

# RESIDENTS COUNCIL

---

MAJOR WORKS SCRUTINY REVIEW:

## HOW PEABODY COMMUNICATES WITH HOMEOWNERS

January 2017

FINAL VERSION



Iona McConnell (Residents Council scrutiny task group member)  
Mike Parts (Residents Council scrutiny task group member)  
Lisa Rae (Residents Council scrutiny task group member)

## **INTRODUCTION**

The Residents Council (the Council) is the Strategic Resident group for Peabody. It is responsible for strategic scrutiny of resident facing services. The Council undertakes reviews of individual services and makes evidence based recommendations to our Executive Committee and Board.

The Council scrutiny task group ('the task group') undertook its review between October 2016 and January 2017. This paper reports on the findings of the scrutiny review.

### **Overview**

As of October 2016 Peabody have 6328 homeowners. These include leaseholders, shared owners and freeholders. The Homeownership team has been in existence for a year. Their role is to improve homeowner satisfaction and the services homeowners receive, and to assist other areas of Peabody in working with homeowners. The Homeownership team is not involved in the day to day process of planning and carrying out major works.

By law, homeowners must be consulted before a landlord carries out works above a certain value. Peabody defines qualifying works on a building or any other premises that are works of repair, maintenance or improvement. Peabody consults with homeowners if these works will cost over £250.00 for any one homeowner.

There are two other departments involved in delivering major works projects. The notifications and logistics are carried out by the Asset Management team. The billing and collection is dealt with by the Rents and Service Charge team.

The task group considered performance information and guidance from the head of the Homeownership service. They focused on how Peabody communicates with homeowner before and at the start of major works, as well as the value for money of those works. Peabody's value for money definition can be found in appendix 1.

### **Aim**

To examine how Peabody currently communicates with homeowners, and whether there are ways that this could be improved, in order to improve satisfaction with the service. A successful outcome of the review would be to ensure that homeowners have as much information about work in their area as they need. This is to ensure homeowners know what changes are happening, so they can meaningfully influence the works, and understand the financial implications involved.

## **Scope**

The review looked at communication and consultation with residents within the first stages of major works, up to the point where the works themselves are started. This period includes notifying residents of works required and communicating the costs involved. The review did not consider how Peabody communicates with residents during major works. The task group wanted to focus on contact with homeowners before this point, as this shapes the work that follows.

The review considered the experience of residents, the information they are given and the contact that they have with Peabody. It looked at the support and information Peabody staff have to do their job.

## RECOMMENDATIONS

Based on the findings and conclusions, the following recommendations are made for consideration by Peabody:

No.	Recommendation	Benefit
1.	Peabody should have a clear strategy on how to consult and communicate with residents about planned major works, especially where homeowners can influence the outcome. The plans should be transparent and easily understood, and homeowners should be able to see how a project will progress. They should be armed with sufficient information about a subject before being asked to make a choice about it.	Homeowners will be better able to influence changes and improvements to their area, in a meaningful and informed way.
2.	Peabody should be able to prove to homeowners the value for money of a project. This would entail giving them a clear outline of the project and why particular decisions on contractors and suppliers have been made.	This will help homeowners better understand the reasons the work is required, and why it will cost a particular amount. Properly and clearly defined costs will help to reduce disputes with homeowners.
3.	Improve the design of letters with which major works are communicated. Make the immediate impact on homeowners clear, and the information simple and easy to approach. Legal terminology should be kept to a minimum, and a glossary provided. An appendix could be used for compulsory legal sections. This would include providing a single contact point for homeowners.	Homeowners would have a clearer understanding of what the works will entail and the impact they will have on their day-to-day lives.
4.	The overarching plan for major works should be published online and available to all homeowners. The plan should be transparent and available up to five years ahead of works starting. It should be clear that the schedule of works is subject to change.	Homeowners will be able to follow the progression of the works and keep up to date with planned changes to their area.

## **METHODOLOGY**

The task group began their review by conducting a desktop review. They looked at a number of documents relating to the relevant areas, including policies, schedule notices, satisfaction reports and correspondence between homeowners and Peabody. A full document list can be found in appendix 2.

The task group interviewed the following members of staff:

- Group Surveyor Asset Management
- Delivery manager Asset Management
- Senior Leasehold Compliance and Revenues Officer
- Homeownership Relationship Manager

The task group sent an online survey to 266 out of 6328 homeowners, of which 58 responded.

## **FINDINGS**

### **Desktop review**

Based on the information provided the task group noted:

The information currently sent to residents informing them of major works is very jargon-heavy, wordy and opaque. The communication around observations provided needs to be simplified, and better consideration given to the order in which the details are laid out (for example, how the works are going to affect the residents, followed by the legal information supplied later in the letter).

Peabody should be more proactive when talking to and consulting with residents about major works. There is no clear contact point for residents in the early stages of the process. Residents are informed about planned works, but there is little information on how these works will affect them.

Even if full financial figures are not yet known residents should be informed much earlier on in the process in order to start a dialogue with them.

### **Staff interviews**

Based on the interviews with the four members of staff the task group noted:

- The different teams involved are aware of the need to communicate with, and involve homeowners
- Staff feel that there is generally good communication between the teams, but that it is less effective when dealing with feedback from homeowners
- Although they tried to let homeowners know of approaching works at an early stage, the process and details of the works may not be clear until later. There may be a big gap between first getting in touch with homeowners on an estate, and the works taking place

- Staff have been frustrated in the past by a lack of interest from homeowners in attending open evenings about the works. However, they feel that meetings with homeowners are still the best way of getting effective feedback
- Residents are more likely to become engaged in the process once the payment has been requested from them
- Staff would like clarity on the role of the Homeownership team in the process
- Staff would like to see more dedicated communications

A list of the questions and full responses are set out in appendix 3

### **Resident survey**

Based on the survey feedback homeowners suggested the following:

- Overall, residents would like to see a better explanation of what works are required, why the works need to be carried out, and why the works need to be carried out. Suggestions included designing the notifications to make the information more accessible, as well as simplifying the technical terms used
- Communication with homeowners should begin earlier in the process whilst some suggested that sending the details of the works by email would be more effective than letters
- The majority of residents suggested that they should be given specific instructions on how they can have an input into the process. These should be included with the very first communications. Residents also suggested that they should be involved in all stages of the process
- Deeper consultation with homeowners, and for Peabody to consult before a decision has been made. In the past some Peabody staff have not had a good enough knowledge of an area in order to consult effectively. Overall, residents felt that they were asked what they wanted, but that that was not then acted on
- A number of residents pointed out that a dedicated point of contact would be useful. In some cases, homeowners only found out about major works when given the projected bill
- A number of residents pointed out that contact was good during the early stages of the project, but then they were not kept up to date with how it was progressing. The plan was clear at the beginning of the project but then dates were not kept to
- Most residents that ticked 'no' for the consultation question did not know of any consultation meetings. This may mean that the meetings that did take place were not well publicised enough, or that there were no meetings for that particular project

In the cases where there were meetings planned, but that residents could not attend the barriers to homeowners attending meetings included being invited at too short notice, and the meeting being held too early in the evening to make it back from work in time.

The majority of residents that had observations about the major works felt these were dealt with poorly by Peabody, with people saying that the response was slow and reluctant. Some residents had to responses to certain observations and not others, whilst some felt that excuses were made for a particular decision, instead of an investigation as to whether it was the right course of action.

Most of the homeowners that said they did not feel the works represented value for money. They cited the poor quality of some sections of work that then required expensive corrections, as well as the high cost of seemingly basic jobs (for example, window washing).

The questions and responses to the survey are included as Appendix 3.

## **CONCLUSIONS**

The Scrutiny Task Group acknowledges that the Homeownership team has been recently established. We noted that they are committed to making improvements and work has already started on improving communication with homeowners, by updating the website design, and creating user guides and other documents, such as a glossary of terms. However, we feel that further improvements should be made to engage with leaseholders.

Residents are happier and more satisfied with Peabody when they feel more engaged with a major works project.

Suggestions that homeowners have made via the survey are things that, in some cases, are currently being done by one or more of the teams involved. This highlights a disconnect between homeowners' expectations and what Peabody delivers.

Residents have a different understanding of what might count as 'value for money', and Peabody should be clearer about what it means.

## **COMMENTS**

The Council is aware that Peabody is dedicating significant financial and time resources to the maintenance and enhancement of our estates. The organisation has an obligation to achieve value for money for that investment. Being able to demonstrate value for money externally is the first stage in driving a value for money mind-set through these sorts of projects.

The Council firmly believes improving resident communication will increase satisfaction, and decrease queries and legal challenges around section 20 notices.

The financial and resource implications of this review are outside of the scope of the Residents Council, and therefore, the task group. However, the recommendations should not have an impact on either of these, except to improve the satisfaction rate and decrease the number of queries releasing staff time spent on responding. As the main outcomes would be presentational, residents would benefit through being more informed and engaged.

Finally we would like to thank the following staff for assisting with this review:

Stephen McVeigh

Victoria McAdam

Richard Ellis

Darren Blyth

Samantha Dhanilal

Homeownership team

Asset Management team

Rents and Service Charges team



## APPENDICES

### Appendix 1

The Peabody value for money strategy states:

*“Value for money is about getting the most out of the resources at our disposal, so we can continue to deliver great services, quality homes and thriving communities for the benefit of our residents and the people of London. This means much more than only being more efficient. It means proactively seeking opportunities to create new value, and maintaining a consistent and forensic focus on how we use both our financial and non-financial assets”.*

The full value for money strategy can be found on the Peabody website.

### Appendix 2

Desktop review documents:

- Staff structure charts
- Section 20 policy
- Major works payments guidance
- Satisfaction report
- Section 20 best practice guide
- Service charge best practice guide
- ‘We Care About Homeowners’ action plan
- Schedule 2 notice of intention
- Schedule 2 notice of estimate
- Schedule 3 notice of intention
- Schedule 4, part 2 notice of estimate
- Consultation on major works contract
- Correspondence between homeowners and Asset Management team

### Appendix 3

Staff interview questions

Asset Management

1. Can you tell me about your role at Peabody and how it ties in with section 20 notices?
2. Who is the main contact point for homeowners during the lead up to major works?
3. How do you decide what type of work should be carried out, and the extent of works?
4. How have you found it best to gather resident feedback?
5. How do you find it best to communicate with homeowners?
6. How do you let homeowners know what work will be carried out, and how it will affect them?
7. How are observations from homeowners dealt with?
8. Who decides whether works are ‘contentious’?
9. How do the three teams – Rent & service charges, Homeownership team & Asset Management work together?

10. What are the main challenges in managing section 20 notices and the associated works?
11. Are there any ways in which the process could be improved?

#### Homeownership

1. Who is the main contact point for homeowners during the lead up to major works?
2. At what point in the process do the homeownership team become involved?
3. How do the three areas (homeownership, asset management and service charges) communicate with each other?
4. How are homeowners consulted, and what is done with the information?
5. How do you find it best to communicate with homeowners?
6. Who decides whether works are 'contentious'?

#### Rents and Service Charges

1. Who is the main contact point for homeowners during the lead up to major works?
2. How are homeowners consulted, and what is done with the information?
3. How do you find it best to communicate with homeowners?
4. Who decides whether works are 'contentious'?
5. Why is the observations response so late in the process?

#### Homeowner survey

1. How well did you understand what the works would involve?
2. What could have been done to make the information clearer?
3. How clear was it made to you what input you could have into the process?
4. What could have been done to make your option clearer?
5. How well did Peabody communicate to you how you would be affected by the works?
6. How could Peabody have communicated more effectively?
7. Did you attend any meetings about the prospective works?
8. If not, was there a barrier to you attending?
9. Did you have a main contact point for the period before the works started?
10. Did you have any observations about the works?
11. How did Peabody respond to these?
12. Did you feel the changes to your area represented value for money?
13. If no, please tell us why

HOMEOWNERSHIP SCRUTINY REVIEW  
**MANAGEMENT RESPONSE AND ACTION PLAN**  
 23 January 2017

Item	Recommendation	Owner	Actions / Comments	Implementation Date	Review Date
1	<p>Peabody should have a clear strategy on how to consult and communicate with residents about planned major works. The plans should be transparent and easily understood, and residents should be able to see how a project will progress. They should be armed with sufficient information about a subject before being asked to make a choice about it.</p> <p><b>Benefit :</b> Residents will be better able to influence changes and improvements to their area, in a meaningful and informed way.</p>	Homeownership Team / Asset Management / Finance	<p>It has been agreed to implement meetings at an earlier stage to ensure that leaseholders have the opportunity to influence what (and why) works are required. In extreme cases where there is a dispute that has arisen that cannot be mediated, we will work with residents to approach the First Tier Tribunal for adjudication. (Service Charge Court).</p> <p>Training will be undertaken in quarter 1 to remind all staff who are responsible for communicating with leaseholders the impact of large service charge bills can have on our residents.</p>	June 2017	July 2017
2	Peabody should be able to prove to residents the value for money of a project. This would entail giving them a clear outline of the project, and why particular decisions on contractors and suppliers have been made.	Asset Management / Finance	Modern procurement contracts are long complicated documents - it is suggested that a summary document is produced to summarise they key points.	Sept 2016	March 2017

	<p><b>Benefit:</b> This will help residents better understand the reasons the work is required, and why it will cost a particular amount.</p> <p>Properly and clearly defined costs will help to reduce disputes with residents.</p>		<ul style="list-style-type: none"> <li>• When the contract was procured</li> <li>• How the calculation was arrived at</li> <li>• A breakdown of costs by element</li> </ul> <p>In addition, meetings will be held with any interested party prior to work commencing on site.</p>		
3	<p>Improve the design of letters with which major works are communicated. Make the immediate impact on residents clear, and the information simple and easy to approach. Legal terminology should be kept to a minimum, and a glossary provided. An appendix could be used for compulsory legal sections. This would include providing a single contact point for residents.</p> <p><b>Benefit:</b> Residents would have a clearer understanding of what the works will entail and the impact they will have on their day-to-day lives.</p>	Homeownership Team / Finance	<p>Many letters that we send are a prescribed legal format, however it has been agreed to provide a covering letter to explain the content and what this means, avoiding the use of jargon.</p> <p>The draft letters will be circulated to our online forum for comment and sign off.</p>	July 2017	March 2018

4	<p>The overarching plan for major works should be published online and available to all residents. The plan should be transparent and available up to five years ahead of works starting.</p> <p><b>Benefit:</b> Residents will be able to follow the progression of the works and keep up to date with planned changes to their area.</p>	Asset Management /	<p>In 2017/18 a full programme of works will be compiled for the next 5 and 30 years. This will be impacted by the proposed merger of Peabody and Family Mosaic, and the IT solutions that that offers.</p> <p>We are committed to producing a 5 year programme that can be published by September 2017.</p>	<p>March 2018</p> <p>September 2017</p>	<p>March 2018</p> <p>September 2017</p>
---	--	--------------------	--	---	---

In addition to recommendations:

The impact of major works for our Leaseholders is a priority for the Group, both in terms of value of works, but more importantly how we communicate with our residents. To mitigate impact on residents we will analyse leases and consult with residents to see if we can introduce a sinking fund on older properties. This will be undertaken by Homeownership and Finance Teams by September 2017.

In addition, the 'We Care About Homeowners Project' will continue to deliver improved services throughout the year using the online forum.