

Briefing Paper

National Housing Federation Service Charges Conference

September 2014

Introduction

I attended the National Housing Federation's conference on leaseholder and tenant service charges on 3rd September 2014.

I was responsible for presenting two sessions as follows. Copies of my slides can be downloaded by following the links:

- Calculating and Apportioning Service Charges in an accurate and transparent manner – <http://www.awics.co.uk/showdoc.asp?fname=26nhf140903slides1.ppt>
- Minimising Service Charges to drive Affordability for your customers – <http://www.awics.co.uk/showdoc.asp?fname=26nhf140903slides2.ppt>

The purpose of this briefing note is to summarise the sessions that were presented by the other speakers.

Placing Affordability and Value for Money at the heart of your service charges strategy – Lynda Hance (Housemark) and Jane Harrison (Deputy Finance Director, Paradigm Housing Association)

Content:

- Striking the balance between maximising service charge income and delivering affordability and value for money for your tenants and leaseholders
- Implementing new strategies to keep procurement costs down
- Understanding the impact of welfare reform
- Communicating value for money to your customers even when using managing agents

The Homes & Communities Agency and customers expect Value for Money. The regulator expects a focus on Value for Money among the objectives. There is a need to understand costs and the outcomes of specific services. Many providers grapple with what they can collect and whether they are getting full recovery. Few go beyond this to look at Value for Money. A Comprehensive & strategic approach is needed. Efficiency and effectiveness need to be demonstrated as does the relationship between costs and quality. There is a need for transparency.

A clear service charge policy should be developed in consultation with residents. There is a need to maximise income. Service Charges can be reviewed by the Rent assessment committee or first tier tribunal.

Housing associations should involve residents in setting Service Charges and monitoring delivery. They should provide user friendly information and explore options with residents. They should challenge whether the service is needed in that way or at all. For example, tenants could do the cleaning. There is a need to think more broadly - to 'Involve, Provide and Explore'.

With Universal Credit there will be four conditions governing eligibility for benefit:

- The right to occupy being dependent on paying Service Charges.
- Maintaining general standards.
- Maintaining areas of communal use with basic communal services.
- Tenant accommodation specific charges.

Paradigm Housing Association is a Large Scale Voluntary Transfer Housing Association with 13,000 properties.

Value for Money includes:

- Driving down costs (benchmarking & service reviews); talking to other Housing Associations; not staying in isolation.
- Improving performance (contract management & feedback)
- Demonstrating effectiveness (through residents' surveys, consulting residents' groups, using smartphones, tailoring approach to types of resident and proactive / regular estate inspections)

The Paradigm approach to improving recovery includes:

- Identifying service costs that are not recharged.
- Agreeing an approach / methodology to:
 - Clear policy
 - Dedicated staff
 - Legal framework
 - System requirements
 - Resident involvement
 - Timetable

Paradigm Housing Association is introducing Variable Service Charges as follows:

- Service charges were originally semi-variable
- The first year of service charges for tenants and leaseholders was 2013/14
- There are capped increases for new services to minimise the impact on services
- 90% of costs were recovered in 2013/14
- They will gradually move to 100% recovery (for most people this will be 2014/15). Exceptions will be sheltered and supported housing where costs are higher.

Communications have the following elements:

- With residents:
 - Clear policies
 - Involvement of residents
 - Letters and leaflets.
 - Surveys – last done in 2013. There was a 10% response rate (relatively good). 32% thought Value for Money was provided. 60% were not happy especially about gardening and cleaning. 8% undecided
 - Meeting legal deadlines
- With Staff
 - Meetings / updates
 - Clear consistent messages
 - Feedback
 - Ensure all staff understand the implications for service charges of what they do
- With Local Authorities

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- Need to get them on board

Service charge teams need to get out among the residents and talk to them. They need to get buy-in from most residents.

Cost reduction is the next step after full recovery. To do this they have:

- Re-tendered cleaning – the new contract starts in July 2014
- There are two new posts for estate inspection
- Introduced an annual deep clean of blocks
- Re-tendered grounds maintenance – the new contract starts in July 2014
- Penalised contractors for poor work – residents do not pay if the work is not good enough.

Looking forward they will:

- Introduce Variable charges recoverable from residents - some paid through Housing Benefit.
- Benchmark costs and recovery
- Focus on maximum recovery
- Challenge managers to reduce costs further especially utilities and by designing service charge costs out of new developments – many savings can be made here but there is a need to get the development team onside – there is a need to challenge on things like the amount of grounds and the layout of paths.

Affordable rent includes the service charge so there is a direct benefit to the landlord of minimising service costs. Paradigm Housing Association charges the actual service charge and the difference between the affordable rent and the service charges is the net rent.

Tricky areas include:

- Management & administration costs and charges.
- Working with management companies.
- Tackling resistance to change – there is a need to change the culture across the organisation. People don't challenge service costs as they believe they can be recovered
- Conflicting aims – for example in development. Landlords like to win awards for good design but this does not include minimising costs in use including service costs.

Paradigm Housing Association is now:

- Challenging working practices
- Renewing contracts
- Working closely with others (including asset management, development and estates)
- Regularly producing accurate financial information.

Lessons learned include:

- Not underestimating the time involved. The project has already taken three years at Paradigm Housing Association and is ongoing.
- Get everyone on board and ensure they understand what they need to do
- Communicate a clear message.
- Recovery and affordability are both important.

Covenants on right to buy sales are often poorly drafted and may not be capable of being passed on so writing off such costs is often inevitable.

The legal position is fraught in changing from fixed to variable service charges.

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Paradigm Housing Association has separate service charges and recovery teams and people on the estates team who are involved on the cost side. So there are more people involved than the two service charge accountants.

Amicus Horizon is just setting up a Value for Money task & finish group with staff from all departments looking at Value for Money in service charges.

Value for Money is as much about quality as it is about cost. The Paradigm Housing Association survey found that most dis-satisfaction was around the quality of services rather than their cost.

Some housing associations have decided to pay the living wage to all staff but this has increased the costs of cleaning and therefore service charges. Some have responded by contracting out the service to suppliers who do not pay the living wage.

The Challenges of Fixed and Variable Service Charges – Matthew Saye (Assistant Director, One Housing Group)

Content:

- Understanding the definitions of fixed and variable service charges
- Best practice for effectively charging for both types of services and still delivering good customer service in a tough marketplace
- Advice for avoiding challenges with variable service charges and ensuring they are reasonable.
- The challenges of running the two systems of charging simultaneously.
- Assessing whether the move from fixed to variable charges and vice versa.
- The presentation of service charge information and why this is important.

Service Charges are worth millions to housing associations but are usually not given sufficient importance.

The legal definitions are:

- Landlord & Tenant Act 1985 as amended sections 18-30 (including: definitions, timing, requirement for regular information & inspection, right to challenge and rights for tenant associations)
- Variable regime – was invented by conveyancing lawyers. Old leases had fixed charges with an inflationary uplift. By the 1960s this led to significant under-recoveries especially where in older buildings there were significant costs of repair and renewal. However, it is unusual to have a contract where it is not specified exactly what residents would have to pay. This resulted in legislation to protect the interests of variable service charge payers.
- Fixed service charges definition – there is none in law. The only reference is in section 27 of the 1985 Act that exempts people paying fixed service charges from some of the rights that are held by variable service charge payers. This is because payers of fixed service charges are not deemed to be in as much need of legal protection as payers of variable service charges.

The implications of fixed service charges are seen as:

- A Long-term approach
- Spreading and sharing risk
- Simplicity and certainty
- Major works and costs varying to a greater extent – this is a major problem with fixed service charges. If you use an inflation index, the building costs index is more appropriate than a general price index.

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- The service charge doesn't relate to annual cost – but over the long-term should equate to annual costs.

The implications of variable service charges are seen as:

- Litigation and challenges are common.
- A healthy process to go through as the landlord needs to identify and justify costs annually.
- Workload, logistics and deadlines are more complex.
- Statutory and regulatory framework is more complex.
- Accuracy year to year and management information is required.

No new legislative changes are expected in the foreseeable future. The last legislation was the 2002 Commonhold & Leasehold Reform Act. At that time there was an attempt to introduce a more prescriptive and onerous approach but so far this has been resisted. It is argued that the additional costs would outweigh the advantages for leaseholders.

The implications of switching fixed to variable are seen as:

- You need to be clear why and understand the aims.
- There may be political reasons or business / systems reasons.
- With tenants there is assistance – a statutory methodology for making amendments to tenancy agreements to alter service charges.
- In the case of leaseholders there is a need to act within the leases or gain the consent of the leaseholders.

Moving from variable to fixed is rarer. There is a need to make an offer. There is a need to be alert to capital costs. If changes are made they should be seen as permanent.

The changes can be made in a phased way and this is happening at One Housing where new leases and tenancy agreements are based on variable service charges.

To set up effective charges it is necessary to:

- Be challenging – especially on changes as the work never stops.
- Address organisational set up and planning.
- Address Culture – putting service charges at the heart of good management.
- Think of 'Belt and braces' – update policy, process and publications.
- Avoid falling into the 'custom and practice' trap.

Some London local authorities now have more than 50% of their residents as long-leaseholders. This changes the approach to service charges.

There is a need to be aware that improving can mean higher costs to the residents. One housing association quadrupled service charges when it analysed its costs and moved to full recovery. There is a need to improve cost capture. There is a need to deal with internal challenges. Service charges have to relate to what happens on the ground. There needs to be a culture of accuracy – people being serious about this aspect of their work. The focus of service charges must be on capturing all costs and recovering all costs through a mathematical approach that finds the 'right answer'.

It is clear in case law that service charges must follow the terms of the lease. Landlords are still losing at tribunals because they ignore this. It is important to operate within the accounting periods included in the lease. There is clarity on most legal issues now. There needs to be a holistic approach to data. It should not be financially complex if there is the right accounting

regime. There is no prescribed approach to the accounting regime so setting up something appropriate should not be difficult.

Post-billing work includes:

- Maintaining accuracy post-billing.
- Having clear systems around adjustments.
- An audit trail and requests to inspect. There is a need to be able to respond to a section 22 request.
- A continuous loop – feeding into next release.
- Ongoing Asset management

The audit commission (KLOE) approach led to an overload of information but now there is an opportunity to simplify the procedures.

Challenges can be minimised by:

- Recognising that challenges correlate to the quality of service and that improving services will see a pattern of increased challenges.
- Being aware of alternative dispute resolution.
- Recognising that the first tier tribunal (property chamber) – has moved a long way from the Leasehold Valuation Tribunal. Cases are now getting very complex, long and detailed. Legal representation is increasingly required. There are problems with consistency of the judgments.
- Tying in with timing, accuracy and presentation.

Quick wins can be gained:

- If your charges are not where they should be.
- On the next release – customers notice change!
- Through a twin track approach
- By ensuring you 'draw a line'
- By stopping the duplication of mistakes. People will accept one mistake but not repetitive ones.

Refinements include:

- Timetabling – dates for proactive advice.
- Improving within the organisation.
- Challenging costs of third parties.
- Integration with property management.
- Asking whether actual management costs are all recovered in the service charge?
- Recovery of major works costs based on actual costs.

Service charges have to be inclusive with affordable rent. There are still too many unknowns with Universal Credit. There should be clear reasons for landlords to switch between fixed and variable service charges. One Housing are moving incrementally to variable service charges.

Integrating Depreciation Costs into your Service Charges Strategy (Rachel Darling, Leasehold & New Tenures Manager at Plumlife Homes and Lynsey McLaughlin, Group Service Charge Co-ordinator at Great Places Housing Group)

Content:

- Understanding of the costs of depreciation within rental and leasehold properties.
- Assessing if depreciation costs will be covered by housing benefit as the market develops.
- Explaining depreciation charges to residents in a fair and transparent manner.
- Assess the best ways of managing reserve funds.
- Depreciation versus sinking funds.

Plumlife is the affordable housing division of Great Places Housing Group.

Depreciation is a measure of wearing out, consumption or reduction in the life of an asset. A sinking fund is the replacement of a wasting asset. Depreciation charges and sinking funds are mutually exclusive. Great Places Group uses sinking funds.

Housing Benefit should pay eligible depreciation charges. However, the Department for Work & Pensions have decided that depreciation will be excluded from eligible charges for universal credit. A new government may introduce new rules.

Pitfalls include the:

- Risk of early replacement based on estimated asset lives.
- Estimated costs being incorrect or missed components.
- Business risk of finding the resources to replace components. If a loan is used this has capital financing costs associated with it.
- Failure to account for inflation – this can be a big detriment to the sinking fund as rates of interest are low.

To understand the cost of depreciation there is a need to establish:

- Which items are to be depreciated and their life cycles.
- The properties that will contribute towards the item

Items to depreciate are:

- New schemes – obtain list of all components and their lifecycle costs from the developer; or estimate based on similar schemes if there is an in-house development team.
- Existing schemes – use independent stock condition surveys or staff knowledge.

There is a need to identify the estate and block of the property and its tenure and whether there should be a contribution to depreciation. There is a need to think about contributions from commercial units.

There is a need to check the lease to see which service charges are chargeable; and the tenancy agreements (Landlord & Tenant Act section 11). The landlord is obliged to repair under section 11 the structure, exterior, installations for utilities, heaters and water. There is a need to consider what is provided that is additional to the individual property such as door entry systems.

Tenant depreciation items include:

- Fire detection equipment
- Door & gate entry systems
- CCTV
- Laundry equipment
- Television

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Leaseholders can also be charged for:

- Roof structures & coverings
- Structural works

The St. Luke's scheme is an example. It has mixed tenure. The houses with their own driveways will not use unadopted roads so should not be charged for depreciation. Tenant properties with door entry systems and emergency lighting, tv aerials, carpets or cycle racks pay depreciation. Right to buy leaseholders pay additional costs in a mixed tenure unit.

Residents should be provided with simple financial information including:

- Which items
- Initial cost
- Inflation
- Life cycles
- Year purchased
- Annual scheme cost
- Annual unit cost
- Include on service charge annual accounts

It is difficult to explain significant increases in service charges to residents and so estimating the sinking fund accurately is important as a way of avoiding this. It is a mistake not to recover costs on the grounds that residents may resist paying or may find the charge unaffordable.

The stock survey is updated regularly following which the requirement to contribute to sinking funds is recalculated.

Managing the reserve fund involves:

- Including all eligible items in the lease / tenancy agreement, including clauses for future additions.
- Collating information on a database
- Reviewing scheme funds and components
- Including index linked increases
- Regular stock condition surveys – every five years

Their new leases all include a provision for a sinking fund but they have some old leases that do not.

If the sinking fund proves to be inadequate the leaseholder would have to prove that the landlord had mismanaged the sinking fund if they wished to prevent the landlord from recovering the shortfall. If the landlord has not looked after the assets properly and this results in increased costs this is not chargeable to the leaseholder.

Assets may not last as long as originally expected. This could be considered to be mismanagement by the landlord.

Credit Unions can assist residents in paying service charges. As a last resort the landlord will take an equity charge on the property. It is considered that tenants should not be called on to fund a shortfall in the recovery of costs related to leasehold dwellings.

Leaseholders are entitled to ring-fenced interest on balances in their sinking funds. It cannot be pooled with general funds. It must be clear how much money has been collected for each scheme. Policies should state clearly how the sinking fund is managed.

Service charges are becoming increasingly unaffordable because of building cost inflation, the increased sophistication and cost of building components and increased health & safety requirements. Great Places have looked at the relative cost of replacement parts from different suppliers and take account of this in designing new schemes.

It is advisable to specify the inflation index to be used in the tenancy agreement and the lease. However, there is a need to be reasonable where the terms of the tenancy agreements and leases are vague.

Refocusing your Service Charges Strategy around Universal Credit (Sue Ramsden, Policy Leader, National Housing Federation)

Content:

- Evaluate the impact of Universal Credit on service charge eligibility and collectability and how to manage this.
- How to effectively communicate Universal Credit implications to your customers in both rented and leasehold properties.
- Highlighting the key pitfalls of Universal Credit to avoid costly mistakes.

This session covered progress with Universal Credit, learning from landlords, experiences of tenants, differences from housing benefit and evolving systems.

Universal credit requires a culture change. There will be a single payment. If there is a couple they will receive one payment. It will be a monthly payment made directly to a tenant. The system will be managed online. There are new rules of entitlement written in legislation. These have been established already. There are new conditions and sanctions.

The current timetable is:

- Universal Credit to go live in ten sites from 2013 to April 2014
- Summer 2014 – Expansion of Northwest England plot schemes and roll out to couples
- Autumn 2014 - Roll out to claimants with children, further expansion in Northwest England reaching one in eight job centres across the United Kingdom
- 2016/17 - migration of existing claims

Local authority Housing Benefit departments will continue to wind down gradually. Housing Benefit will continue to be paid to pensioners and administered by local authorities but there will be a new system for pensioners that has yet to be published by the government.

Current claims for Universal Credit in the roll out area are about 8,500 but only about 10% have housing costs (The Department for Work & Pensions will not release the exact number). There are 2,264,395 current Housing Benefit claims for working age people living in social housing. Very few of these have migrated to Universal Credit to date. The Department for Work & Pensions have acknowledged that they cannot roll this out on a mass scale.

The Conservatives would remain committed to Universal Credit if they win the 2015 election, but Labour are committed to review Universal Credit in the first three months of the next government if they are elected.

A survey by Ipsos / MORI for the National Housing Federation asked whether tenants are ready for Universal Credit. The results were as follows:

- 15% know about Universal Credit
- 14% currently budget monthly
- 58% are not confident about budgeting monthly

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- 40% have no access to the Internet (Social housing tenants have lower levels of access)
- 51% are not confident filling in forms online.
- 92% prefer direct payments.

According to the Department for Work & Pensions the process is as follows:

- Make claim online
- Invite to interview
- Text reminder
- Interview at Job Centre Plus with evidence to support claim. Sign claimant commitment (after this the Job Centre Plus deals with finding work and not the Universal Credit claim)
- Look for work
- Universal Credit decision letter
- Work focus interview
- Call service centre to discuss issues and change of circumstance
- Letter confirming any change

It takes five weeks from making a claim to receiving a payment. Tenants and Housing Associations will have to deal with a centralised service centre rather than the local Housing Benefit office.

The claim form asks for rent and eligible service charges. Claimants are pointed to their landlord for help in identifying what service charges are eligible. Landlords are not under an obligation to provide the information. The claim asks for a total of rent and eligible service charges and not for a breakdown.

There are four categories of eligible service charges:

- The right to occupy being dependent on paying Service Charges.
- Maintaining general standards.
- Maintaining areas of communal use with basic communal services.
- Tenant accommodation specific charges.

There is also a specific list of ineligible services.

Housing Benefit assumes that Service Charges are eligible unless they are specifically ineligible. Universal Credit assumes service charges (not the service itself) are ineligible unless they meet the criteria.

The principles of eligibility are:

- Public funding exclusion.
- No luxuries. (e. g. security for car parking). It is not clear whether CCTV would be regarded as a 'luxury' although it could depend on the purpose of the CCTV and whether it could be considered to be excessive. There have been cases of the Department for Work & Pensions excluding service charges for CCTV.
- Management charges (only charges associated with the service charge)
- Supported & sheltered housing
- Depreciation (The National Housing Federation are disappointed that The Department for Work & Pensions has not been persuaded to change its position that depreciation is ineligible. The National Housing Federation think that if a service is eligible the landlord should be able to charge for it how it wishes including using depreciation)

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Changes in the process include:

- The Department for Work & Pensions requires information from the tenant – so the landlord needs to give the tenant information. This may prove an imposition on landlords
- Service charge verification.
- The Department for Work & Pensions is managing and spending its own money and this will drive a different dynamic to the current system. Decision making and challenge will therefore change. There will be benchmarking of service charge costs.
- The Department for Work & Pensions will have to decide what is excessive?

The government is looking for significant savings in the cost of benefit administration with significant reductions in staff numbers.

In supported and sheltered housing:

- There will be no entitlement to housing costs under Universal Credit
- There will be a new definition of 'specified accommodation'. This is a broader definition than 'exempt accommodation'.
- There is an opportunity to mainstream supported housing in the Pension credit system.
- There will be a new system for working age adults but no details have been announced. The government favours a local scheme using a 'local pot'. The Department for Work & Pensions are likely to set up a research project that will report after May 2015.

Universal Credit will reduce entitlements for people with low earnings and high mortgages but increase entitlements for people with high earnings and small mortgages.

Building a Transparency Strategy suitable for both rental and leasehold properties (Cecilia Brodigan, Managing Director, Leasehold Consultancy Services; Helen Hocking, Financial Controller, Plymouth Community Homes; Suzanne Brown, Head of Neighbourhood Services, Plymouth Community Homes; Pascala Mezac, Business Planning Services, Plan2more).

Content:

- How to achieve service charge transparency to maximise trust with your customers.
- Maintaining transparent communication while providing the maximum amount of information to tenants and leaseholders.
- Understanding the importance of transparency when your service charges are challenged.

It is important to have trust, confidence and integrity. In some ways it is very simple: We just need to get it right.

Getting it right involves:

- Understanding leases & tenancy agreements
- Understanding the legal framework
- Maximising income
- Determining whether service charges are payable and reasonable. There is a need for a service agreement with residents and a way of identifying costs accurately.
- Creating links to service delivery
- Identifying where there are opportunities to become involved and make them count
- Identifying the information that residents need and communicating it clearly.
- Getting some organisational buy-in, especially from the finance and asset management teams. Systems are often geared to tenants because they are the core business and systems are not there to support leaseholder service charges.
- Planning service charge budget preparation.

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- Ensuring the figures stand up to scrutiny.
- Finding out how the residents want to receive information.
- Balancing the commercial and social approach.
- Landlords should not be afraid of the first tier tribunal. It can suit landlords to take issues to the tribunal to secure a decision.

Right to buy leases are usually badly worded and full of inaccuracies and this makes it difficult to 'get it right'.

Plymouth Community Homes is a stock transfer association with a stock of 15,000 homes and serves a city with a population of 256,000, a low wage economy (with much seasonal employment), life expectancy gap of over twelve years (between Devonport and Sutton) and a city where 22% of children live in poverty. This figure is 50% among Plymouth Community Homes tenants.

At transfer, 62% of service costs were recovered through service charges leaving a funding gap of £1million. There were mixed service charges. The business plan was based on increasing the recovery rate to 85% by 2022.

Principles include good quality services, consultation, pay for what you get, charge actual costs, reviews once a year, no hidden charges, choice and 'if it's wrong, put it right'.

Plymouth Community Homes identified actual costs, consulted, set up a service charges steering group, did companywide inclusion and communicated.

Identifying actual costs takes time and money and needs a specialist team.

They consult with everyone affected through face to face contact supported by meetings, post and telephone calls. They aim to receive responses from half of the people contacted. At transfer leaseholders were aware of service charges but tenants were not. There was consultation over whether to discontinue services or to offer new services. Changes are only made where 60% of those consulted are in favour of the change. Laundries and Grounds maintenance are examples of services reviewed.

The steering group includes directors, operational staff, tenants and leaseholders. They are equal partners. It makes decisions about implementation and responds to feedback.

Training has been provided. Housing officers are encouraged to take responsibility for all services on their patch and achieve best value. There is joint working on service reviews and experts have been brought in to support them (including the environment officer who has contributed on electricity and lighting). Surgeries are held with all housing officers to discuss their patch before service charge bills are sent out.

Communication is face to face through operational teams. There is a hotline (although this will soon be discontinued as its use has declined as problems have been resolved), transparency, clear explanations and responses to feedback. For example there have been savings in the cleaning service and improvements to door entry systems. Tenants have been given an option to opt out of the grounds maintenance service.

They have looked at 'red blocks' where service costs are high. Housing officers have analysed the reasons for this. Caps have been introduced to protect tenants from large increases although new tenants are charged for full recovery. They have won all three tribunals that have taken place. The STAR survey found them in the top quartile. Service charges now average £6 a week. It is now 'mainstream' rather than a project and 80% recovery has been achieved. The 85% target may be exceeded by 2022.

What does an effective service charge communications policy look like? (Richard Towes, Leasehold Training & Consultancy Services; Jeff Platt, Chief Executive, Institute of Residential Property Management; Michael Donnellan, Trowers & Hamlins)

Content:

- What are the most effective approaches of communicating your service charge initiatives to tenants and leaseholders?
- How can we make changes to the welfare system more understandable, accessible and digestible for tenants and leaseholders?
- What types of communications do tenants and leaseholders value the most?

There should be a Communications strategy for services rather than for service charges. Many private companies are introducing real time information for customers and this approach could be beneficial to housing associations especially in making them credible at tribunals.

In practice failure of communications is an area where tribunals find fault with landlords' management of service charges. It is easy to think that communication is effective when it is not. There is a need to listen to customers more and not hide behind the leases and company policies. There is often a problem in different teams in the same association not being able to provide appropriate information to each other. Housing associations are often poor at staff and knowledge retention – often only one person understands service charges and if they leave valuable knowledge is lost. In one housing association, neighbourhood housing staff are about to be trained in service charges for the first time.

Leasehold officers are often the 'cinderellas' of the service and there is a need for more effective communication both internally and externally.

If the communication strategy is poor then the association's reputation will suffer and this will concern the regulator as well as the residents.

Communication should be confident: Understand the legal framework (including the lease), understand how the organisation actually works, and be consistent.

Customer expectation in terms of speed and accuracy of responses has increased significantly during recent years but housing associations can still be bureaucratic.

Customer complaints are sometimes not clearly articulated so it is easy for staff to ignore them. It can be beneficial to take the time to try to understand what lies behind the complaint and thus gain an insight into the problems that the resident faces.

Where a landlord has mixed tenure estates it may not be appropriate to have a separate leaseholder team as the service is one of managing a mixed tenure estate. Some landlords offer training to leaseholders in the management of leases.

The Office of Fair Trading is investigating residential management services including those provided by housing associations.

Section Twenty Notices

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A recent tribunal has decided that the £250 threshold for a section twenty consultation should apply to all the work to be done in a financial year rather than to each specific scheme.

Adrian Waite
September 2014

About 'AWICS'

'AWICS' is a management consultancy and training company. We specialise in providing support in finance and management to clients in local government and housing in England, Scotland and Wales. We are well known for our ability to analyse and explain complex financial and management issues clearly.

Our mission statement is 'Independence, Integrity, Value'. We therefore provide support to clients from an independent standpoint that is designed to help the client to achieve their objectives. We are passionate about working with the utmost integrity. We believe that we offer the best value for money that is available today!

For more information about us and our services please visit our website at www.awics.co.uk or contact Adrian Waite at Adrian.waite@awics.co.uk

Services that we offer include:

- Management Consultancy – <http://www.awics.co.uk/ManagementConsultancy.asp>
- Interim Management – <http://www.awics.co.uk/interimmanagement.asp>
- Regional Seminars - <http://www.awics.co.uk/regionalSeminars.asp>
- In-House Training - <http://www.awics.co.uk/inHouseCourses.asp>
- Independent Residents' Advice – <http://www.awics.co.uk/IndependentTenantAdvice.asp>
- Technical Books - <http://www.awics.co.uk/TechnicalBooks.asp>
- Information Service - <http://www.awics.co.uk/informationsservice.asp>

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All You Want To Know About Service Charges

April to November 2014

We are holding our seminar and workshop 'All You Want to Know about Service Charges' in April and November. This seminar and workshop is designed to give an introduction and overview to this important subject and is fully up to date with all developments.

Service charges are an integral part of landlords' work in financing value for money services and sustaining customer satisfaction. They have always been relatively complex but with landlords, leaseholders and tenants facing increased financial challenges and with increased legal complexity there is an increased need to understand how service charging works.

This seminar and workshop is presented mainly from a financial point of view and is designed for people who are not experts in service charges, but who need to understand the basics and achieve an overview of what is going on. It is suitable for councillors, board members, housing managers, finance staff, tenant representatives, members of the service charges team who have limited experience and others who realise that an understanding of service charges can place them at an advantage!

We believe in quality rather than quantity and so numbers at each session are limited to twenty people to permit the maximum possible interaction and participation.

What the Session Covers:

The session will answer the following questions:

- How do Service Charges work:
 - In Housing Associations and Local Authorities?
 - For Leaseholders and Tenants?
- How are service charges calculated?
- How to de-pool service charges?
- When are service charges eligible for housing benefit?
- How to ensure excellent customer service?

The session includes a participatory case study and is accompanied by a very useful 100 page book that is designed for reference after the session entitled:

"All You Want To Know About Service Charges"

Remaining Venue and Date:

London: Novotel Hotel, Waterloo – 19th November 2014.

This seminar and workshop is also available in-house. For further information about in-house sessions, please contact Adrian Waite on 017683-52165 or adrian.waite@awics.co.uk