

Subject:	Leaseholder engagement update		
Date of Meeting:	11 March 2020		
Report of:	Executive Director Housing Neighbourhoods and Communities		
Contact Officer:	Name:	Glyn Huelin	Tel: 01273 293306
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report updates on work being undertaken to improve engagement with council leaseholders and housing services to leaseholders. The report also provides an overview of how leasehold services are delivered.

2. RECOMMENDATIONS:

- 2.1 That the committee notes the report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The council manages around 1,500 blocks of flats of various types and sizes, over 4,000 tenanted houses, more than 7,000 tenanted flats and approximately 2,900 leasehold properties.
- 3.2 These leasehold properties comprise 2,400 flats sold under the Right to Buy along with 499 flats and houses leased to Seaside Homes.
- 3.3 All the leased properties contractually require the leaseholders to contribute to the council's total expenditure incurred in keeping the exterior, structure and common parts in repair, along with providing services such as cleaning, grounds maintenance, management, etc.
- 3.4 The leases, with the exception of most leases created before 1987, include a provision to contribute towards works of improvement.
- 3.5 Leaseholders are protected in law on service charge costs to the extent that the costs are 'reasonably incurred', works or services are carried out 'to a reasonable standard', the leases allow for the costs to be passed on and the consultation requirements have been complied with.

- 3.6 Leasehold management in the council is not dealt with in one team. The Leasehold Team is responsible for administration of the leases, verifying service charges, financial breaches of the lease and service charge dispute resolution. Housing as a whole is responsible for leasehold management. For example, consultation is dealt with by Property & Investment and Tenancy Management deal with the management of the building and the leases, along with any nonfinancial breaches.
- 3.7 The council is committed to engaging with leaseholders through the formal Resident Involvement channels such as Residents Associations, the Leaseholders Action Group (LAG), Area Panels and Service Improvement Groups.
- 3.8 Leaseholders have fed back through these sessions some areas where they feel improvement is needed. These include; consultation and engagement on works; a greater focus on maintenance arrangements; increased focus on quality control and council inspection and sign off of works; how warranties and defects are managed and recorded; the quality of works undertaken, including window installations; and the delivery of the council's new housing management information system.
- 3.9 The council has set up its own 3-stage internal disputes procedure to aid resolution of service charge complaints. Leaseholders have raised some questions about this and requested this is reported through performance reports to Housing Committee. This will be implemented for quarter one of 2020/21.
- 3.10 The following sections of the report update on recent work with leaseholders.
- 3.11 Consultation on planned improvement works and major projects
- 3.12 In 2018 the council undertook extensive stakeholder engagement as part of developing options for the future delivery of repairs services, planned works and major projects.
- 3.13 Leaseholders particularly identified the following areas for future services:
- Leaseholders felt that investment into managing warranties, developing maintenance programmes and regular reviewing of assets, should be a key focus to prevent deterioration of homes and blocks.
 - Leaseholders felt that 'major capital projects' should not sit with the repairs and empty property refurbishment works moving forward and should be specified and tendered separately from this function.
 - Value for money was a key driver for leaseholders and testing and value for money though tender processes for major capital works was a key consideration.
 - Quality assurance and surveying functions were highlighted by leaseholders as essential client side functions that should be independent of any contractual arrangement.
 - Leaseholders felt that increased communication, transparency and online access to cost information would improve services going forward.

- 3.14 Feedback from stakeholders enabled the council's programme team to develop a set of clear strategic objectives for the future delivery of the services and works as follows:
- Excellent customer service including the ability to self-serve and greater direct customer access to services
 - A strong focus on pro-active maintenance of existing assets
 - Increased transparency, control and accountability around cost, programme information and quality assurance
 - Demonstration of value for money combined with the inclusion of social value requirements in order to secure added economic, social or environmental benefits for the local area.
- 3.15 In October 2019, the council carried out a Notice of Intention Section 20 consultation with all leaseholders around proposals for the future delivery of planned improvement works and major projects.
- 3.16 The feedback from leaseholders through the notice of intention consultation process has been helpful in developing the design of the new arrangements for planned and major works and contract management proposals for the service in the future.
- 3.17 There will be a further stage of consultation later this year – the notice of proposals. This will provide information regarding the contractors, who the council are proposing to enter into a long term agreement with to undertake the work contracts. All leaseholders will therefore have another opportunity to submit observations on these proposals in due course.
- 3.18 Leaseholder engagement event
- 3.19 Following the end of the first stage consultation process the council invited all leaseholders to attend an event to share further information around the contracts, how they will be managed and the council's plans for future consultations and ongoing engagement with leaseholders.
- 3.20 The event included input from Procurement and Legal officers and as well as the technical elements of our housing service covering programming, specifying, tendering, costing, contract management and quality assurance of works.
- 3.21 The event was well attended and leaseholders provided a range of valuable feedback. Some of the main points made by leaseholders were:
- Ensuring that costing is transparent
 - Consultations
 - Better quality work and complete first time for repairs
 - A feeling that some contracts should be shorter
 - Robust key performance indicators and plans to remedy poor performance
 - Quality checks, external checker
 - Good contract management
 - Meetings which fit with leaseholders
 - Keep leaseholders informed throughout works

- 3.22 The council is planning for a further event in September 2020 to follow up with all leaseholders.
- 3.23 Leaseholder survey
- 3.24 The council will shortly be carrying out a survey of all leaseholders. The survey will be carried out by ARP Research, the same company that has undertaken the recent STAR survey of tenants.
- 3.25 It is anticipated that the survey will be sent to all leaseholders in March. The council is finalising the data protection impact assessment and once this is completed we will be able to proceed.
- 3.26 The survey is seeking the views of leaseholders on the type of property they occupy, service standards, repairs, major works and communication. Although the main survey will be postal, there is an option for leaseholders to complete the survey on line.
- 3.27 At the close of the survey ARP will analyse the responses and prepare a report on the findings this will be shared with Housing Committee, Leaseholder Action Group and reported back to leaseholders in a newsletter.
- 3.28 New post of Senior Leasehold Liaison Officer
- 3.29 The council has recently introduced a new post of Senior Leasehold Liaison Officer. The post holder commenced in October 2019. The principal purpose of the job is to maximise the council's engagement with leaseholders at all points during the lifetime of major works and planned maintenance projects including during consultation, works on site and where there are payment difficulties.
- 3.30 With the current contractual arrangements ending on 31 March 2020 much of the consultation on current projects had taken place prior to the appointment. Therefore, assistance has been provided to a number of individual leaseholders where payment difficulties existed. This has included signposting to other agencies such as the Department of Work and Pensions and the Pensions Agency.
- 3.31 Post April 2020 will see the role develop as works under the new Housing Repairs & Maintenance service will commence and planned and major works are delivered under separate new arrangements.
- 3.32 Extended Payment Options for Council Leaseholders
- 3.33 In 2012 in anticipation of a significant numbers of works of repair and improvement with the potential of leaseholders' charges to be considerable a scheme of extended payment options was introduced.
- 3.34 These included: Equity Loans, Maturity Loans, Long-term interest bearing loans up to 25 years and an extension of interest free repayment options from 12 months to a sliding scale with a maximum of five years.

- 3.35 The purpose was to increase the options available to the council to help leaseholders who are in residence throughout the term of the loan or arrangement and where there is financial difficulty or vulnerability when faced with high major works bills.
- 3.36 The options were not extended to leaseholders who sub-let their properties, however, there have been a couple of cases in recent time where this policy could assist in specific circumstances.
- 3.37 Since 2012 there have been 46 leaseholders expressing an interest in the extended payment options, 33 of which were for equity loans, of which 22 loans have been completed. Three leaseholders were assisted in getting help from the pension service and the remainder were a mixture of sales, extension of individual mortgages or paying off the major works charges.
- 3.38 Other leaseholders have agreed a sliding scale of repayment up to the five year maximum direct with the Corporate Collection Team. No data is available for these.
- 3.39 The most popular, equity loans, involves the council taking a legal interest in the property. It is a non-repayment option with the major works charge being paid off on the first sale or transfer of the property.
- 3.40 How much is repaid will depend on a number of factors, the amount of the major works charge, the value of the property and how soon the sale takes place after the loan is completed. For example, if the property is valued at £200,000 and the major works charge is £10,000 then the council's equity share would be 5%. If the first sale takes place in the first 5 years, the share would be 6%, in years 5 to 10, 5.5% and if sold after year 10, the initial 5%. The first equity loan repaid highlighted that, in an area like Brighton & Hove, when property prices are rising steeply the repayment could result in a large repayment to the council. A decision was taken at that time to limit any repayment to a sum which is the lesser of the actual percentage repayment or a sum equal to the nominal cost of servicing a loan for the period of the arrangement.
- 3.41 New Housing Management System – Northgate Public Services (NPS) Housing
- 3.42 The council's new Housing Information System will deliver a range of improvements for leaseholders including a customer portal to provide online access to service charge information as well as the ability to raise and feedback on block repairs through an online customer portal.
- 3.43 The project is being delivered in three phases. The first phase is focussing on services that are already delivered via the current housing management system (OHMS). Billing for leaseholders is currently managed via our Civica Finance System. When the new NPS system goes live, which is currently planned for January 2021, billing will be via the new NPS Housing system.
- 3.44 Access to the customer portal for leaseholders and to report repairs will be in the second phase of the project. Dates for this phase have yet to be confirmed, but are likely to be within six months of the go live date. General updates will be

provided via Homing In and the council website. Leaseholders will be contacted directly about any changes to their billing/payment details.

3.45 Future Repairs – Task and Finish Group

3.46 Leaseholders are represented in the Future Repairs - Task and Finish Group that has been involved in developing the council's new services for repairs and maintenance, planned improvements and major projects. The group has overseen the programme and worked closely with officers in a number of areas.

3.47 Recent work has included shaping new resident oversight arrangements for the service in the future and developing a comprehensive set of key performance indicators that cover the services that will be delivered in the future.

3.48 Process for future engagement on major works

3.49 Following feedback from residents the Property & Investment service undertakes engagement processes with tenants and leaseholders ahead of any formal consultation on high cost works to ensure stakeholders have a chance to input into and influence proposed works at an earlier stage. Early engagement is being undertaken through letters to all tenants and leaseholders seeking views on issues and broad proposals.

3.50 There is a commitment to carrying out engagement with residents on these projects as early as possible, acknowledging that the engagement processes should be proportionate to project impact, size and complexity. The council also takes into account engaging in different ways with tenants and leaseholders especially where changes to services are proposed. Ward councillors and Resident Associations are also kept updated on project proposals.

3.51 The council's Property & Investment service is working with the Leaseholders Action Group to develop engagement processes for future major projects. These will continue to be co-designed through 2020 ahead of the commissioning of projects through the new major projects framework.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 None considered for this report which is an update for noting.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Engagement with leaseholders is undertaken with the Leaseholders Action Group at their quarterly committee meetings and the Annual General Meeting for all leaseholders. As detailed in the report an additional event was held on 11th January 2020 for all leaseholders following consultation around Planned and Major Works contracts.

5.2 This year's Leaseholder Annual General Meeting is scheduled for 18th April 2020. Full information will be sent out to all leaseholders.

6. CONCLUSION

- 6.1 This report updates on a range of recent work undertaken to improve leaseholder engagement across the housing service.
- 6.2 Leasehold is a key element of our housing service with approximately 20% of the council's housing stock being leasehold tenure.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 All leaseholder engagement activity will be met from within the HRA Budget including an estimated £7,500 for the leaseholder survey by ARP.

Finance Officer Consulted: Monica Brooks

Date: 28-02-20

Legal Implications:

The standards for landlord consultation with leaseholders imposed by the Landlord and Tenant Act 1985 are minimum standards. The council is entitled to do anything which is calculated to facilitate, or is incidental to the discharge of its functions. The additional leaseholder engagement activities set out in the report are therefore within the council's powers.

Lawyer Consulted:

Name Liz Woodley

Date: 19/02/20

Equalities Implications:

- 7.2 None directly related to this report.

Sustainability Implications:

- 7.3 None directly related to this report.

Brexit Implications:

- 7.4 None directly related to this report.

Any Other Significant Implications:

- 7.5 None directly related to this report.

SUPPORTING DOCUMENTATION

Appendices:

None

Background Documents

1. Housing & New Homes Committee report on Leasehold engagement dated 13th June 2018 and available at <https://phantom.brighton-hove.gov.uk/mqConvert2PDF.aspx?ID=127816>