



COMMITTEE TITLE: Housing, Health and Community

DATE: 18th December 2023

REPORT TITLE:	Leasehold Major Works Payment Options
REPORT OF:	Lauren Stretch

REPORT SUMMARY

In 2023, we saw an increase in section 20 notification of works to leaseholders and some of these were anticipating bills in excess of £20,000. Although we reviewed the Leasehold payment options policy in 2022, we have come to realise that due to the level of bills, the timescales attached to some of the payment options, may not be viable for a high number of leaseholders.

In addition to the above, we have also been approached by a higher than expected numbers of leaseholders asking if we will buy their property back due to financial concerns further highlighting that residents are struggling with the cost of living.

In order to assist with the financial pressures, we are proposing to review the payment options policy one year early to include additional options which we hope will ease the pressure.

SUPPORT ING INFORMATION

1.0 BACKGROUND INFORMATION

Over the last few months, the housing service has had an increased focus on improving and reviewing the stock condition information to enable us to create a 5-year planned maintenance programme.

This has highlighted, along with some recent major works projects, that there are more large projects coming that will affect leaseholders.

As a Leaseholder, the resident as part of their lease is responsible for paying for their apportionment of any major works projects. Historically these have been relatively low or have not been charged due to the pausing of the planned programmes.

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In addition to the above, we have also been approached by a higher-than-expected numbers of leaseholders asking if we will buy their property back due to financial concerns further highlighting that residents are struggling with the cost of living.

In order to assist with the financial pressures, we are proposing to review the payment options policy one year early to include additional options which we hope will ease the pressure.

Once reviewed, we will enter consultation with leaseholders and members before bringing the final draft to committee for approval in March 2024.

If approved the policy would then apply to all major works bills already issued as well as any future ones and is in line with the corporate objective to increase income maximisation

2.0 OTHER OPTIONS CONSIDERED

We have considered leaving the current policy in place, however, we met with residents affected by the balconies works and took on board their concerns over increased payments during an already difficult financial climate and therefore leaving the policy as it is would put additional pressure on the leaseholders.

We can discretionarily review each case on its own merits, but this creates issues with standardisation of payments across all cases.

The option to review the current policy to improve the payment options is the most effective way to assist all leaseholders in best way for them.

3.0 RELEVANT RISKS

Being that the current policy is restrictive for those with larger bills, there is a risk that many will choose to add a charge to the property. If this option is chosen, the Council would not receive the major works payments until the property is sold and this could be a number of years away.

By increasing the options available, more money is likely to be paid in instalments meaning income to the council in a timely manner.

4.0 ENGAGEMENT/CONSULTATION

We propose to consult with all leaseholders and Members via the corporate Engagement HQ system.

5.0 FINANCIAL IMPLICATIONS

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Failure to have a sufficient policy in place will result in a loss of income to the Housing Revenue account along with increased legal fees to chase arrears.

The policy take into consideration the risk of loss and balances this with the financial pressure of the leaseholder.

Where payments are not made, measures have been taken to charge interest to encourage payment on time.

6.0 LEGAL/GOVERNANCE IMPLICATIONS

