

Appendix Two

**Petition Submitted to Council on 22 January 2014,
the Minute of that item of business and the Request for a Review**

5.2 Petition regarding leaseholder charges and services delivered by Tower Hamlets Homes (Petition from Ms Allison Charles and others)

“We, the undersigned residents of Tower Hamlets, are concerned about the rapidly increasing yet unsubstantiated costs of Housing Services delivered by Tower Hamlets Homes (THH), whilst historic concerns about the quality of the services continue to be ignored.

An independent audit, conducted by Beever & Struthers in 2010 recommended THH make a series of service improvements designed to deliver better quality services, reduce a complex and expensive cost base and provide accounting transparency. Additional recommendations extrapolated from the Audit Commission findings (2011) and THH’s own internal exercises created a 54 point action plan for implementation by THH between 2011 and 2013.

We are yet to see any demonstrable evidence that these recommendations have been implemented; instead in 11/12 THH introduced a privately developed service charge methodology which resulted in significant increases for many, circa 70% in some cases.

Over the last three years THH have conducted substantial restructuring/operational revisions which have resulted in greater confusion around their cost base, none appear to address the historic issues of lack of accounting transparency, below par services and poor value for money. Another significant change is proposed for 2014.

This consistent need to significantly revise operations is a worrying indication of an organisation in chaos, meanwhile residents experience decreasing input and influence over its conduct.

We are calling upon the council to formally address these issues, more specifically the failure to implement the 54 LAPWG recommendations, including why the assessments made by B&S, identifying substantial cost savings to be realised in 2010/11 have not been achieved (also raised in a Labour Party motion tabled for the November Full Council but not discussed and in the SELA resident scrutiny review submitted to THH and LBTH in August 2013).

Furthermore we ask that what is rapidly becoming an annual exercise in substantial restructuring conducted by THH be suspended until the outcome of a thorough review is made public including the details of and justifications for the revised service charge methodology including the introduction of a 17% overhead uplift and ever increasing SLA’s between THH and LBTH. Aside from the obvious cost implications of these restructuring or reshaping

exercises, they have historically only served to muddy the waters making it increasingly difficult for residents to attain the truth regarding THH's activities and accounts."

Minutes of the meeting

5.2 Petition regarding leaseholder charges and services delivered by Tower Hamlets Homes

Ms Allison Charles addressed the meeting on behalf of the petitioners and responded to questions from Members. Councillor Rabina Khan, Cabinet Member for Housing, then responded to the matters raised in the petition. She agreed with the need to improve the methodologies used by Tower Hamlets Homes and stated that the Council were undertaking an audit to look to do just that. She would work with Leaseholders to try and achieve a satisfactory outcome.

RESOLVED

1. That the petition be referred to the Corporate Director, Development and Renewal, for a written response on any outstanding matters within 28 days.

Request for a Review from Ms Charles

I would like to request an opportunity to appear before the O&S under Part 3 of the Constitution, Rule 3.3.2 Overview & Scrutiny Committee which makes the following provision: 'in accordance with the Council's Petition Scheme - to undertake a review if a petition organiser feels the authority's response to his/her petition was inadequate.'

As Cllr Pierce is aware I presented a petition to full council in January 2014, Cllr Marc Francis also tabled a motion in support of the petition, which was debated at full council and received unanimous support for the issues.

In spite of numerous subsequent written requests for a formal response from the council to the Petition, I have received nothing and the issues remain outstanding.

For Information – A Motion on the same subject that was agreed at the same Council meeting

12.8 Motion regarding Leasehold Service Charges

Councillor Marc Francis **moved**, and Councillor Carlo Gibbs **seconded**, the motion as printed in the agenda, incorporating a number of tabled amendments.

Councillor Ohid Ahmed **moved**, and Councillor Kabir Ahmed **seconded**, an amendment to the motion which was put to the vote and was **defeated**.

Following debate the substantive motion was put to the vote and was **agreed**.

RESOLVED

This Council notes:

- In 2008, Full Council agreed a motion authorising the Lead Member for Housing to commission an independent audit of leasehold service charges following concerns about the two-thirds increase in the level of Management & Administration fees, numerous historic disputes over the costs recharged and a Scrutiny Review which called for much greater transparency and accountability in the calculation of service charges;
- In 2009, a Project Steering Group (PSG) involving councillors, Tower Hamlets Homes (THH), Tower Hamlets Leaseholders Association (THLA) and other leaseholders agreed detailed Terms of Reference for that audit, commissioned Beevers & Struthers Ltd to carry it out;
- In spring 2010, THH attempted unilaterally to introduce new methodology for the calculation of management fees and a new policy to charge to ground floor leaseholders for services they did not benefit from, which was blocked by the Lead Member;
- In summer 2010 a draft version was produced for the PSG, identifying a series of very challenging issues for THH around the management of leasehold services, value for money, caretaking, repairs and maintenance, management and administration fees, and several Service Levels Agreements with LBTH;
- However, publication of the final audit report was delayed by the Mayoral Election in October 2010 and not finally signed off by the PSG until May 2011, by which time LBTH/THH had already begun consultation on a "Leasehold Policy Review" which was claimed to have been based on its findings;
- The Mayor and Lead Member subsequently established a Leasehold Action Plan Working Group (LAPWG), including representatives of leaseholders to bring together the Beevers & Struthers' recommendations, those of the Audit Commission and THH's own Leaseholder Service Improvement Group, and a Statement of Intent was agreed by all those involved to implement the 54 recommendations or agree an alternative remedy;
- Over the next 18 months, just five of the 54 recommendations were implemented and in October 2012, THH sent leaseholders "actuals", which included significantly increased charges in most areas,

particularly block/estate cleaning, a 17 per cent “Overhead” fee and new SLAs with LBTH. They were told these costs had been calculated on the B&S audit and had actually been “dampened” and so would increase further over the next two years;

- In spring 2013, THH leaseholders published a damning scrutiny report, which exposed the failure to implement the recommendations in the original Beevers & Struthers audit;
- In response, the current Lead Member for Housing & Development, is now proposing an “review” of the implementation of the recommendations of the original B&S audit and the Mayor is commissioning an audit of latest “actuals” at a cost of around a further £15,000.

This Council believes:

- The Mayor and THH have not implemented the recommendations contained in the independent audit in accordance with the agreed Statement of Intent and that the original aim of increasing transparency and accountability has been lost;
- Leaseholders should be fully recharged for the costs of the services they receive, but that the 2011/12 “actuals” are not based on the methodology set out in the recommendations in the B&S audit, but are instead opaque and represent very poor value for money;

This Council resolves to call on the Mayor to:

- Explain why only 5 out of 54 of the recommendations arising from the B&S audit have so far been implemented;
- Explain why an 17 per cent “Overhead” has been introduced across most Heads of Charge;
- Justify the Service Level Agreements between LBTH and THH and explain what action is being taken to ensure best value;
- Instruct THH to publish a report detailing how the actions it has taken since October 2010 to achieve “savings” have resulted in reduced costs to council leaseholders and tenants.

(Action by: Aman Dalvi, Corporate Director, Development and Renewal)