

# **Report to Cabinet**

**Report reference: C-038-2021-22**

**Date of meeting: 07 February 2022**



**Epping Forest  
District Council**

**Portfolio: Housing Services (Cllr Holly Whitbread)**

**Subject: Improving Payment Options for Leaseholders**

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**Democratic Services Officer: Adrian Hendry (01992 564246).**

## **Appendix A – Report**

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### **Recommendations/Decisions Required**

- (1) That following discussion at Stronger Place, Members accept the recommendations and agree, the revised options for payment (Capital works – Leaseholder contributions) be adopted and implemented.**
- (2) That, Members agree the proposed level of interest to be applied, which is tapered to support leaseholders with repayment of charges.**
- (3) Members approve that any repayment plan for a sum of £7500 or above is secured as a voluntary charge on the property.**
- (4) That delegated authority be approved in the matter of extreme hardship or in cases where the bill is likely to be in excess of £12,500.**

### **Executive Summary:**

On 4<sup>th</sup> November 2021, Members of Stronger Place considered a report and paper on improved payment options for leaseholders.

It is well understood that properties have a finite life cycle. To maximise the life span of our blocks, it is vital that we carry out regular improvement works. The process of improving blocks is worked out using life cycles, there is an industry average for all components for buildings.

To support leaseholders, it is commonplace to offer a payment plan. This gives leaseholders the option to spread the payments over a longer period.

Our residential assets are reaching the point where major investment is required. Choosing not to invest would lead to a situation where the asset could become dangerous. Furthermore, lead to a disintegration of quality of life for our residents.

## Report

Members will be aware that our Vision in housing, '**creating great places where people want to live**' encompasses a whole estate approach. This is not only cost effective for the Council but will also offer longer term savings for Leaseholders as there is economies of scale when carrying out major works. Furthermore, taking a whole estate approach will improve the living environment. Officers understand the strain which carrying out major works, can have on leaseholders in terms of meeting the cost obligations.

Recent publicity (<https://www.itv.com/presscentre/ep1week37/surviving-squalor-britains-housing-shame>) highlights the risk of not investing in our assets in a timely manner.

Our proposals put forward in the options report, have been benchmarked with similar organisations, the approach lends itself to a fair compromise in terms of funding the works and giving leaseholders the opportunity to pay over an extended period.

## Capital v Revenue

It should be noted that where major works are undertaken in a planned way this can be costed under Capital, this is more appropriate as it can be spread over several years equal to the life of the product. Furthermore, taking this approach is more beneficial for Leaseholders as the costs are planned.

## Identified works

Officers have identified some key works which are urgent and if delayed will result in additional costs, over the longer term for the council. The location works are identified as follows:

- Limes Avenue and Copperfield - £6 million over 2022-23 and 2023-24
- Broadway - £2.75 million in 2022-23
- Roofing packages at Pyrles Lane, St Johns Court, Langley Meadow and Hilly fields - £1.2 million in 2023-24
- Harvey Fields - £2 million in 2024-25
- Oakwood Hill Estate - £6 million in 2025-

Officers are making potential RTB applicants aware of the proposed works, as is the requirement.

It is prudent that officers ensure they are getting best value from works carried out. Particularly in terms of cost and impact on both the residents/leaseholders and the community.

To save on cost and produce the best impact, officers will take a place approach.

EFDC understands the financial strain which can be experienced by leaseholders who must contribute to the cost of the works. As such it is important that this be considered, and steps be put in place to assist leaseholders with options for payment.

**The points below represent the key points contained in the attached report. Appendix A.**

The table below shows the payment periods with proposed interest rates for leaseholders who are opting to repay, using a repayment plan.

<b>Invoiced amount for Major Works Programmes</b>	<b>Interest to be charged at 2% above borrowing rate</b>	<b>Interest to be charged at 4% above borrowing rate</b>	<b>Total repayment period</b>
> £7,500 < £12,500	36 months	48 months	84 months
> £12,500 < £17,500	48 months	60 months	108 months
> £17,500	48 months	72 months	120 months

In addition, the following delegated authority be approved

1. To delegate authority to the Director for Housing & Property to consider any applications from leaseholders on the grounds of extreme hardship to vary the length of repayment periods.
2. To delegate authority to the Director for Housing & Property, to agree payment plans on a project by project basis where leaseholders estimated bills are likely to be more than £12,500.
3. To approve that any repayment plan for a sum of £7,500 or above to be secured as a voluntary charge on the property. The administration cost associated with this should be borne by the applicant and will be in the region of £150.

**Reason for decision:**

Several estates are now requiring major investment. This work needs to be carried out to improve both the living environment for tenants and leaseholders, in addition protect and prolong the life of the asset

**Options considered and rejected:**

The option was considered to not introduce payment options, this was rejected as it would lead to financial hardship

**Consultation undertaken:**

The Finance Team have been consulted and agree. The paper has been discussed at Stronger Place

**Resource implications:**

Capital funding is required for any future projects, this has been factored into the business plan

**Legal and Governance Implications:**

This proposal meets with all requirements

**Safer, Cleaner, Greener Implications:**

Improving our estates will have a positive impact on the safety of residents, furthermore the improvements will include greener alternatives

**Background Papers:**

None

**Impact Assessments:**

Attached

***Risk Management:***

Projects of this nature are developed and managed under a project management system which includes risk management