the deadline collated within 128 pages, with more submissions still being received subsequently. It has to be noted that there was some discontent amongst contributors about the nature of the promotion of this panel's request for case-studies, and the short deadline.

The panel has been clear from the outset that its remit is not to try and resolve individual cases or raise expectations in this way, rather, it is to draw from these examples in order to discover potential and actual failures within the system and processes of the Council, and make strategic recommendations to the Council through HASC Scrutiny Committee, the Cabinet Member, and officers, for policy making so that any failings giving rise to concerns can be effectively and efficiently addressed.

There have been multiple submissions from some contributors and the evidence submitted was received from a range of people and organisations. This is broken down as:

- Individual Leaseholders: 29
- TRAs (including CASP) 4
- Councillors 3

#### **Summary of evidence (in order of number of mentions)**

1. Are the works necessary? (renewals – capital works) Is the process of surveying right (for estimating purposes)?
2. Are prices competitive? Management costs!

3. Erroneous Charging. Charges applied to multiple orders for the same job. Leaseholders charged for internal (tenants) parts. Lack of transparency, final bills sometimes arrive two or three years after final completion, etc....
4. Is quality and standard of major works worth the cost? Shoddy works, contractors/operatives treating residents and their homes disrespectfully – no sensitivity, works which fail soon after completion without redress, and lack of supervision of workers or management of the job (doors painted while shut - mentioned several times!). Gaisford TRA refers to 15 (out of 60 members who have come forward with complaints ranging from leaking roofs, bad paintwork, to bad conduct.
5. Nothing has changed since last scrutiny panel made recommendations
6. Estimates on major works are meaningless as they are mostly based on hands-off surveys, which often do not reveal the true extent and cost of works.
7. Conflict of interest on allowing partnering contractor to survey buildings for major works estimation purposes.
8. Statements of accounts often too complicated and difficult to understand leading to difficulties to identify the source of particular charges or even refunds and to identify what they relate to
9. Lack of coherent coordination between the Council's Leaseholder Services Team and Repairs/Renewals section, or between the Council and its contractors/partners, and between the Council and its leaseholders (and tenants)
10. Scaffolding is left unused for months and the costs, when compared to same specifications on the open market directly by leaseholders, often quotes are one third of what the Council charges leaseholders.
11. Lack of cyclic maintenance, including on plant – instead reacting to problems (fire-fighting)
12. Lack of established practices or processes to work with leaseholders in properly getting the snagging process right first time, leading to unacceptable time delays for formal completion, often measured in months, and occasionally in years.
13. Why install extortionately expensive communal heating systems which lead to each leaseholder's contribution towards its cost to being as much as £25k, when leaseholders can have individual boilers installed complete with new CH and HW, at a cost of some £3k?
14. Heat metering and IRS too costly compared with prices on the market, and unconvinced of the case for its necessity
15. Holy Lodge heating only renewed after 30 years to make new flats sellable! Attitude problems towards leaseholders (and council tenants!). Why have the council allowed deterioration to this extent, and only now dumped the cost of this neglect on to leaseholders?



16. Disputes about Caretaking delivering a VFM service – very patchy outcomes; too reliant on caretakers own initiative; lack of appropriate supervision.
17. Council not acknowledging LVT ruling and proceeding to collect original sums reduced in same ruling.
18. Compensation following a formal complaint is an insult!
19. A perception (factual or otherwise) of leaseholders being used as milch cows by the council to address cuts to its budgets
20. Meaningless consultation (s20 Notices) – it is just a process. Council never listens, acknowledges or responds to s20 Notice submissions.
21. Council does not take leaseholders seriously and ignores their contributions and does not respond to letters or other forms of communications until forced to.
22. Lack of implementation of Guarantees on works done. (new roofs, drains etc...)
23. Lack of information on forward planning of Capital works means leaseholders cannot sell their property
24. Lack of transparency on insurance cover and the excess. Not worth claiming!
25. Lack of transparency on how subsequent profits through open book accounting with partnering contractors will be distributed back to leaseholders
26. Evidence submitted by Cllr de Souza makes the point that most of the issues relating to leaseholders are cost and efficiency related to do with works carried out on properties, and apply to tenants as well who also pay through their rents but do not necessarily see these costs, and that leaseholders are the ones who are more vociferous because they are directly impacted.
27. Who are our leaseholders – Rich Landlord, or 79 Yr old Mrs Brown whose children bough her the flat she lived in? Do we have a policy to differentiate and deal with more sympathetically or appropriately with the latter? Would this be right?
28. Differing expectations/awareness from leaseholders as to what the terms of their leases legally compel them to
29. Different terms of leases purchased earlier – no uniformity – difficult to administer.
30. Lack of mediation – instead leaseholders are encouraged to go to LVT
31. Sink Fund (mentioned by one leaseholder)

It is worth noting that nearly 95% of concerns related to dissatisfaction to do with renewals/capital works and or their necessity and cost. Lack of responsiveness from the Council to queries raised by leaseholders came next

Needless to say, more work is required to properly analyse the above submissions and make some kind of sense of it all in order for the Panel to start the process of making Recommendations for policies to be formulated to address the above concerns, which are considerable to say the least!

**APPENDIX 2:****Supervision and Management Costs**

(Please see footnote on page 13)

<b>Management Costs 2003-11 ; £'000</b>									
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Supervision and Management - General</b>									
Camden	31,284	30,888	35,355	34,361	32,688	29,506	31,966	30,182	31,692
Inner London Average	29,361	31,217	31,539	34,207	35,571	36,155	38,683	37,681	37,460
Upper Quartile	31,655	34,689	35,473	39,408	38,632	43,548	44,640	43,658	44,177
Median	27,780	30,621	29,034	31,680	31,187	30,102	33,634	34,613	30,889
Lower Quartile	22,686	23,571	23,599	22,066	23,238	23,466	24,908	23,816	22,945
Rank	4 of 12	6 of 12	4 of 12	6 of 12	6 of 12	8 of 12	7 of 12	8 of 12	6 of 12
<b>Caretaking Costs</b>									
	284.55	275.4	320.69	323.05	320.79	343.35	249.55	287.96	---
<b>Supervision and Management - Special</b>									
Camden	16,844	18,314	18,899	28,884	22,815	20,539	25,032	24,977	25,689
Inner London Average	13,467	13,958	16,785	15,878	12,935	12,354	13,159	13,782	13,106
Upper Quartile	17,083	18,307	20,051	18,527	16,409	14,828	16,306	16,903	17,128
Median	13,899	14,212	15,573	13,695	12,828	11,592	13,416	12,813	13,306
Lower Quartile	9,911	9,916	9,965	9,184	8,209	10,306	7,941	10,716	8,229
Rank	5 of 12	3 of 12	4 of 12	2 of 12	1 of 12	1 of 12	1 of 12	1 of 12	1 of 12

**Source:** Camden Council, Fol responses

23 December 2008 Ref: RFI/03808

18 February 2010 Ref: 5945295

5 July 2012 Ref: 7842870