



Investigation Review: Royal Borough of Kingston Council's Service Charges

June 2015

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Introduction

The Kingston Residents Scrutiny Panel (KRiSP) is an autonomous panel of council tenants and leaseholders set up by Kingston Council in conjunction with the Kingston Federation of Residents. The role of KRiSP is to investigate and review the Council's housing services and to propose improvements that will be of benefit to all residents. KRiSP is central to the Council's 'Resident Involvement Framework' and a commitment to co-regulation. It was formed in October 2013 and currently comprises 14 tenants and leaseholders.

The role of KRiSP is to carry out service investigations and report on them to the Council. This is KRiSP's third investigation and 'Service Charges' were chosen following frequent mentions in previous interviews and was perceived as a service that involved both tenants and leaseholders.

As we were informed by HMT that there was a review of Service Charges due in April 2015 it was agreed that KRiSP would still look at the transparency of service charges but the focus would be more on the communication side as opposed to the actual charging element.

The KRiSP Investigation Panel was comprised of Mohamed Ali (Chair), David Miller, Bruce Parker, Mary Parmar, Rita Tibbs and Geof Yates.

Due to the volume of work being undertaken the other members of KRiSP offered their assistance and all contributed to the production of the final report.

The Team was supported by Cathy Kempadoo from Kingston Council along with mentoring support from Phil Morgan. The Panel would like to thank all the members of staff and all the residents who gave their time freely to support this investigation.

Executive Summary

This investigation was difficult owing in no small part to the lack of written detail available, as evidenced in the limited response for information to facilitate a Desk Top Review.

It would appear that not only is there no Policy Document or indeed any Policy in place but once again, as in previous investigations, a lack of ownership has led to different departments assuming that someone else was responsible for producing this important document.

RBK's approach to transparency of Service Charges is limited. Although RBK fulfils the required criteria to supply a minimum amount of information to its service users there is little attempt to provide a full and easily accessible product. Written information is presented in a manner that one panel member referred to as "Fifty Shades of Grey" while attempting to navigate the web site for information and clarification caused even Finance Officers problems.

There is little coverage to Leaseholders or Tenants of what Service Charges are for. Breakdown of costs have to be requested which can then take up to ten days to provide due to a manual production of figures being necessary.

Unlike some other landlords who have a customer focussed approach with both open, accessible information and meaningful involvement RBK displays a limited concept of Customer Service, a lack of consultation and no attempt at any resident involvement.

Our report contains a number of key recommendations one of which is a major recommendation that Kingston adopt an open inclusive approach. Indeed the overall conclusion arrived at is that RBK should consider a number of radical changes to its approach to Tenants and Leaseholders and to learn to treat them as Customers who are entitled to a high level of Consultation and Customer Service.

Our report has 10 key recommendations for you to note and implement. They are:

Recommendation 1. That there is an accessible and user friendly Service Charges Policy.

Recommendation 2. That RBK's approach should be based on providing all relevant information including a breakdown of all charges for residents and for setting up a consultative process for deciding on Service Charges and for setting Service Standards.

Recommendation 3. That the draft Leaseholders Handbook is reviewed for presentation and contains a breakdown of Service Charges and should be comparable to other similar Handbooks.

Recommendation 4. That a Tenants' Handbook should be produced to reflect the Leaseholder Handbook and should cover Service Charges.

Recommendation 5. That the coverage of Service Charges on the website is completely updated and made more user friendly.

Recommendation 6. That RBK consider extending Estate Management Agreements

Recommendation 7. For Major Works (Section 20 now referred to as Section 151) there should be a set procedure of involvement and consultation, drawing on best practice.

Recommendation 8. That RBK adopts the best methods of checking that the delivery of services paid for by Service Charges represents Value for Money and communicates its Service Standards to residents and their representatives.

Recommendation 9. That the current RBK management structure in relation to Service Charges be reviewed and compared with other landlords.

Recommendation 10. That RBK review IT provision for the Service Charges Team and review the need for manual checks.

Methodology

The Panel agreed the following three aims

- To seek clarity about the amount charged for services
- To seek clarity about the services provided
- To improve communication about service charges

The Panel carried out the following tasks:

1. Desk top review included:

- Leaseholder Service Charge Billing Process
- Reminder Notice and Final Notice for outstanding arrears
- Letter and breakdown of costs for estimated service charge
- Notification of planned works including Better Homes and Section 151
- Flow chart
- Draft Leaseholder handbook
- Consultation requirements

2. Interview with officers of The Federation of Tenants and Residents.

3. Interview with Richard Goodwin – Financial Support Team Leader-Data Services

4. Interview with Jonathan O'Neil – Financial Analyst

5. Interview with Claudia Kane and Kate Bowers – Resident Services Officers

6. Interview with Julia Greenwood – Leasehold Services Manager (since left)

7. Interview with Susan McAuley Resident Services Manager

8. Interview with 11 representatives of Tenants and Residents Associations

9. Interview with 4 leaseholders from Gooding Close

10. Interview with Diane Mc Allister from the Leaseholders Forum

11. Interview with Alan Hardwick, Caretaker Manager

12. Interview with Representative of FREDY (Florence House, Roupell House, Elm House, Dale Court and York House)

13. Surveyed 7105 residents 5% returned papers

14. Visited City West Homes.

Interviewed John Milllichope Lessee Services Manager and his assistant Ibrahim Youssef.

We were given copies of the following papers and leaflets:

- Rent and other charges
- Frequently asked questions about your estimated service charges
- Leaseholder's major works section 20 consultations.
- Leaseholders service charges
- Provision of management services

15. Visited Croydon Council

Interviewed Carol Ibbott, Leasehold Services Manager, Sian Foley, Head of Service Development and Alison Crisp, Service Development Project Manager.

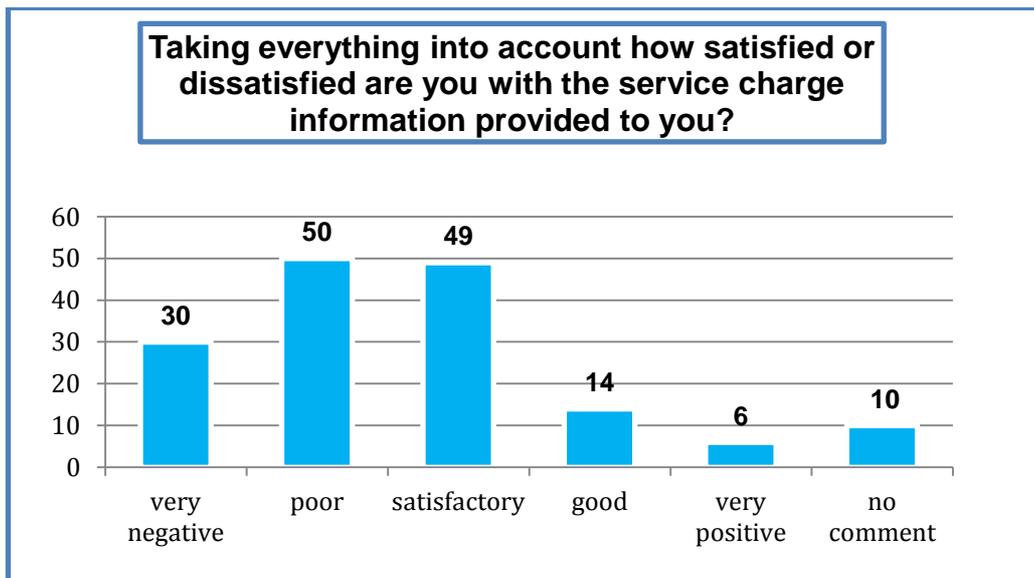
We were given copies of the following papers and leaflets:

- Details of their Money Management Courses
- Booklet on Paying your major works invoice
- Leaseholders' major works guide
- Pay As You Go Home Contents Insurance
- Call for residents to Get Involved leaflet
- Leaseholders' Guide

Findings and Recommendations

Recommendation 1. That there is an accessible and a user friendly Service Charges Policy. (Refer to Appendix 4)

Currently RBK has no service charges policy. Other landlords have such policies and make them accessible. RBK finance staff have never seen a policy and told KRiSP they thought that 'Housing' was updating one. There may be an historical Leaseholder Handbook but this is not in current use.



Recommendation 2. That RBKs approach should be based on providing all relevant information including a breakdown of all charges for residents and for setting up a consultative process for deciding on Service Charges and also for setting service standards. (Refer to Appendix 2, 3, 4 & 6)

Other landlords have a more open approach to sharing information and for involving service charge payers. These include:

- Workbooks
- Focus Groups
- Opportunities for one to one meetings
- Visits to Section 20 schemes
- Consultation with charge payers
- Welcome pack for leaseholders

City West's Key Lessee Scheme has turned ardent critics into passionate advocates for their approach to Service Charges.

Residents have a limited understanding of what Service Charges are. Feedback from both staff and Tenants and Residents Associations are that residents are generally unaware of service charges and what they are for. This is supported by the Federation, to quote 'most tenants do not understand what service charges are for'. There is a consistent message from leaseholders that RBK do not provide enough detailed information.

Croydon gives a breakdown of how they apportion charges. They make it clear that leaseholders have a legal right to request a breakdown of costs but the request must be in writing and relate to the previous six months. It will also include details of their caretaking and cleaning arrangements.

L&Q give good coverage of how service charges are calculated.

City West provide PDFs giving information on Service Standards and what is included in service charges. Residents are able to check statements on line. RAs are able to request a breakdown of charges.

65% of leaseholders do not believe that there is enough breakdown of charges although only 27% of tenants are dissatisfied.

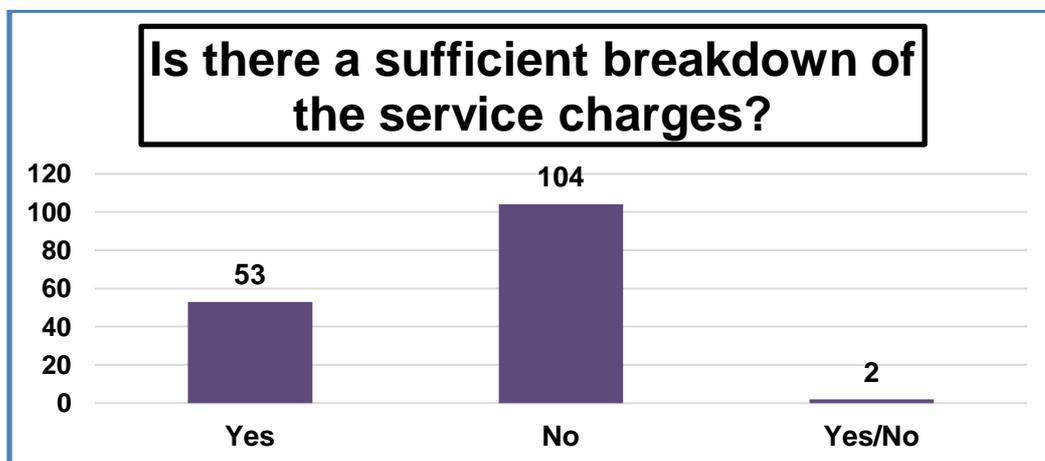
A breakdown of costs can be requested of RBK but it is not provided automatically. The headline figure charged is broken down in a summary document as is the management fee.

Finance staff thought that the bills did give a breakdown and promised to check.

There was a consistent message that TRAs wanted more information and a breakdown of costs.

Some Leaseholders gave feedback that they had requested a breakdown but had not received it.

Several RBK staff that panel members spoke to accept that there is a need for a breakdown of charges.



Recommendation 3. That the draft Leaseholders Handbook is reviewed for presentation and contains a breakdown of Service Charges and should be comparable to other similar Handbooks. (Refer to appendix 4)

RBK has a draft Leaseholder Handbook. This is informative but is less easy to read than other landlord's Handbooks. Whilst this is only in draft form it appears at first sight to be a fairly comprehensive document. There is a lot of information about what service charges might cover and also how to query them if the resident is not satisfied.

One major observation is that this RBK document consists of 42 pages of dense text. Although it gives a lot of information it does not make for easy reading.

The Croydon Leaseholders Guide is much more user friendly, less dense and easier to read. A lot of information in both guides is similar but there is more information and a greater breakdown of Service Charges within the Croydon Guide and the presentation of the information is much more user friendly.

Leaseholders who were interviewed were aware of the development of a handbook but were concerned that it may not give a breakdown of charges unless requested.

Leaseholders who had been involved in the development of the handbook questioned why it has not been issued yet.

Recommendation 4. That a Tenants Handbook should be produced to reflect the Leaseholder Handbook and should cover service charges. (Refer to Appendix 4)

The old Tenants Handbook does not cover service charges. There appears to be no mention of them or how they are arrived at. There is also no mention of any consultation with residents about increases in either service or rent charges.

Recommendation 5. That the coverage of service charges on the website is completely updated and made more user friendly. (Refer to appendix 1, 4)

RBK's website coverage of service charges is poor. The website gives a broad introduction to basic information for leaseholders and what their charges cover. There is no further breakdown of charges and nothing at all for tenants.

The website is acknowledged as not being user friendly, even staff struggle to find information. Other landlords' websites have a variety of information but there are three that are both transparent, user friendly and give excellent information.

- Croydon gives clear information with a full explanation of charges.
- L & Q give a good coverage of what service charges cover including the use of both fixed and variable charges.

- City West provide clear information about their service charges with a pdf for leaseholders.

Recommendation 6. That RBK consider extending Estate Management Agreements.

(Refer to appendix 3 & 4)

The School Lane Estate Management Agreement is an example of where a breakdown of all service charges is provided. The residents of School Lane used not to be aware of what was covered by service charges but this has now been rectified by an Estate Management Agreement which gives a complete breakdown of costs especially caretaking, the main item.

Resident Associations and estate staff interviewed said they supported the concept of Estate Management Agreements.

Recommendation 7. For Major Works (Section 151) there should be a set procedure of involvement and consultation, drawing on best practice. (Refer to appendix 1 & 4)

RBK do give leaseholders the required notification on major works or Better Homes of a limited consultation but in writing only.

Croydon and City West hold leaseholder meetings to discuss details of works to be carried out, their costings and payment options and then meet tenants and leaseholders to answer any questions.

Recommendation 8. That RBK adopts the best methods of checking that the delivery of services paid for by Service Charges represents Value for Money and communicates its Service Standards to residents and their representatives. (Refer to appendix 1, 2, 3 & 6)

Performance is informally monitored and responds to resident's complaints.

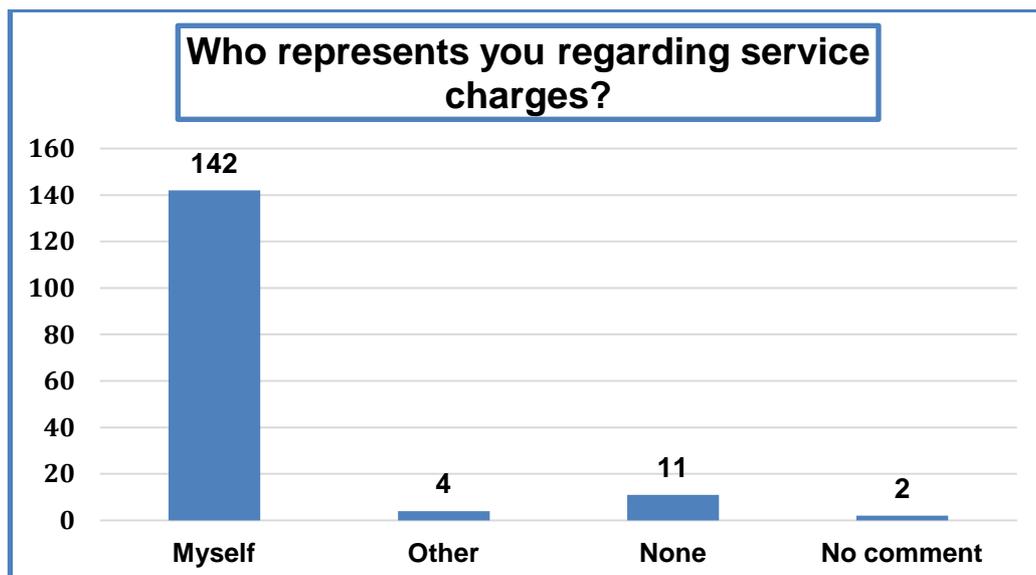
Tenants and residents associations reported that there is no accountability mechanism, although one did mention the use of feedback to identify tasks for caretakers.

There was no understanding of who represented resident's interests.

The overwhelming majority of residents 73% felt they had to represent themselves.

Staff reported that feedback relating to the delivery of service charges is sought from the Senior Caretaker and Supervisor.

The RBK website for residents suggests that if they are dissatisfied they should contact their Resident Service Officer.



Recommendation 9. That the current management structure be subject to review and might consider the processes be compared with other landlords. (Refer to appendix 2 & 4)

The management of RBK Service Charges currently rests with the finance team. This is different to other Landlords who have dedicated teams either for leaseholders or Service Charges generally.

Recommendation 10. That RBK review the IT provision for the Service Charges Team and research the need for manual checks. (Refer to appendix 2)

RBK staff reported that the costs of caretaking services, etc are not broken down in detail but are available on request, last year 40 leaseholders asked for a breakdown of their service charge bill.

The breakdown of costs is a lengthy process which takes approximately 10 days to produce because it has to be done manually for each individual request.

Another example relating to the poor IT provision is that every time rent statements are sent to tenants, the potential number being over 4000, they are produced then checked then printed and finally all are manually checked again prior to dispatch.

Conclusion

We have reviewed RBK's approach to Service Charges focussing on how they are communicated to Residents, both Tenants and Leaseholders, to see whether they are fit for purpose and provide a good customer experience.

The investigation involved looking at the Housing Finance procedures, policies and performance reports, interviewing staff and residents, conducting a survey of Leaseholders and Tenants plus a wide ranging benchmarking exercise involving external organisations.

On the basis of our findings we feel that the following changes are needed on a number of issues to improve the communication of Service Charges. These are as follows:

Improving Customer Satisfaction

- Establish a process of consultation with residents over changes to Service Charges and Rents
- Review Leaseholders and Tenants Handbooks for content referring to Service Charges
- Review the Council web site for content and ease of access
- Provide a full and comprehensive breakdown of Service Charges
- Estate Management Agreements

RBK Staff

- Improved communication between Finance and Housing
- Include Finance Department staff in Positive Customer Experience training
- Review the current IT system
- Review the need for manual checks

We are aware that to implement the changes needed will require a distinct change in the way that Finance interacts not only with residents but also with other departments within housing but we feel that if the process of resident involvement is to progress forward this is an opportunity for RBK to demonstrate its commitment.

We would also comment that we were surprised to find that neither Kingston Federation nor any other representative body do not appear to have any involvement in regard to the allocation of Service Charges and that this may be something they would wish to address.

On the basis of the recommendations contained in this report the KRiSP Panel anticipate this will result in the following:

- A better customer experience
- Improved environment for residents and staff

Appendices (in separate documents)

1. Desktop Review
2. Interviews with RBK Staff
3. Interviews with RBK Residents Associations
4. Benchmarking with City West Homes and Croydon Council
5. Mystery Shopping Exercise
6. Survey results tenants and leaseholders