

## **Report to the Cabinet**

**Report reference: C-106-2009/10.**

**Date of meeting: 9 March 2009.**



**Epping Forest  
District Council**

**Portfolio: Housing**

**Subject: Home Ownership Staffing Resources**

**Responsible Officer: Sandy Lindsay (01992 564035).**

**Democratic Services Officer: Gary Woodhall (01992 564470).**

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### **Recommendations:**

- (1) That an additional post (part time 18 hours a week) for a Home Ownership Officer, Grade 4 Part Time (0.5 full time equivalent) in the Housing Directorate be agreed from April 2009;**
- (2) That the post be fully-funded by surpluses generated from leasehold contributions from service charges; and**
- (3) That the leasehold Management Fee be reduced by £9.00 to £43.00 and the Fees and Disbursement Charge be frozen at £64.00 per annum for the period 2009/2010 to 2012/13, subject to ensuring that the leasehold account is kept in surplus.**

### **Executive Summary:**

A significant surplus has accumulated within the leasehold administration account, which will continue and increase, as a result of the increasing number of Council leaseholders. This increase, together with increased statutory requirements, has resulted in a significant additional workload for the Home Ownership Team, which has to meet statutory deadlines. The current and future forecasted surplus is sufficient to fully-fund an additional part-time member staff, which will enable the Council to continue to provide a good level of service and meet statutory deadlines.

In addition, it is proposed that the Leasehold Management Fee charge be reduced by £9.00 to £43.00 and the Fees and Disbursements Charge frozen at £64.00 per annum between 2009/10 and 2012/13 to utilise the credit that has accrued on the account of £81,000 at the end of 2007/8, subject to ensuring that the leasehold account is kept in surplus. There are no costs to either the General Fund or the Housing Revenue Account (HRA), since the income is ring-fenced for leasehold administration, received through a standard administration charge applied to service charges

### **Reasons for Proposed Decision:**

- In order to continually improve the service provided to leaseholders, undertake the consultation required and meet statutory deadlines it is necessary to seek additional resources.
- Leaseholders will benefit from the reduced Leasehold Management Fee and the Fees and Disbursement Charge.
- Charges will not increase for leaseholders to cover the additional resources and yet the service provided will be enhanced. No additional costs would be incurred by the HRA or the General Fund.

### Other Options for Action:

- To continue with the current level of service charges, but staffing levels to remain the same. However, this would result in the surplus increasing further and would not overcome the workload difficulties.
- To not reduce the Management Fees and not freeze the Fees and Disbursements Charge. However, this would result in the surplus increasing further.
- To reduce the Management Fees and Fees and Disbursements further. However, this would not enable the required additional staffing resource to be obtained.

### Report:

1. All secure Council tenants have the right to buy their properties under the Right to Buy Scheme. Where these properties are flats or maisonettes, the Council sells a lease but maintains the freehold interest.
2. Currently there are 933 leasehold properties where the Council owns the freehold. Initially, each property is sold under the Right to Buy Scheme, although the lease may be transferred under re-assignment to different occupants on the open market, but the Council remains the freeholder.
3. Over the years, the legislation has increased leaseholders' rights and the information that has to be provided, together with the introduction of tighter consultation procedures. Therefore, it has become increasingly difficult to provide the information required, and to continually seek to improve upon the service provided, within the existing staffing resources. It is especially difficult at peak times during the year, when it is becoming increasingly hard to meet the demands placed upon this section, together with the expectations of the leaseholders.
4. Present staffing levels within the Home Ownership Team are 1 F.T.E. dealing with the Right to Buy and land sales and 1.5 F.T.E. dealing with leasehold services.
5. Despite the declining number of sales under the Right to Buy due to the current climate, there are still a number of applications and enquiries received. Due to this declining market, applicants can and do re-apply for the Right to Buy, in order to have the property revalued, hoping for a reduction in the sale price. In addition, the Home Ownership Section also deals with the leasing and sale of land, boundary problems, new initiatives (such as Home Ownership Grants), general administrative duties, statistical returns and surveys. Therefore, despite a reduction in the number of sales, the overall workload has increased.
6. A table detailing the total Right to Buy applications and completions, together with the percentage of those completions that are leasehold properties where the Council is the freeholder, is shown below:

Financial Year	Number of Applications	Number of Completions	Number and Percentage of Leasehold Properties Completions	
2005/2006	111	40	19	48 %
2006/2007	111	46	32	70 %
2007/2008	67	28	15	54 %
2008/2009 (up to Jan 2009)	34	7	4	57 %

7. Every Right to Buy application for a freehold property takes an average of 8 hours for staff in the Home Ownership Section to process. However, if the property is a leasehold property, this results in far more work, as the Council is required to issue a five-year estimate of the proposed charges. Therefore, the paperwork involved increases and it is essential that this

is as accurate as possible in order to recover future costs. A prospective leasehold application would take, on average, around 11 hours to complete within this Section, not taking into account the involvement of other sections and services involved. Once a leasehold property has been sold, the recovery of service charges is ongoing and, to date, the Home Ownership Team has absorbed the increased workload for every additional leaseholder.

8. Staffing resources have only increased by a part-time officer (0.5 F.T.E.) since the time the Home Ownership Section was formed over 20 years ago, when one full-time officer dealt with less than 200 properties. The Council now has 933 leasehold properties (an increase of 365%) and the demands placed upon this section has increased significantly since the introduction of revised legislation under the Common-Hold and Leasehold Reforms Act 2002 and subsequent amendments to the additional information required to be provided to leaseholders to comply with the legislation.

9. The main duties of the leasehold officers are as follows:

- Annual calculation of estimated charges and notification to leaseholders;
- Re-assignment of leases;
- Dealing with general enquiries from leaseholders on a daily basis;
- Annual calculation of actual accounts each financial year and notification to leaseholders;
- Monitoring payments of estimated service charges and chasing outstanding payments;
- Carrying out consultation procedures in respect of major works;
- Dealing with solicitors' enquiries;
- Attending court or Leasehold Valuation Tribunal as appropriate;
- Providing appropriate information to leaseholders, in order to ensure compliance with legislation; and
- Liaising closely with Finance and Legal on recovery of arrears from actual accounts.

10. Through pro-active publicity by the Council and national publicity, leaseholders are also more aware of their rights, and challenges are made more frequently to explain costs incurred and to provide additional information. Legislation has increased, giving the leaseholders more rights and the Council is required to provide this information. Failure to meet demands could result in referrals to the Leasehold Valuation Tribunal, which could result in an even higher workload and strain upon the limited resources to submit the evidence required.

11. There is also a need to increasingly consult with leaseholders, as well as gaining a fuller understanding of the leaseholders' needs and requirements. As a result, the Council is required to undertake more surveys and provide additional literature to leaseholders and Right to Buy applicants.

12. On average, the workload in dealing with service charges is around 6 hours per property per annum. Therefore, the ongoing increased workload from additional leasehold service charges is far greater than the current reduction in the workload for dealing with Right to Buy applications.

13. If the Council is to maintain or continue to improve the service, meet statutory deadlines and meet leaseholders' expectations, the Council needs to ensure that staffing levels are sufficient to meet the requirements. The point has now been reached when additional staff resources of 0.5 F.T.E. are required.

14. The cost of the leasehold service is solely borne by the leaseholders' charges from service charges, held in a ring-fenced leasehold administration account. It is not funded from either the Housing Revenue Account or the General Fund. However, the cost of work undertaken in the Home Ownership Section related to Right to Buy, Home Ownership Grants, land sales and associated queries is funded by the Housing Revenue Account.

15. To appoint a part-time officer for 18 hours on Grade 4 (based on mid-salary point plus

on-costs) would cost in the region of £10,800 in 2009/2010. An administration surplus existed on the leasehold administration account at the end of 2007/08 of £81,000. This is made up from the last four years' accounts of an average of £20,000 per annum from the recovery of administration charges, Management Fees and Fees and Disbursements Charges.

16. The overall increased level of service charges, due to increased costs of services, together with the increasing number of leaseholders, has created the surplus.

17. After accounting for the additional post, it is thought unlikely that significant ongoing surpluses will occur going forward. However, if the Management Fee is reduced by £9.00 (17%) from £52.00 and the Fees and Disbursements charge held at £64.00 for each of the next four years, the accumulated surplus on the account to date will be fully utilised. The position will be reviewed annually over the period 2009/10 to 2012/2013 and if necessary the level of Management Fees and Fees and Disbursements can be re-assessed.

18. There are no additional costs to the Housing Revenue Account or the General Fund. The cost of this service is solely borne by the leaseholders' charges from service charges, held in a ring-fenced leasehold administration account.

### **Resource Implications**

As set out in the main report.

### **Legal and Governance Implications:**

Housing Act 1985.  
Common-Hold and Leasehold Reform Act 2002.

### **Safer, Cleaner and Greener Implications:**

N/A.

### **Consultation Undertaken:**

Tenants and Leaseholder Federation on 27 January 2009 and Leaseholders Association on 18 February 2009. Their views were that they supported the proposal.

### **Background Papers:**

N/A.

### **Impact Assessments:**

The nature of this report does not require an Equalities Impact Assessment.

Potential risks identified are as follows:

- (i) insufficient staffing resources could result in failure to meet statutory requirements;
- (ii) a continuing surplus could result in the Council being challenged about the level of charges; and
- (iii) a lack of staffing resources could impact on the ability to maximise the recovery of outstanding debts to the Authority.