

Report for: Housing, Planning and Development Scrutiny

Title: Homeownership Services Update

Report authorised by: Jahedur Rahman, Operational Director of Housing Services and Building Safety

Lead Officer: Suzanne Prothero – Head of Homeownership Services

Ward(s) affected: All

Report for Key/ Non Key Decision: For information.

1. Recommendations

It is recommended that the Panel note the report.

2. Describe the issue under consideration

Housing, Planning and Development Scrutiny Panel requested an update on the improvements being made for leaseholders in our Homeownership Services.

3. Background

3.1 In April 2023, Cabinet agreed a 180 action-point housing improvement plan to improve the housing service, and within the plan, there was a section dedicated to Homeownership services.

3.2 The purpose of this report is to provide a progress update on how we are improving the service to our leaseholders as part of the Housing Improvement Plan and provide an update on the new Leasehold and Freehold Reform Act 2024.

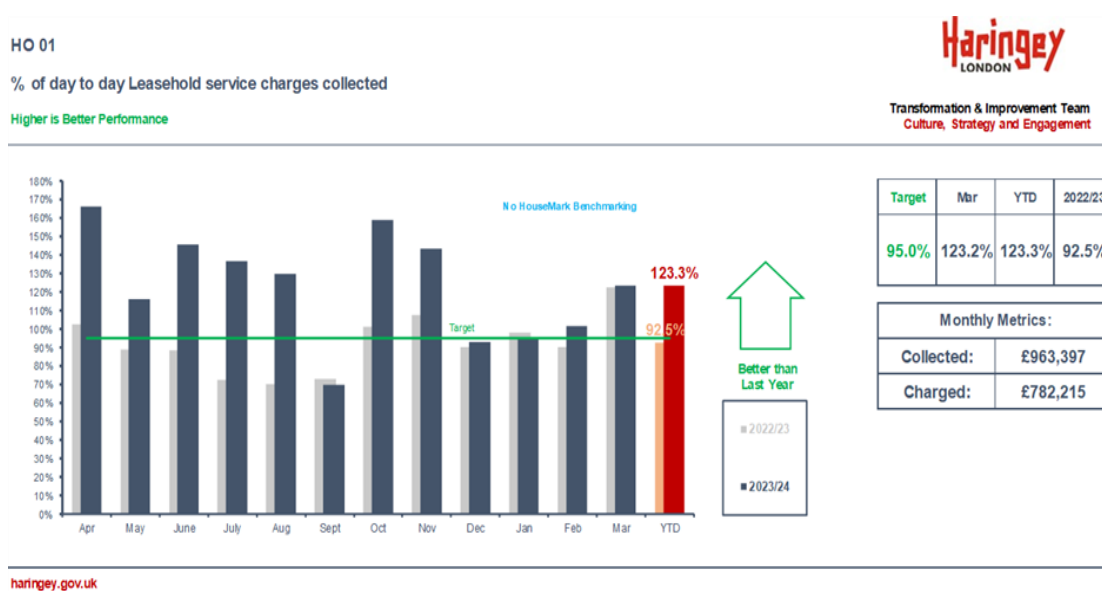
4. Improvements

4.1. There are four key actions for the service as set out in the Housing Improvement Plan, and these are summarised below:

- Reduce the level of debt
- Service charges – improve the accuracy and billing process
- Ensuring regulatory compliance
- Improve satisfaction by:
 - Reviving methods of engagement and satisfaction surveys
 - Professionalising the role
 - Having clear and widely available policies and procedures which reflect good practice.
 - Addressing staffing levels in the team.

Reduce the level of debt

- 4.2. The overall performance for service collection for 23/24 was 123.3% compared to 92.5% for the previous year. The month-on-month performance was consistently better than previous years, as set out in the table below:



Service Charges – ensuring charges are accurate and provide value for money

- 4.3. The service currently produces service charges manually via an access database, and outside the Council's Housing Management system (NECH).
- 4.4. A key priority has been to improve the IT system and implement the leaseholder modules in NECH, the key aim of which is to improve the billing accuracy of service charges and effective processing of sale and Right to Buy applications.
- 4.5. As the service moves over to the new system, it has undertaken a significant data cleansing exercise as data is transferred between systems, which will have a positive impact on billing accuracy going forward.
- 4.6. The service anticipates a going live with the new system for 2025/26 service charges.
- 4.7. The service has also now documented processes for billing, which will prevent knowledge loss if employees leave, enable smooth knowledge transfer and help maintain consistency in process.

- 4.8. Furthermore, the service appointed a new experienced Service Charge Manager in May 2024. Previously this post was covered by temporary staff for a number of years.

Ensuring regulatory compliance

- 4.9. Regulatory and statutory compliance is required for most of the Homeownership Teams functions. Compliance is built into all of our statutory processes and double checked by other teams.
- 4.10. Section 20 Notices are prepared and served by the Homeownership Team in advance of all capital works and procurement under a Long-Term Qualifying Agreement. Full compliance with the rules of Section 20 is required to enable full collection from leaseholders for their proportion of the cost of Capital Works. Every Section 20 Notice is signed off by a Senior Lawyer in the Compliance and Governance Team prior to serving.
- 4.11. The Right to Buy is a statutory right for qualifying tenants and the process, and timescales, are set out in legislation. Each applicant's financial eligibility is assessed by our Compliance Team to protect against money laundering and fraud in the sale of our tenanted stock.
- 4.12. Unfortunately, there was a delay in processing RTB applications at the valuation stage as the role of Valuer was vacant for around 5 months. This has caused a backlog in valuations and prevented us moving applications forward to completion for the last few months. A Valuer has now been appointed and we are working through the backlog (37 applications). Our current performance for sales this year is below:

	April	May
RTB Applications	27	23
No. outside statutory deadline	39	37
No. resales	29	17

Reviving methods of engagement and satisfaction surveys

- 4.13. As part of the new governance framework, a leaseholder Continuous improvement Group (CIG) has been established. The recruitment of the panel was undertaken by the Resident Engagement team in line with the resident engagement strategy and the first meeting of the group took place on 26 October 2023.
- 4.14. The group agreed 3 priority areas of focus: service charges, policies & procedures, and repairs.
- 4.15. The first action of the CIG has been to review the service charge booklet currently posted to all leaseholders with their estimate and actual service

charge statements. The service is now co-producing a new format with leaseholders, with the aim of introducing this for the actuals this year.

- 4.16. In terms of satisfaction surveys, the regulatory requirements are to carry out periodic or annual perception surveys as part of the Tenant Satisfaction Measures. However, this requirement does not cover leaseholders, and the jurisdiction of the Regulator of Social Housing only covers services to tenants.
- 4.17. At Haringey it has been the practice to carry out leaseholder satisfaction surveys as part of a wider Tenant and Leaseholder satisfaction survey every two years. The last such survey was carried out in 2022. Whilst it is not a regulatory requirement to carry out a perception survey for leaseholders, there is an intention to include a separate, but related set of questions for leaseholders in this year's survey.
- 4.18. At the last point of measurement in 2022/23 the overall level of leasehold satisfaction was 18%, which is very low. By comparison tenant satisfaction for the same year was 45%, and when compared to other landlords the lower quartile benchmark for overall satisfaction is 53.4%. According to Housemark, the housing data and insight organisation, satisfaction scores across the housing sector are falling, and leasehold satisfaction tends to be on average 30 points lower than tenant satisfaction.
- 4.19. Progress on the objectives within the improvement plan will contribute to improving satisfaction.

Professionalising the role

- 4.20. All staff are encouraged to obtain the industry recognised qualification by the Institute of Residential Property Management (IRPM), and the service will commence a programme next year.
- 4.21. In addition, the Head of Service will also be required to complete the Chartered Institute of Housing (CIH) Level 4 qualification, as will all Heads of Service in housing as part of the planned Competence and Conduct regulatory standard for social housing.
- 4.22. Managers within the service are also encouraged to complete leadership and management courses with the Institute of Leadership and Management (ILM).
- 4.23. In addition, regular specialist leasehold training is periodically being rolled-out to the whole team via our solicitors.
- 4.24. By professionalising the roles within our service, we hope to raise standards, encourage staff to participate in sector-wide learning, and ultimately, improve service delivery for leaseholders.

Clear and widely available policies and procedures available which reflect good practice

- 4.25. A delay to the recruitment of a new policy officer resource to the Policy and Strategy team impacted on timelines for this area.
- 4.26. New policies that are currently being developed that affect leaseholders include:
- Vulnerable Tenants and Leaseholders Policy
 - Safeguarding Tenants and Leaseholders Policy
 - Responsive Repairs Policy – which includes clarifications on leaseholder and landlord responsibilities.
- 4.27. Policies to be developed include:
- Leasehold service charge collection and payments policy
 - Leasehold Service Charge hardship policy
 - Major works collection policy
 - Sinking fund management policy

These are anticipated to be completed by March 2025.

- 4.28. By developing new policies for Homeownership services, the service will embed regulatory and corporate compliance, improve internal processes, and ensure consistency in application. Furthermore, by developing these in partnership with the leasehold CIG, this will ensure they also have a resident focus.

Address staffing levels in the team

- 4.29. In January 2023, the team were experiencing high levels of staff turnover, and there were 5 agency staff employed within the team, and 4 vacancies. These factors negatively impacted on the quality-of-service delivery given to leaseholders.
- 4.30. Over the last year the service has made efforts to ensure that vacant posts and those covered by temporary staff are recruited to. As of May 2024, the service now has zero agency staff, and only 1 vacancy which is currently being recruiting to.
- 4.31. The reduction of agency staff has reduced the churn experienced within the service and allowed the team to stabilise and resulted in a more engaged and better performing team.
- 4.32. In addition, as a result of funding from the Housing Improvement Plan, 3 additional staff on a 12-month fixed-term basis have been recruited within the team.

- 4.33. 2 of these newly funded posts are Leasehold Officer roles that focus on customer service and general communications with homeowners.
- 4.34. The other newly funded post was for another Income officer post which supported the collection of service charge and major work debts.

Update on Leasehold and Freehold Reform Act 2024

- 4.35. In May 2024, the Leasehold and Freehold Reform Act received Royal Assent. However, the Act requires secondary legislation for certain aspects of the Act to come into effect, and it is currently unclear when that will be.
- 4.36. The Act aims to give leaseholders more rights, powers and protections in relation to their homes including making it easier and cheaper for residential leaseholders to extend their lease or to buy their freehold as well as addressing wider rights regarding service charges.
- 4.37. It introduces the following key reforms affecting lease extension and enfranchisement rights:
- An increase in the standard lease extension terms (from 50 years for houses and 90 years for flats) to 990 years for both houses and flats;
 - Removal of the requirement for leaseholders to have owned their house or flat for a minimum period of two years before they can extend their lease or buy the freehold;
 - A change to the premium calculation in respect of lease extensions, including the abolition of 'marriage value' for leases below 80 years and future prescription of rates;
 - Removal of the requirement for leaseholders to pay for freeholder costs when exercising their enfranchisement rights, with each party having to now cover their own costs in most cases;
 - Increasing the permitted commercial property element of mixed-use buildings from 25% to 50% so that more buildings will qualify for enfranchisement or the right to manage;
 - Making it easier and cheaper for leaseholders to take over management of their building, allowing them to appoint a managing agent of their choice.
- 4.38. The Act also includes a ban on the sale of leasehold houses other than in exceptional circumstances.
- 4.39. There are also service charge reforms set out in the Act, which are aimed at increasing transparency and empowering residents to hold landlords to account. The key provisions are:
- Extension of a limited form of regulation of fixed service charges.

- Service charge accounts to be in a standard form to allow for greater scrutiny and challenge.
- New rights to request information relating to service charges from landlords.
- Limiting landlords' rights to claim legal costs of Tribunal proceedings from tenants.
- Introducing a new right for tenants to claim their legal costs of Tribunal proceedings from landlords.

5. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'?

5.1. By delivering the Housing Improvement Plan Housing Services and Building Safety are contributing to meeting Theme 5 of the Corporate Delivery Plan – Homes for the Future, particularly the following outcome: An improvement in the quality of housing and resident services in the social rented and leasehold sector.

6. Carbon and Climate Change

6.1. N/A

7. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Not required.

7.1. Procurement

Not required.

7.2. Head of Legal & Governance [Name and title of Officer completing these comments]

Not required.

7.3. Equality

The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between people who share those protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

The Regulator's new Consumer Standards, particularly the Transparency, Influence and Accountability standard are likely to have a positive impact on Haringey council tenants as there is a requirement for landlords to 'understand the diverse needs of tenants, including those arising from protected characteristics, language barriers, and additional support needs' and 'assess whether all tenants have fair access to, and equitable outcomes of, housing and landlord services. Additionally, the standard requires that landlords must ensure that their services are accessible.

8. Use of Appendices

None.

9. Background papers

[Housing Improvement Plan](#)