

Customer Scrutiny Panel

Executive summary – Leaseholder Review

Context and service delivery model

mhs directly manages around 1000 residential properties, including 489 homes sold under Right To Buy, 339 Shared Ownership homes, 177 freehold houses on estates where owners pay service charges and 4 homes let under the Rent To Buy initiative.

The delivery of direct services falls under two Assistant Directors. The Assistant Director of Customer Services has the overall operational responsibility for the provision of non-repair services to homeowners. This includes routine frontline contact, neighbourhood and income management and service charge administration.

The Assistant Director of Asset Management is responsible all property related repairs, maintenance, caretaking and grounds maintenance.

The Home Ownership Team is responsible for liaison with homeowners, setting service charges, accounting for expenditure, ensuring that income received and costs are applied to the correct blocks/schemes and individual accounts, corresponding with homeowners about statutory consultation about proposed capital works, administering the annual cycle of sending estimated and actual costs, managing accounts, chasing arrears and handling complaints.

The Home Ownership Team has 2.6 full-time equivalent staff including a full-time Service Charge Accountant, 1 full-time Home Ownership Officer and 1 part-time Home Ownership Officer. Home Ownership Officers work closely with the Asset Management Team to plan and execute statutory consultation on proposed planned works. They also have close contact with the in-house Legal Advisor who drafts leases and deals with some legal aspects such as Right To Buy enquiries. From time to time, Home Ownership Officers liaise with the Neighbourhood Management Team, for example to deal with complaints about anti-social behaviour.

Summary of findings

Key strengths

- a. Senior Officers we met know that homeownership is an expanding area of the business with around 250 new shared ownership homes in the planning and development stages. Senior staff are up for the challenge to improve services and are aware of shortcomings in this particular area of work.

- b. The bringing together of the caretaking and grounds maintenance service within the Asset Management Team provides mhs the opportunity to consider efficiencies and control estate management costs.
- c. There is recognition that mhs needs to bolster the inhouse legal expertise to help resolve queries more speedily and effectively.
- d. Major works consultation meets the requirements of Section 20 of the Landlord and Act to ensure that leaseholders are informed and can query procurement.
- e. Partnership working between the Development and Home Ownership Team enables service charges for new schemes to be set at realistic levels from the beginning.
- f. Improvements are being considered for resident engagement to enable customers to have a greater say about local issues. There is an intention to use HouseMark Photobook approach for assessing the quality of estates services.

Key areas for improvement

- a. Sinking Fund contributions appear to be set lower than the likely costs. The reasons for this are unclear and homeowners do not appear to be aware of this practice. Potential risks of this practice are that homeowners have not budgeted for the full costs and are unwilling / unable to pay. This in return will result in additional management and potential legal costs for mhs. There is also the detrimental impact on customer relations. This, coupled with rising costs due to higher demand for services and mhs getting better at identifying and more accurately recharging costs, is likely to impact on homeowners.
- b. There is a lack of transparency in the provision of financial information because:
 - i. The current coding system for invoices results in the use of 'bucket codes' and hinders transparency of cost fluctuations and variations.
 - ii. The time lag between incurring costs and seeking contributions from homeowners is almost 18 months. The absence of timely information results in the lack of trust from customers. It would be sensible to provide a list of works completed at least twice a year together with the most up-to-date known costs so that homeowners are continuously informed about their liabilities and can make financial provision.
 - iii. Insufficient information and explanation is given to homeowners about variations between estimated and actual costs during the annual service charge cycle, leaving individuals to query changes. This results in homeowner perception of 'put up and shut up' and that mhs may not be appropriately managing costs.
 - iv. Neither the Home Ownership Team nor homeowners have access to 'customer friendly' planned works programme. Therefore, they cannot make sufficient plans.

- v. Proactive action is not taken to work with first-time buyers to explain the likely cost of running the property their wish to purchase.
- g. Although it is positive that mhs is in the process of making changes to the IT system and improving the website content, user consultation has not yet taken place.
- h. In line with most other social landlords, mhs has difficulty in keeping in touch with absent landlords. Greater interaction through homeowner consultation would increase the level of interaction and thus aid information gathering and recording keeping.
- i. Despite internal improvements with complaints handling processes, homeowners remain unimpressed with the way their lack of satisfaction is handled. There is limited evidence that informal complaints are fully recorded and swiftly dealt with. Discussions with Officers suggest that complaints are mostly dealt with informally and therefore problems remain unresolved and 'under the radar' until formal complaints are lodged. When complaints lead to service improvement, outcomes are not shared generally.

As agreed with the CSP, service ratings are classified using a five-point scale of Great, Very Good, Good, Adequate, Unclassified. The overall judgement is based on the agreed scope and the overall balance of strengths and weaknesses and reflect the seriousness of weaknesses. Service ratings are on a five-point scale: Great, Very good, Good, Adequate or Unclassified.

Theme	Rating
Provision of information for existing homeowners	Adequate
Provision of information for potential homeowners	Adequate
Quality of statutory consultation and homeowner influence on service delivery	Adequate
Transparency of financial information and transactions	Adequate
Homeowner satisfaction	Adequate
Performance management	Adequate
Overall rating	Adequate

Recommendations

Below is a list of all the recommendations:

Priority	Recommendations
<p>FUNDAMENTAL Fundamental control weaknesses, which expose the Company to a high degree of unnecessary risk</p>	<ol style="list-style-type: none"> 1. Consider the risks from potential under-funding from sinking funds and inform homeowners about the likely impact on them 2. Improve financial information and explanation provided to homeowners so that there is increased transparency of reasons for cost variations when estimates and actual costs are sent and explain which costs to be off-set against sinking funds 3. Clarify and reinforce arrangements for seeking health and safety compliance confirmation from homeowners
<p>SIGNIFICANT Significant control weaknesses which expose the Company to a moderate degree of unnecessary risk.</p>	<ol style="list-style-type: none"> 4. Introduce measures for assessing the quality of service 5. Identify ways of improving resolution of enquiries at initial contact point 6. Consider staffing resources and clarify team responsibilities 7. Reconsider the use of cost codes to more accurately describe work that costs relate to for communal services and specific locations 8. Improve the quality of information provided with legal notices required under Section 20 consultation procedures 9. Improve arrangements for monitoring service charge accounts and chasing arrears 10. Improve complaints handling processes and ensure that learning is evident from customer satisfaction results 11. Identify ways in which homeowners can influence local services and aid service improvement
<p>HOUSEKEEPING Areas where we</p>	<ol style="list-style-type: none"> 12. Consider user influence on improvements planned for the

have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk. Such issues are raised directly with management and are not listed within this report.

- website
13. Clarify service standards so that homeowners know the level and quality of service they can expect from mhs
 14. Introduce methods for recording and easy access to evidence of work done and systematically notify residents about work done
 15. Involve users in the IT and website improvement projects
 16. Introduce ways of improving the pre-sales pack so that first-time buyers
 17. Consider the efficacy of manual arrangements for updating direct debits and despatching annual estimates and actual costs.

