

CABINET – 17 MAY 2011

ITEM 11 - MOTIONS REFERRED FROM COUNCIL ASSEMBLY – STRATEGIC DIRECTOR COMMENTS

Repayment of Major Works Charges by Leaseholders (Appendix 2)

Comments of the Strategic Director of Housing Services

1. Southwark council does have a number of repayment options for service charges in respect of major works. It offers more than other local authorities by having a policy which reflects every statutory discretion in allowing us to assist leaseholders. Southwark officers lobbied government for the power to help homeowners with equity loans and equity release schemes. As a result these powers were finally enacted in the Housing and Regeneration Act 2008. Southwark was then the first authority to put a relevant policy in place in January 2010 and leaseholders have made formal applications under both schemes subsequent to the October 2010 major works service charge billing of £8.9m.
2. Southwark's preference is to receive the money over the shortest possible period as it costs the council (HRA) money to allow interest free periods.
3. In addition, all leaseholders are not the same. About 30% of our leaseholders do not live in the flats they own and 500 are companies rather than individuals. We use our Local Government Act 2000 'general well being' powers as authority for the 36 months' interest free scheme but this cannot be used for non resident leaseholders.
4. The 2009/10 benchmarking figures (20 respondents to this question) show that our interest free repayment offer of 36 months is the same as 10 other London authorities. Eight authorities allow between 10 and 24 months and only one allows a longer period (72 months).
5. Our aspiration is that we will inform all leaseholders annually about the major works that will affect them from a detailed 5 year programme (ie one which shows the works to be undertaken block by block and estate by estate). We recognise that this is a priority for leaseholders and, in response, the Strategic Director of Housing Services has agreed to deliver a detailed 5 year programme within the next few months. The indicative plan is due to go to cabinet in May 2011 and will then go out for consultation over the following months. Once the programme has been agreed leaseholders will be kept up to date.
6. We recognise that not having a detailed 5 year programme caused problems. Over the last 9 months however, there has been an intensive programme of fire risk assessments and associated works which is monitored by senior management and progress is reported to and reviewed by the Strategic Director of Housing Services on a monthly basis.
7. The implementation of improved processes such as the detailed 5 year programme and the FRA regime means that such instances will be the exception in the future.

8. With regard to the offsetting of costs against equity being an increasingly unviable option (paragraph 5 of the motion), this is not borne out by home ownership officers' experience. A survey of relevant collection officers revealed only two cases where lack of equity meant this was not an option.
9. Major works are repairs and a fair proportion of the cost of repairs have to be paid by leaseholders - the alternative, within a ring fenced housing revenue account, would be the tenants paying the leaseholders' share. Both the lease and the legislation are clear on this point. The original RTB legislation meant that RTB leaseholders got a 10 year structural defect guarantee so could not be recharged for defects, however this provision was removed in January 1987. Even this guarantee provision would not have indemnified leaseholders against the cost of all the works e.g. the costs associated with the cleaning of the ducts associated with mechanical ventilation systems in single aspect (including scissor) blocks.
10. In relation to resident leaseholders the Deputy Leader and Cabinet Member for Housing will ask officers to recommend the appropriate exceptional circumstances in consultation with Home Ownership Council to extend the period of the repayment schedule from 36 to 48 months (we do not have the power to do this for non residents). The parameters to include cases where more than one major works charge is received in any given year. The Council's literature will be updated to include this option (subject to the detailed recommendations to be consulted upon).
11. With regard to obtaining definitive advice (paragraph 9 of the motion), each case is unique, it is therefore the view of the Strategic Director of Housing Services that definitive advice on leaseholder contributions is not possible to obtain. Each contract is viewed individually to identify those works properly rechargeable to leaseholders and can be challenged in the Leasehold Valuation Tribunal.

Secondary School in SE16 (Appendix 3)

Comments of the Strategic Director of Children's Services

In late March 2011 Partnerships for Schools requested that Southwark's most up to date Pupil Place Planning data be re-submitted to enable their further consideration on behalf of the Department for Education. The data was provided in mid-April 2011 and reaffirmed the need for new places in Rotherhithe. We are awaiting a response from Partnerships for Schools to this submission.