

**Agenda No:**

**Report Title:** Resident Scrutiny Panel – Review of Service Charges

**Board:** Town & Country Housing (TCH) Board      **Action:** For discussion & consideration

**Date of Meeting:** Thursday 22 October 2020

**Author:** Sarah Holden, Resident Scrutiny Manager & Policy Officer  
**Contact details:** 01892 501640 Email: [sarah.holden@tch.org.uk](mailto:sarah.holden@tch.org.uk)

**Presenters:** Kevin Dodds & Valerie George (Resident scrutiny panel members)  
**Contact details:** N/A

**Documents in the Board Pad Reading Room:** Action plan (appendix one)

**Executive Summary**

Following their review of service charges, the resident scrutiny panel has developed 19 service improvement recommendations (albeit several contain multiple elements). These are detailed in section five of this report and in the action plan (appendix one). The recommendations are varied and focus on improvements to the TCH & 'Love Living Homes' websites and service charge statements. All are aimed at improving transparency and resident satisfaction with service charges.

**Recommendations**

The Board are kindly requested to consider the findings & recommendations detailed in section four & five of this report and in the action plan (appendix one). The action plan also contains the management response.

## **1. Introduction**

- 1.1 The resident scrutiny panel was established in October 2013 and is designed to fulfil Town & Country Housing's (TCH's) commitment to enable residents to directly influence service provision, as well as exceed the Regulator of Social Housing's regulatory requirements. Since April 2014, the panel has undertaken eight service reviews of customer services, responsive repairs, the void standard, the grounds maintenance service, the money support service, responsive gas services, planned repairs & maintenance and leaseholder & shared owner services.
- 1.2 In December 2019, the panel commenced a review of service charges. This was undertaken by resident scrutiny panel members: Francesca O'Neill, Emma Lovell, Yvonne Camille, Natalieann Leadbetter, Paul Evans, Teresa Godden O'Callaghan, Tanya Young, Chris Banwell, Valerie George and Kevin Dodds.

## **2. Rationale & aims**

- 2.1 As part of their review of leasehold & shared owner services in 2019, the panel undertook a digital survey. This was completed by 154 leaseholders & shared owners and a total of 80 or 52% of respondents cited service charges as their main area of concern. This feedback directly informed the panel's decision to review service charges next, with the main aim of improving transparency and resident satisfaction.

## **3. Methodology**

- 3.1 The service review was undertaken using a structured process developed during previous reviews. This included a desk top review of evidence and information, followed by a reality check phase culminating in several recommendations for service improvement.
- 3.2 The desk top review phase involved the gathering of relevant evidence and information. This was analysed and considered by the panel over several weeks and included the following:
- A presentation and discussion with key staff members;
  - An examination of complaints pre and post the introduction of the Ensemble system;
  - An extensive exercise to compare the layout and presentation of TCH's service charge statements and website information, with the equivalents provided by 14 other registered providers/local authorities to identify good practice examples.
- 3.3 The activities outlined below were undertaken as part of the reality check phase. This enabled the panel to ascertain if the evidence and information gathered to date translated into actual service delivery. In addition, it provided an opportunity to clarify and affirm provisional findings resulting from the desk top review phase.
- In July 2020, a digital survey was emailed to 2,000 residents (1,273 tenants including sheltered & 727 shared owners/leaseholders). The panel received 205 responses (106 tenants including four from sheltered & 99 shared owners/leaseholders). The 2,000 residents were hand selected to ensure all tenures and geographical locations were represented. They were asked to give

feedback about service charge statements, information on the TCH website and value for money.

In summary, approximately 76% of respondents felt that statements were clear, while 79% did not indicate trying or had not tried to find the answer to a previous service charge query on the website before contacting TCH using other methods. Approximately 45% considered service charges to be fair, while 55% considered them to be unfair. Approximately 28% would prefer to pay more for more services, while 68% would prefer to pay less for less services. The anonymised survey outcomes have since been shared with the service charges, leasehold services and housing management teams. They have also been asked to contact respondents if they have raised a specific query and requested a response.

- In August 2020, a small number of digital survey respondents were selected to participate in a digital focus group to explore their feedback in depth. Again, a variety of tenures and geographical locations were chosen, as well as a range of positive & negative comments. Transparency was discussed at length, as were rising costs, with one participant expressing concern that she may no longer be able to afford to pay when she stops working and retires. It became clear that some participants were suggesting they would prefer to pay less for less services because they simply could not evidence receiving the services they are currently charged for. The focus group were also asked to give feedback about a variety of service charge statement examples from other registered providers. Some were received very positively with participants suggesting that service charge queries to TCH could be virtually eliminated if statements were presented in a similar, detailed format. In other words, transparency is key.
- In September 2020, some of the digital focus group participants also undertook a mystery shopping exercise and contacted TCH via the telephone, to ask questions raised in their survey responses and/or during the focus group. All received prompt and satisfactory responses. However, the exercise highlighted instances where residents are charged for communal services such as water and fly tipping while being unaware of the location of a communal tap/water source or any such fly tipping incidents. Regrettably, specific item related explanations cannot be delivered within the Ensemble system, although TCH works pro-actively to identify any large or unexpected increases so explanations are readily available for residents, should they enquire. To compensate, wording to promote this facility will be included in the revised website information and highlighted in the FAQs.

#### **4. Findings**

- 4.1 Firstly, the panel recognises that TCH is not currently operating as normal due to the worldwide coronavirus pandemic and acknowledges that where recommendations are approved by Board, the timescales for implementation and delivery may be considerably longer when compared to previous scrutiny reviews. Equally, the panel recognises that some of their recommendations are ambitious and will take time to explore and ascertain if they are deliverable, within the current capability of existing IT systems such as Ensemble and due to the likely resource implications.
- 4.2 The TCH website is the key information source for most residents with internet access, yet it can be confusing and information difficult to locate unless you already have an

idea of what you are searching for. The website doesn't lend itself particularly well to general browsing.

Service charge information is located in different places and can feel incoherent, with much of it presented as blog posts and the FAQs listed in a random fashion. In summary, this can make it challenging to find answers to basic questions. In these unprecedented times and with so much focus on digital communication generally, the panel strongly feel that clear and comprehensive information is paramount and significant improvements in this area could go a long way to improving transparency and resident satisfaction with service charges.

- 4.3 After extensively researching how 14 other registered providers and local authorities present their service charge statements, it is clear that TCH could do more to thoroughly explain charges and improve presentation. Two notable examples are the statements offered by Peabody & A2 Dominion. For reference, these are available on Diligent in an anonymised format, along with both current TCH statement formats for comparative purposes.
- 4.4 The panel also wish for TCH to better exploit digital technology to maximise transparency. Feedback from the digital survey and focus group indicated there is a trust issue. In some instances, TCH is viewed as a greedy landlord who profits from service charges and rips residents off. Clearly this is not the case because registered providers are governed by regulation meaning they can only recover the true cost of services, although this does not appear to be common knowledge. This negative perception appears to be exacerbated by residents not fully understanding how their service charge payments are spent, versus the reality of services delivered on the ground. Put simply, many residents are paying for services they don't believe they receive or are of questionable quality, consistency and frequency. The creation of a digital resource to evidence the delivery of maintenance services, as well as information about frequency for specific block or estates could potentially offer more assurance to residents that in the vast majority of cases, they are indeed getting what they pay for.
- 4.5 The recommendations below reflect these findings. As the review has been undertaken from a resident's perspective of service charges, several of the recommendations may require a cross departmental approach to implementation. They may also contain information for contextual purposes.

## **5. Recommendations**

### **5.1 TCH website (may also apply to statements)**

- 1) Improve the navigational ability and optimise the search function from the home page so service charge information is easier to locate. This is a general point and is applicable to finding other information about any TCH service area or topic.
- 2) On a further general point, ascertain if there can be clearer branding consistency or a more recognisable element (other than the blue colouring and similar font style) to link the TCH website, the 'Love Living Homes' website and 'My Home Online' as many residents are unaware of the connection between them.
- 3) Ensure all service charge information is on one page and not spilt over several. Create more user-friendly headings that are clearer and clickable, meaning they expand to give more information as required. Some of the content appears to

assume a level of knowledge and prior understanding of housing jargon and processes. Headings could include 'why have I been charged for this?' and 'why am I paying more for service charges this year?'

State new contracts could increase service charge costs and include an explanation about the minus sign on service charge statements as means credit which can cause confusion to residents. Also link to a clearer dispute mechanism for residents who need to query a charge for a service they believe they have not received, rather than the general contact form link. Review the FAQs, improve the language and simplify the messaging.

- 4) In late 2019, the Rents & Service Charges Manager gave an excellent PowerPoint presentation to the panel which contained an abundance of useful information about service charges. Cross reference the website as much of this information would be helpful for residents and in many instances, does not appear to be currently included. Where it is, feature more prominently, ideally as a link from or as part of the first page about service charges.
- 5) Ensure new leaseholders and shared owners are made aware of the same information contained in the PowerPoint presentation referenced above as may reduce queries. Also make them aware of the website information and include a link to this in the home user guide.
- 6) Include a clearer explanation about why 'estimated' charges are given first before 'actual' charges. There is some existing text but it would benefit from more information about why certain charges cannot be predicted such as some contractor charges which are levied after the service has been delivered.
- 7) Provide more information about sinking funds including their purpose and the type of major improvement/cyclical works the funds are likely to be used for (e.g. roof & window replacements). Feedback from some residents indicated confusion about where the money goes and that the sinking fund may not be used as anticipated when major improvement/cyclical works are undertaken.
- 8) Include better information about fly tipping and the dumping of waste and how this impacts the environment and everyone's service charge as costs are shared. Also encourage other residents to report offenders confidentially, with evidence but only if safe to do so. There is some existing information under a blog post but it could be clearer and more prominently featured.
- 9) Explore if digital technology exists or whether it can be created to develop a digital resource to evidence that all maintenance (e.g. gardening) has been completed. Also explore if 'before' and 'after' photos can be added (similar to the technology used by some parcel delivery providers), although the panel appreciate this may be impractical for all maintenance, especially when delivered frequently. Explain who checks the work (i.e. which contractor) and how issues can be reported. This will provide reassurance about value for money and may help address the issue that some residents don't know what services they are paying for. In turn, this may improve resident satisfaction and reduce complaints. The panel would also wish for these expectations to be included in future procurement specifications for maintenance contracts where possible.
- 10) Linked to this, explore the creation of a further digital resource which details the chargeable services (e.g. cleaning) and frequency provided in each block or estate. This should also be made available on 'My Home Online'. As previously

stated, the panel appreciates that this and the previous recommendation are ambitious requests which may equate to longer term goals.

- 11) Explore if snapshot satisfaction surveys via email or SMS can be undertaken after services have been delivered. For services that are delivered frequently (e.g. weekly or fortnightly), surveys could be undertaken every few months as would obviously be impractical to do every week.
- 12) On the 'Love Living Homes' website (and in statements), clearly explain the use of the word 'variation' or 'variable' and if appropriate replace with the word 'actual', as causes confusion for residents.
- 13) The references to rent and service charges in the FAQs and elsewhere should be separated as causes confusion to residents. This is an internal TCH team name which is also used in resident information and communication.

#### **Statements (may also apply to TCH website)**

- 14) Improve transparency, the presentation of statements and ascertain if a similar format to that currently offered by Peabody or A2 Dominion can be delivered. Both are presented in a colourful booklet style with an easy to understand layout and clear font. In addition, the A2 Dominion statement is personalised for each block or estate with an accompanying photograph on the front cover. As previously stated, the panel appreciates this is an ambitious request which may equate to a longer term goal.
- 15) To improve the current TCH format, avoid the use of long paragraphs and use clear simple sentences instead. The reference 'for more information' is too small and the arrows look messy. Fully explain the term 'grounds maintenance' and separate the charges into gardening, repairs & maintenance, etc.
- 16) In addition to the above, ascertain if the current TCH format can be amended to include a footnote or asterisk on statements to indicate large increases, with a fuller explanation on the reverse e.g. a boiler replacement. There is an existing overarching statement about costs being subject to change but nothing specific about items.
- 17) Inform residents that TCH does not make a profit from service charges and that all monies collected are spent on services. This fact should be promoted at every opportunity including on statements, the websites, 'My Home Online' and in resident communications such as the email newsletter.

#### **General**

- 18) The panel were impressed by the low numbers of service charge complaints but would wish to see the approach reviewed to ascertain if a verbal exchange between TCH and the resident can achieve a mutually agreeable solution for efficiency. This may also avoid the need for more contractor visits and produce resource savings.
- 19) Create a newsletter article for the new leaseholder/shared owner email newsletter, featuring 'a day in the life of the service charge team' type scenario e.g. how service charges are calculated, how they are budgeted for, etc.

## 6. Next steps

- 6.1 Before this report was submitted to Board, it was submitted to the appropriate managers and executive management team for comment. The management response to each of the recommendations is included in the 'management response' column in the accompanying action plan (appendix one).
- 6.2 The panel requests that the Board considers the recommendations & proposed timescales and provides a formal response, detailing the process by which the approved recommendations will be implemented. The resident scrutiny panel constitution states that *'where recommendations are agreed by the Board, an action plan will be developed and implemented by the head of service. He/she will provide the panel with a progress update every six months. Where the Board does not agree with any of the panel's recommendations, the reasons will be explained in their formal response to the panel'*.
- 6.3 The approved recommendations will also be summarised and published on the TCH website to enable residents to understand the impact of the resident scrutiny panel on service improvement.
- 6.4 The panel wish to extend their sincere gratitude to the service charges team for their flexibility, openness and positive approach to the scrutiny process.