



**REVIEW OF SERVICE CHARGES**

<b>Objective:</b>	To look at ways of improving how service charges are communicated so that they are more widely understood. To explore ways to improve the service charge consultation process, the recharge process and how Rosebery handles service charge complaints.
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<b>Indicators:</b>	<ul style="list-style-type: none"> <li>(i) Understand service charges</li> <li>(ii) Improve the consultation process between leaseholders, shared owners, tenants and Rosebery.</li> <li>(iii) Look at effective ways of enforcing the recharge policy.</li> <li>(iv) Look at the way compliments/complaints are handled.</li> <li>(v) Communication made simple.</li> </ul>
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<b>Recommendations To Rosebery Executive team:</b>	See attached appendix for a snapshot of recommendations and recommended timescales. More detailed analysis is contained within the report.
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<b>Context:</b>	<p>This is the fifth report conducted by the Residents Panel.</p> <p><u>Choosing a topic</u></p> <p>When deciding the next topic for review, it is apparent from listening to tenants, leaseholders and shared owners that there is a lack of understanding about whether there are differences in service charges set to tenants, and those set to leaseholders and shared owners. It was also apparent that there are some inconsistencies in how Rosebery communicates and provides information to leaseholders and shared owners as well as tenants.</p> <p>Most complaints received by Rosebery from leaseholders and shared owners are to do with service charges. But what are Service charges?</p> <p>A service charge is:</p> <p>“The cost of providing and maintaining services and benefits beyond the tenants or leaseholders home”.</p> <p>There are two types of service charges:</p> <p>Fixed (tenants). Rosebery estimates the costs to fix the charge. This sum is included within a tenant’s rent account. When the actual cost of providing the service is known, the charge remains the same. If the original estimated charge was too low Rosebery cover the deficit.</p>
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If it was too high, Rosebery keeps the surplus. Fixed service charges are count as part of the rent for assured tenants and are governed by section 13 of the Housing Act 1988.

Variable (shared owners/leaseholders). Rosebery estimates the cost over the coming year. When the actual cost of providing this service is known a reconciliation process is undertaken. If the original estimate is too low, the leaseholder will be charged the difference. If the Estimate was too high, they will be refunded the difference.

This review has predominately focussed on variable service charges as charged to leaseholders and shared owners.

Rosebery has 376 leaseholders, 25 shared owners, who are now leaseholders and 214 shared owners.

For the Resident Panel to effectively conduct a report, the panel attended a meeting with the Head of Housing and Customer Services who gave an overview of service charges. It was interesting to note that there are 19 separate Acts of Parliament which regulate service charges and a vast amount of case law. This shows that not only are service charges a minefield for tenants and leaseholders, they are also a minefield for Rosebery.

There are three types of tenure:-

- Tenants (General Needs/Sheltered and Temporary). They will be on either an Assured or Assured Shorthold Tenancy.
- Shared-owners (leaseholders part rent part buy).
- Leaseholders (long lease, right to buy or 100% staircase, flats/maisonettes).

There are people who may buy a property on new estates such as Noble Park and Parkview that still have to pay a service charge to a Managing Agent as the Local Authority do not maintain the roads etc. Rosebery would pay the service charge to the Managing Agent on behalf of the tenant and claw back the service charge paid through the tenant's rent.

Service charges can include the following:-

- ❖ Cost of contractors providing chargeable services such as estate services (in Rosebery's case Cleanscapes and Groundscapes)
- ❖ Communal Electricity & Gas
- ❖ Caretaking Service
- ❖ Staffing costs (such as a caretaker)
- ❖ Heating and hot water fuel charges in relation to shared areas (usually in sheltered accommodation)
- ❖ Cleaning and refuse disposal
- ❖ Carpets and furnishings in relation to shared areas (usually for sheltered and temporary accommodation)
- ❖ Laundry equipment, white goods and specialist equipment provided in shared areas (usually for sheltered and temporary accommodation)
- ❖ Building plant, equipment and installation.
- ❖ Fire detection, lifts, entry doors & TV aerials

The benefits of Service charge are that it allows:-

- Landlord's costs to be covered
- Blocks to be maintained
- Costs are spread evenly between tenants, Leaseholders and Shared Owners
- Fair maintenance
- Estate Services Officer can provide a caretaking service

The negative is no one likes to receive a bill and the potential for misunderstandings and discord between leaseholder/ shared-owner and Rosebery.

With the topic of service charges being so vast, the panel decided to concentrate on seven areas for the purposes of this report.

### Raglan

The Panel were interested to understand what the potential impact of merging with Raglan would have on service charges.

### Buying of Leasehold Property

When a leaseholder buys a property they need to be fully appraised of how service charges work before the property is brought. This process is currently thought to be adequately provided by the provision of leaseholder/shared owner solicitor information packs. These packs contain a summary of expected service charges based on enclosed details of work carried out over the previous three years alongside costs for the current year.

Example of comments received by the panel from leaseholders are *"had I known how much service charge I was having to pay, I would not have brought the property"*, and *"I have no control over when the works are done so cannot budget for them, all it seems is Rosebery are constantly demanding money for works that didn't need to be done"*.

### Consultation Process

It is clear that the consultation process between leaseholders, shared owners and Rosebery needs to be examined. Based on the comments received it was highlighted that leaseholders and shared owners were not clear on their rights, and were potentially not being fully informed by their respective legal teams prior to sale. In addition to this it is apparent that leaseholders and shared homeowners are not adequately aware that *they* can recommended contractors to apply for tenure to undertake works on their properties over the £250+ major works as well as large communal contractors, despite being provided with a letter specifically informing them of this, 30 days prior to works undertaken.

### Calculating service charge

Rosebery felt that calculating service charges is challenging. It was suggested an automated system to collate recharge information and

handle the reconciliation process would be beneficial. This would allow them to pull everything together more quickly and would improve consistency. They also believed that the Q&A document for service charges needed to be reviewed and improvements made for clarification.

#### Recharge Policy

Leaseholders and shared owners seemingly are also disgruntled as they believe there are situations where they get charged for damage caused by tenants. Although there is a Recharge Policy in place, there was not enough evidence shown to the panel showing the enforcement of the recharge policy to bring about fairness between leaseholders, shared owners and tenants.

#### Compliments and Complaints

Looking at some of the complaints received by leaseholders it was clear that understanding service charges and communication is the main issue. The Panel were shown example complaints. In one particular case, the panel felt a response to a complaint was long winded, not in lay man's terms and some of the information could have been provided initially with their invoices (breakdown of costs). There are some leaseholders who are not aware they can escalate a complaint to the Lands Tribunal regarding service charge. A decision made by the Leaseholder Valuation Tribunal will be upheld by Rosebery.

#### Communication

It seems that communication and understanding Service charges needs to be improved overall.

#### **Methods & Documents:**

In this review a variety of methods were used to test the objective. The following methods were used to ensure all areas were covered.

- Desk top review to familiarise with Rosebery's policies, procedures and standards.
  - Rosebery Recharge policy
  - Housemark – Managing your service charges effectively
  - Leasehold Questions & Answers
  - Tenant Questions & Answers
  - Solicitor Information Packs (Leasehold & Shared Owner)
  - Consultation Procedures
- After the desk top review had been carried out, the desk top highlighted key areas for further exploration and questioning
  - A meeting with Head of Housing and Customer Services with an overview about how Service charges work
  - A meeting with the Homeownership Neighbourhood Officer
  - A Service charge review undertaken by Thames

	<p>Valley Housing Resident Panel</p> <ul style="list-style-type: none"> <li>○ Example Service charge Invoice and reconciliation breakdown covering a two year period.</li> <li>○ Example consultation letters (Major Works over £250)</li> <li>○ Example consultation letters (Long Term Agreements/Contracts)</li> <li>○ Example Complaints &amp; Responses</li> <li>○ Discussions with tenants and non tenants who receive these services</li> </ul>
<p><b>Findings:</b></p>	<p>This section includes what the panel found whilst carrying out their investigations.</p> <p>The recommendations from the findings can be found in the next section. (Appendix 1 details a snapshot of recommendations).</p> <p><u>Raglan</u></p> <p>During the initial stages of this review, Rosebery were undertaking a consultation process with Raglan Housing Association. The panel were involved in this consultation process and took the possible merger into consideration for this review. This included looking at the affect a possible merger would have on service charges. We have since been notified that Rosebery will not be going ahead with this merger and will be remaining independent.</p> <p><u>Buying of Leasehold Property</u></p> <p>When a leaseholder/shared owner purchases a property, before exchange of contracts Rosebery sends information to the leaseholder/shared owner’s solicitor which is then to be incorporated into a report (all information relating to the property). Within that report is information on service charges, providing a basic summary of service charges over the last three years alongside a forecast for the coming year including information on upcoming major works. Rosebery can not guarantee that the information they provide to Solicitors is passed on to the prospective buyer as this is something that the Solicitor controls. Rosebery should look at ways of improving this where possible.</p> <p><u>Consultation Process</u></p> <p>When works are required in a communal area, whether it is major works or cyclical works, a consultation process is undertaken. There is a Statutory requirement to consult (section 20) where works will cost individual leaseholders or shared owners more than £250 or where the landlord intends to enter into a long term agreement for the services that will cost more than £100 per year.</p> <p>The statutory consultation requires that Leaseholders and shared owners are given the opportunity to respond to the consultation process so that they can interview any prospective contractors who tender for the work. Additionally leaseholders and shared owners can recommend prospective contractors to be invited to tender for the work.</p>

These processes are both quite thorough and extend an invitation to leaseholders and shared owners to submit any comments and considerations over a 30 day period before any further progress by Rosebery. Additionally, in informing leaseholders and shared owners on major works, it is made clear that the opportunity for contractors to be nominated is available and goes on to suggest criteria for nominees even, with the encouragement of resident involvement being quite the focus of the letter.

Despite this, thoughts received by the panel from leaseholders and shared owners would suggest they still feel quite unheard and that there is a lack of control on the costs and standards available to them.

#### Calculating Service Charges

The panel wanted to review the transparency and formatting of how service charges were calculated and reconciled. Due to the timing of this review, the reconciliation process was already underway. With the time constraints that this involves, it was not possible for the panel to meet with finance to undertake this part of the report. The panel would therefore like to meet with finance at a later date to look at this.

One of the panel members had the opportunity to interview a resident who lives at Norman Colyer Court and receives a service charge. This particular resident experienced dramatic fluctuations in her service charges year on year. The resident did not feel that the charges were transparent enough or easy to understand. They also lacked consistency, which made it difficult to compare against earlier years. This in turn meant that she was unable to understand the reasons for the fluctuations in her bills.

The resident also felt that it was not easy enough to obtain the information that she needed to understand and compare the charges. She had to rely on relatives to help her understand the charges.

The panel was also given the opportunity to see examples of the service charge invoices over a two year period. The panel would agree with the comments made above. Some of the figures in the invoices are estimations and therefore this should be made clearer on the face of the invoice that some of the figures may increase/decrease year on year.

#### Recharge Policy

A big issue for a lot of leaseholders and shared owners is damage caused by individuals (including tenants, visitor, household members or owners) in shared communal areas and a percentage of the cost for any necessary repairs being expected as part of the recharge policy for leaseholders and shared home owners.

Approximately 70% of tenants are in receipt of some form of benefit and because of this it can be difficult for Rosebery to pursue recharge, despite the legal responsibility of the tenant to "put right

any damage caused by themselves, their families or visitors to their home”.

It would appear that the difficulty in implementing the recharge policy gives the impression to leaseholders, shared owners and tenants that those who are in receipt of benefits avoid recharge. It is thus understandable that these people feel that this is unfair.

Many working tenants/leaseholders and shared owners have low incomes and no savings and yet could still be pursued for recharge. It allows for the perception that it is more favourable to be on benefits as you are seemingly unaccountable for your actions. To support new government initiatives the panel feel that all tenants regardless of their income need to be held accountable for damage they cause.

Before Rosebery will pursue a tenant under the recharge policy they need evidence that the tenant had caused the damage. They will then make a decision as to whether it is worthwhile pursuing the tenant or whether they will absorb the cost themselves and not passing the cost to the leaseholders/shared owner. A more hardened approach needs to be taken with regard to recharge unless a tenant would suffer significant undue hardship if the recharge policy is enforced.

Rosebery has enforced the recharge policy on 32 properties in the period between 2008 & 2013. The majority of these were in fact from temporary accommodation properties and the recharges related to damage caused within individual tenancies rather than in shared areas. The panel felt that although not directly comparable there may be some best practice to be taken from the success of the recovery of recharges in TA.

Due to the economic climate more and more tenants/leaseholders, shared owners are facing tough financial challenges. Rosebery is aware of this challenging time and have a system set up to allow leaseholders and shared owners to agree a payment plan. If it is a shared owner, the rented part of their property may be able to be covered by a housing benefit claim.

The current policy also allows for irrecoverable debts for example, *'the resident has died with little or no means or where they have left the property and there is no realistic prospect that they can be chased. In such cases the housing team should be able to exercise discretion and use a common sense approach to what can be recovered to avoid having to write off irrecoverable debts'*. In all other cases it is sent to debt recovery agencies.

Clearly there needs to be a better process for the neighbourhood team to process recharges with the view of pursuing tenant recharge further; the panel wondered whether the temporary accommodation team are handling recharge policy more efficiently/differently - is there a more hard standing, solid process they are using that would better level the consistency of recharge policy across the board.

## Compliments/Complaints

Since 1 April 2013, the Localism Act 2013 has amended the way in which customer' complaints about their landlord's service are handled, with the introduction of 'designated persons' and the creation of a single Ombudsman for all social landlords.

The Housing Ombudsman Service can provide leaseholders, shared owners and periodic tenants with an independent assessment of complaints about the calculation or administration of service charge cases, if these are not resolved locally.

If a customer believes a fixed or a variable service charge is too high, it may be assessed as part of an appeal to the Rent Assessment Committee (RAC) in relation to the overall rent charge. Appeals about the increase in or reasonableness of levels of fixed or variable leasehold service charges can be considered by the Leasehold Valuation Tribunal (LVT).

In year 2012/13 Rosebery received one formal complaint with regard to service charge.

In Year 2013/14 Rosebery received two formal complaints with regard to service charge and 12 general enquiries.

Looking at some of the complaints received by Rosebery, the most common complaint is with regard to service charges being underestimated.

When looking at an example complaint received by Rosebery it was clear that the leaseholder was confused about the charges. The reply from Rosebery was long and technical and not easy to understand. In this particular example, the complainant had specifically requested this technical information. An offer to meet with them was also made by Rosebery so that they could help to explain the information in person.

A lot of figure work could have been provided when the leaseholder received their initial invoice (breakdown of costs). However the panel were advised that it was not possible to provide this information when an initial invoice is sent as there are too many variable outcomes which would make this process too time consuming. The panel were advised that the information is always provided on request. This is usually dealt with by a senior member of the team and by telephone for a more immediate response.

When looking at different invoices, the panel felt that there were inconsistencies in how this information is presented year on year. The panel felt that if this process was more consistent leaseholders and shared owners would be better equipped and more able to understand the information provided to them.

It was suggested by the panel that Rosebery could update the correspondence that is sent to leaseholders/shared owners to say "we welcome any requests for more information". This would make it clear that this information is available on request.

A comment made by a leaseholder to the panel was *"high prices for medium to low standard of work when it comes to cyclical maintenance and repairs which are billed separate to the service charge. These charges could also be communicated more clearly"*.

Rosebery does receive a significant amount of feedback in relation to service charges from leaseholders/shared owners but the panel has seen little evidence that these have been recorded as complaints. A possible explanation of this is the extent to which complaints are logged and how they are being captured at the time they are received.

Rosebery stated that at this time complaints that are resolved within a phone call are not always being captured as evidence of complaints as they are viewed as 'resolved'. However it is felt by the panel that there should be at least some level of evidencing of these complaints for the sake of evidence and improving service.

It was felt that the complaints received have not been efficiently recognised by Rosebery as what they are, and that this would produce false KPIs around the performance of staff around handling complaints due to the inability to reflect the experiences of those not logged as official complaints.

At this point, customers must be forward and express enough dissatisfaction to directly ask to log a complaint in order for it to be registered as such and phone resolved complaints remain uncaptured.

Further from this it is possible to assume that the opposite may also be considered and in addition to ineffectively capturing these complaints, there is a potential for compliments to also be missed. It was felt that both verbal and telephone resolved complaints and compliments should be better evidenced and thus more transparent.

#### Communication

It seems that communication is the overriding issue with regard to service charges.

There appears to be a general lack of understanding surrounding the way service charges are calculated. Service charges are calculated annually in arrears in two ways:-

- Fixed (tenants). Rosebery estimates the costs to fix the charge. This sum is included within a tenant's rent account. When the actual cost of providing the service is known, the charge remains the same. If the original estimated charge was too low Rosebery cover the deficit. If it was too high, Rosebery keeps the surplus.
- Variable (shared owners/leaseholders). Rosebery estimates the cost over the coming year. When the actual cost of providing this service is known a reconciliation process is undertaken. If the original estimate is too low, the

	<p>leaseholder will be charged the difference. If the Estimate was too high, they will be refunded the difference.</p> <p><u>Leasehold Questions and Answers &amp; Tenant Questions &amp; Answers</u></p> <p>The panel felt that the information given in the tenant and leaseholder questions and answers was sufficient. However, the way this information is presented could be improved.</p> <p>The current leaseholder and tenant handbooks are still being re-vamped so the panel are unable to comment or make recommendations to improve this at this stage.</p> <p>From the perspective of a tenant, it seems there is a lot less confusion in the way service charges are being explained; it is quite obvious on every statement what expectation there is, how much is to be paid, for what, and why. Despite this clarity, it would seem aspects of 'service charges', such as the recharge policy for damage, are not well known amongst tenants. Could it be that this lack of awareness has a knock on effect on the successful application of the recharge policy by the neighbourhood team?</p>
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<b>Recommendations:</b>	<p><u>Buying of Leasehold Property</u></p> <p>On consideration of the misunderstandings that seem to occur for leaseholders and shared home owners, it is felt that it would be beneficial to provide clearer information to allow prospective buyers to make a better and more informed decision with regard to future service charges and ascertaining whether they are able to afford on-going costs.</p> <p>Despite solicitors packs being provided to prospective buyers, vital information on service charges appears to be getting overlooked by the process of sale.</p> <p>The current tenant handbook provides well rounded information which a tenant needs to know about living in their home.</p> <p>Despite there currently being a handbook provided for leaseholders/shared owners, there needs an easy to understand transparent publication to better cover the explanation of service charges, the reconciliation and complaints processes and provide further information on the consultation processes as well as clearer explanations/information on how leaseholders and shared owners can become more proactively involved in the decisions being made around where money is spent in their own properties. It would be appropriate to highlight what service charges are, why they are important to consider before committing to an agreement. Further explanation on how to read service charge summaries and a glossary of terms would help to improve the level of understanding leaseholders and shared owners can easily access.</p> <p>The panel felt highlighting the Sink Fund would also be an important part of this and that properties without this facility should be given the opportunity as a community to implement this with Rosebery's support. The panel made an initial enquiry to a solicitor to ascertain whether a customer wishing to join a sink fund would be difficult</p>
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and costly. The panel was advised that the process is relatively straightforward and the cost to them would be a maximum of £500 plus VAT. If using the sink fund is an easier process for Rosebery to manage then this is something that should be investigated further.

It is clear that the information currently provided is rich with legal standing and technicalities, however a more basic guide to the various aspects of service charges would allow leaseholders and shareholders a greater understanding and provide more clarity in what service charges mean for them.

Providing a basic guide from Rosebery allows each new resident to be adequately and equally informed, regardless of their solicitors, and would aim to be the start of a provision for better communication between leaseholders, shareholders and Rosebery

Giving better information to new residents would hypothetically effectively increase the efficiency of the consultation process that is currently in place; due to more people being aware as to how their rights work and how they are able to be involved in procuring the services they are to be charged for, as well as the potential to establish better resident communication all round. Furthermore these should be available by request from current leaseholder/shared owner.

It was also suggested that if a leaflet is produced to summarise key information about service charges, this leaflet should be re-sent to all leaseholders after sale. This will reconfirm the information they should have been provided by their solicitors in the first instance. This will also act as a refresher as they are likely to have had a considerable amount of information during the sale process.

The panel also felt that all of this information, including the basic guide, should be made available on the website.

#### Consultation Process

Clarity around the consultation process in the proposed handbook: Having looked at the info given there is actually already quite a lot available and it may be possible leaseholders and shareholders do not understand that they can come and meet/talk about these decisions and instead aren't responding. Rosebery should explore whether more can be done to make these options clear.

Given the low response rate to other consultation opportunities that Rosebery has extended to its residents (e.g. the 7% rate of resident response to the Raglan Roadshows) it could be suggested that it's actually more to do with residents not responding until it is too late/general apathy rather than Rosebery not providing ample opportunity for consultation. This could also be because the resident/leaseholder/shared owner trusts Rosebery's judgement and is happy for them to make these decisions for them.

However, Rosebery should explore whether more can be done to better advertise these options in individual blocks at the time of qualifying works /tenure that are applicable to them rather than a

Rosebery wide initiative. Perhaps more could be done to make the initial letters easier to understand, with more transparent information. This would make the options more obvious to leaseholder and shared owners from the beginning.

The panel felt that it might be beneficial for Rosebery to establish an Annual leaseholders meeting where there is a Q&A session for leaseholders and shared owners to bring up any concerns they may have, and be made aware of up coming projects. This would also give Rosebery the opportunity to communicate directly to leaseholders/shared owners their rights to nominate contractors, and highlight the opportunities for them to have more control.

#### Calculating Service Charges

The panel would like to meet with the finance team, after the review has been completed. This will allow them to look at how the current service charges have been collated and calculated. Ideally, this would have happened during the review, but this was not possible due to timings clashing with the current service charge process.

Rosebery needs to look at ways of improving their communication when it comes to service charges. The information they provide needs to be consistent year on year and transparent for residents and leaseholders. Estimated service charge invoices need to be very clear that figures can increase/decrease on reconciliation of annual service charge.

It would also be useful for an explanation to be included when new service charges are confirmed. This explanation would indicate why the charge has fluctuated from the previous year. If it is not possible for this to be done routinely, maybe this be done on request.

#### Recharge Policy

Subject to evidence of damage caused by a tenant and regardless of whether a tenant is in receipt of benefits the recharge policy needs to be enforced more. People need to be held accountable for their actions. If Rosebery is seen to come down hard on this type of behaviour, it is less likely that someone is going to cause damage; it won't stop it but will limit it.

The panel recommends that it is looked into why Temporary Accommodation are able to manage recharges better- is it because there is an instant process (no notice) – is the process that different ? Is there anything neighbourhood officers could learn from those dealing with Temporary Accommodation with a view to improve this within the neighbourhood team and provide a more solid process with better consistency in recharge policy across Rosebery

#### Compliments & Complaints

Rosebery needs to look at the current efficiency of the complaints procedure and how complaints are being captured. Telephone and verbal complaints, as well as compliments, need to be evidenced. By recording these complaints, Voluntas will be instructed to contact

	<p>each complainant so that their feedback is properly recorded.</p> <p>The panel felt that the way leaseholder and shared owners complaints are currently handled could be greatly improved. The panel recommend Rosebery invite complainants to meet with staff, rather than sending a lengthy letter. It is felt that better communication is in great need and meeting in person would ensure that the level of confusion and misunderstanding is kept at a minimum. Rosebery needs to ensure that all responses to complaints are clear and easy to understand.</p> <p>The panel feel it is important for Rosebery to address the vastness of service charges and look deeper into their own process. On reflection of viewing the policies of other Housing Associations, it is felt that there would be more advantages for Rosebery to employ someone specifically to look at how service charges are being handled within Rosebery in much greater depth than the panel has been able to.</p> <p>As the efficiency of Rosebery to provide better communications and publications with its leaseholders and shared owners improves, it is hoped too that the communication and active involvement of leaseholders may increase as more people become aware of the opportunity to be more involved and have more of an option on the way things where they live work. Providing clear, easy to understand information to people opens up options of communication which before were unattainable by leaseholders being blinded by legal standing and technicalities.</p>
<p><b>Conclusion:</b></p>	<p>This has been quite a sizable challenge to take on as a panel. Right from the beginning of the report it became apparent that we became easily overwhelmed with the sheer quantity of information involved, and this has probably been the most difficult review we have taken forward to date. The enormity of service charges as a subject presented a very real challenge and directly impacted the direction of the review as a result.</p> <p>It was difficult to begin to know where best to focus our attention, with service charges being such a broad reaching subject filled with a number of legal and financial implications. The complexity presented by our chosen focus of review meant that we were not able to spend the time we would have liked to have dedicated to the review due to having to ensure there was a basic level of understanding and insight into the workings of service charges, before being able to press forward with the review itself. Whilst this took up a valuable portion of our time, it turned out to be very beneficial in the long term, highlighting some key areas of focus. With service charges being such a broad subject, we felt it important to concentrate on a specific area so as to most efficiently contribute rather than trying to scope too broadly with such limited time.</p> <p>The panel would have liked more of an opportunity to be able to expand the review to interviewing more leaseholders and shareholders directly, to have a wider more objective view of actual formatting and delivery of service charges. Additionally, finances and handbooks were not directly accessible at the time of this</p>

	<p>report which has limited the availability to comment as accurately as the panel would have liked. Time constraints, as previously mentioned, meant restricting our scope in how far we were able to take the subject as a panel.</p> <p>The Panel recognises there is a lot more in this subject that needs scrutiny than we have been able to review, and have considered the potential benefits of the panel conducting a further, more detailed review into 'service charges' in the future alongside an external consultant, passing their findings and recommendations to the board through the panel as an ongoing commitment to improve this area.</p> <p>Despite time constraints the panel have been able to contribute positive recommendations around the specific areas that we set out to look at in our objective for this review, which is positively reflected in the outcome of findings scrutinised during this process, and hope that this helps to improve how service charges are handled; especially communication between Rosebery and the Leaseholders/Shared Owners.</p>
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## Appendix

### Service Charge Recommendations

#### Communication:

- Provide clearer information to all prospective buyers so that they can make a better and more informed decision when it comes to purchasing a property. This should include clear information about service charges and highlight their importance. This document should encourage solicitors to highlight to prospective buyers that a service charge applies.
- Create a checklist for the prospective buyer to sign at the point of sale to ensure they have an understanding of service charges.
- Service charge letters should be resent after sale as a refresher.
- Create a transparent publication, steering away from complex legal and technical language. This publication should also provide an explanation of service charges, the reconciliation and complaints processes, and provide further information on the consultation process, as well as clearer explanations/information on how leaseholders and shared owners can become more proactively involved with Rosebery.
- This should also include space on the website for this publication and information to be available.
- Provide a glossary of terms to help improve people's level of understanding.
- Review the current documents that are sent to leaseholders about the consultation process to ensure they are as clear as possible. Exploring whether more can be done to ensure Leaseholders are aware of their options.
- Where letters are sent to leaseholders/shared owners inviting them to attend an interview or put forward a contractor, these options should be highlighted in colour or bold. This will help to ensure these options are not missed.
- Review any documents that are sent about the reconciliation process to ensure that this process is made as transparent as possible.
- Explore ways of improving the consistency of how charges are presented year on year. This should also include the breakdown of different charges, ensuring that this information is provided in a clear and consistent format.
- Invoices should be updated to include a statement that Rosebery 'welcomes requests for further information' so that leaseholders and tenants know that they can request further information if necessary.
- Explore whether it is possible to include an explanation of why the service charge may have fluctuated from the previous year.
- Explore better advertising options in individual blocks at the time of qualifying works /tenure that are applicable to them rather than a Rosebery wide initiative.
- Establish an annual meeting where there is a Q&A session for leaseholders and

shared owners to bring up any concerns, and be made aware of upcoming projects.

- Improve the format of the current Q&A documents sent for Leaseholders and Tenants so that they are presented better. A bullet point option would be useful.
- If not already in place, ensure repetitive service charges and cyclical and repairs charges are shown separately on invoices to make clear which charge applies to which.

### **Sinking Funds**

- Explore Sinking Funds to see if this can be offered to all leaseholders within individual blocks so that properties without this facility are given the opportunity as a community to implement this with support.

### **Recharge Policy**

- Look into why the Temporary Accommodation team appear to be performing around the management of the recharge policy better, with a view to improving performance within the neighbourhood team, and provide a more hard standing, solid process with better consistency in the recharge policy across Rosebery
- Explore ways of increasing customer's awareness of the recharge policy.

### **Compliments & Complaints**

- Look at the efficiency of the current complaints procedure when it comes to complaints about service charges and how complaints are being captured. Telephone and verbal complaints, as well as compliments, ALL need to be evidenced to effectively capture a true reflection.
- Provide clearer communication around complaints and offering residents meeting in person could ensure that the level of confusion and misunderstanding when it comes to the complex subject of service charges is kept at a minimum.

### **Going forward**

- Employ someone such as a consultant to specifically look at how service charges are being handled within Rosebery to address the vastness of the subject and look into how things are working in much greater depth. The findings from this should be fed back to the panel.
- One of the main outcomes that panel would like to gain from a more in-depth look at service charges is to understand how the service charge details are collated and calculated.
- Rosebery should explore a more systematic process for collating and calculating service charge information. This should ensure that the process remains consistent regardless of staff changes and other influences.
- Where possible, Rosebery should look at ways to lessen the gap between estimate and actual figures, especially underestimation as this can have great financial implications to the customer.