

APPENDIX A

REPORT TEMPLATE

Agenda item:

[No.]

CABINET 15 JULY 2008

Report Title: Service Improvement Initiatives for Leaseholders	
Forward Plan reference number	
Report of: Niall Bolger, Executive Director, Urban Environment,	
Wards(s) affected: All	Report for: Key
<p>1. Purpose</p> <p>1.1 This report contains suggestions for changes to policy and practice with regard to rechargeable major works, in the main affecting leaseholders. This is of particular relevance as the Decent Homes Programme now gets under way.</p> <p>1.2 The report covers 3 areas:</p> <ul style="list-style-type: none">• Suggestions for extending repayment options to leaseholders for rechargeable major works• Consideration as to whether leaseholders should be allowed to engage their own window replacement contractor in agreed circumstances• Consideration to extending opportunity to leaseholders to take advantage of discounted prices achieved through bulk purchase (for kitchen and bathrooms) through the Decent Homes Programme supply chains.	
<p>2. Introduction by Cabinet Member</p> <p>2.1 Homes for Haringey, as the appointed arms length management organisation has the responsibility for improving the quality of housing services for the residents of Haringey. This report informs Cabinet of a number of initiatives that will assist Homes for Haringey to enhance the services they provide to our leaseholders.</p>	

3. Recommendations

It is recommended that the Council agrees to:

1. Commence billing in advance for major works. This will improve the cash flow to the Council by bringing forward the start date for the receipt of payments by up to 18 months;
2. Provide leaseholders with a higher discount (5%) for payment in full. This is to provide an incentive to pay in full at the start of work, since they are only obliged to pay in instalments;
3. Provide instalment periods of up to 3 years (including the 18 month advance billing period referred to above) on an interest-free basis.
4. Approve proposals to allow Interest only loans and a voluntary charge against the property.
5. Allow leaseholders to install and maintain their own windows and external doors in agreed circumstances and subject to approval on a case by case basis.
6. Enable leaseholders to benefit from the volume discounts available from the Decent Homes Programme (DHP) supply chains in respect of kitchen and bathroom units.

Report Authorised by: **Niall Bolger, Executive Director of Urban Environment**

Contact Officer: Nesan Thevanesan, Home Ownership Manager, Homes for Haringey
Nesan.Thevanesan@homesforharingey.gov.uk Tel: 020 8489 3705

7. Chief Financial Officer Comments

7.1 The report recommends amending the payment options for recovery of major works costs from leaseholders. The proposals are mainly based on Government advice and Audit Commission best practice suggestions in respect of leaseholder charges.

7.2 The precise overall financial implications of the proposals are difficult to accurately forecast as they will be dependant on the sums chargeable to leaseholders and the take up on the new discount scheme. However, it is estimated that the financial impact overall will not be significant and may be marginally favourable to the HRA. The changes may be further reviewed after implementation and as more precise data becomes available and the resultant financial impact included in the HRAs medium term financial strategy. A summary of the potential impact of each proposed change is indicated below.

7.3 Recommendation 1 suggests that the estimated costs should be invoiced in advance when the works commence; this is a change from invoicing the leaseholders in the next financial year. This will result in income being received sooner and improve the

HRAs cash flow.

7.4 Recommendation 2 suggests increasing the prompt payment discount from 2.5% to 5%. As stated in Appendix 1 this would still be cost effective as the income would be received up to 18 months earlier than now and benefit the cash flow as indicated above. In addition this would assist in the reduction, as yet not quantified, of the administration of debt management.

7.5 Recommendation 3 proposes increasing the instalment periods up to 36 months from the current 12. The adverse impact on the cash flow would be compensated by the change in policy to early billing of the works.

7.6 Recommendation 5 proposes that leaseholders are allowed to install their own windows and external doors. This will have an adverse impact on cost recovery as exemplified in appendix 5. The potential loss in income will need to be fully assessed on a case by case basis. If possible the current terms and conditions of leases should be reviewed so as to minimise any potential loss of income.

8. Head of Legal Services Comments

Head of legal service comments on recommendation 5 in paragraph 3 of the report as follows:-

Leases granted in accordance with the right to buy scheme contain a specific clause in relation to alterations. Reproduced in part for ease below,;

Not at any time without the licence in writing of the Corporation first obtained nor except in accordance with plans and specifications previously submitted in triplicate to the Corporation and approved by the Corporation and to its satisfaction to make any alteration or addition whatsoever in or to the Flat either externally or internally or to make any alteration or aperture in the plan external construction height walls timbers elevations or architectural appearance thereof

The appropriate form of licence permitting leaseholders to install and maintain their own windows and doors should be given by way of letter from Homes for Haringey rather than by Deed subject to the contents of the above clause. This method has beneficial advantages both to the council's resources and finances. It enables a more transparent, user friendly and customer focused service to leaseholders.

The other recommendations in the report are of a financial nature on which the Head of Legal Service has no further comment.

9. Local Government (Access to Information) Act 1985

a. Audit Commission KLOE 12

10. Strategic Implications

- 10.1 The Housing Strategy contains a number of key objectives and has the overarching aim of ensuring that Homes for Haringey provides and maintains an excellent housing service. Improving the quality and range of services to leaseholders is seen as contributing to the Council's key aims and objectives.

11. Financial Implications

- 11.1 Income received from leaseholders is accounted for within the Housing Revenue Account Managed Budgets. The introduction of earlier billing of leaseholder contributions for major works will mean that income can be accounted for earlier and will therefore have a favourable impact on the cash flow of the Housing Revenue Account. Although the increase in the discount for payment in full from 2½% to 5% will reduce the sum collectable, the additional interest earned from earlier payment will more than offset the higher discount offered.
- 11.2 The extension of the period for interest free instalments will also have a favourable impact on cash flow. Although the interest free period is longer, the earlier billing for works will leave the council in a more favourable financial position overall. The precise financial implications of the changes are difficult to accurately forecast as they will be dependent on the sums chargeable to leaseholders and the take up on the discount.. The total number who will take up this option is, projected to be about 132 per annum, based on the current take up. This figure will be in relation to an expected total number of invoices of 900 per annum. In addition, people who can raise bank loans will probably be attracted by the discount to pay in full. Receipt of payments at the start of work will reduce the Council's borrowing costs and have a favourable financial impact overall for the Housing Revenue Account.
- 11.3 The introduction of the policy to allow leaseholder to install their own windows and doors may lead to a lower level of recovery than otherwise from leaseholders. Consequently there will be a lower level of income to the Housing Revenue Account as a result. The impact will depend upon the level of take up from leaseholders and some exemplifications of the effect are set out in Appendix 5. The financial impact will be incorporated into the Medium Term Financial Strategy taking account of actual take up if the arrangements are introduced.
- 11.4 However where leaseholders opt out, there would be a clear loss of income on account of the reduced contribution chargeable to the remaining

leaseholders (the loss would probably be in the region of 2% to 5% of the total cost of window replacement – please see the example in Appendix 5).

12. Legal Implications

12.1 See Head of Legal Services comments in paragraph 8 above.

13. Equalities Implications

13.1 Improving the quality of services that leaseholders receive will contribute to meeting diverse community needs.

14. Consultation

14.1 Homes for Haringey has undertaken considerable consultation on these proposals with leaseholders as follows: the Leaseholders Forum (on the 7 July 2007), meetings of the Leasehold Panel (31 May, 11 June, 30 July and 15 November 2007); and also with Haringey Leaseholders' Association (most recently at a meeting on the 19 February). As a result of the discussions, leaseholders' suggestions have been incorporated in this report to address their main concerns

15. Background

15.1 The question of payment options has been the subject of government statements suggesting that local authorities should offer the full range of available payment options to help leaseholders pay their bills, and that they should share best practice. In addition the Audit Commission's Key Line of Enquiry (KLOE) in this area recommends that Local Authorities offer:

- flexible options
- collect payments in advance
- send a final invoice on completion
- view forfeiture as the last resort

15.2 In preparing this report a review has been carried out of the information provided by all other London boroughs (mainly on their websites) with respect to their policies for payment options and in allowing leaseholders to install their own windows and doors. The results of these reviews are provided in Appendices 4 and 6 of this report.

15.3 As part of the consideration of the relevant issues a questionnaire was sent to Leasehold Managers in all other London boroughs. The information they have provided indicates that they generally allow leaseholders to

install their own windows and doors. This has also been confirmed by information obtained from websites – please see the summary provided in Appendix 6

15.4 Payment Options

15.5 Payment towards rechargeable major works is a major concern to leaseholders. This issue has been frequently raised at meetings of the Leasehold Panel and has also been raised by the Haringey Leaseholders' Association (HLA).

15.6 At present an invoice for major work is issued 6 months after the end of the financial year. Leaseholders can pay in full (and receive a discount of 2½%) or repay over 12 months. More details of the current financial arrangements are as follows:

i) Post work billing. The invoice is issued 6 months after the end of the financial year at the same time as the Certificate of Actual Account.

ii) Payment in full – a discount is given of 2½%.

iii) Instalments - Leaseholders are given 12 months to pay the invoice (interest free - by a direct debit arrangement).

iv) Discretionary loan (under the Government regulations) – can be provided by the Council only if the leaseholder has no other means.

v) Houseproud loan – affordable loans for leaseholders over 60 or with disabilities - from £3,000 and up to 30% of the value of the property.

vi) Hardship – a discretionary reduction in a major works bill. In cases of exceptional hardship the government regulations allow a major works bill to be limited to an amount of £10,000.

vii) Statutory (mandatory) loan -must be provided to leaseholders during the first 10 years of purchase. Interest is charged at the standard Council rate, currently 7.4%.

15.6 Proposals for new payment options

15.7 The main proposals are that leaseholders should commence paying by instalments at the start of work and that payment in full should attract a discount of 5%. The total interest free instalment period will be up to three years (depending on the size of the bill). More details are as follows:

- i. Advance billing. The estimated invoice will be issued at the start of the work and the leaseholder will be required to start paying by instalments immediately, (they already start paying on the basis of the estimate with regard to their annual service charge). Supplementary invoices will be sent where necessary, following the finalisation of accounts after the end of the financial year.
- ii. Discount for immediate payment of the full amount in advance – the discount will be increased from 2½% (at present) to 5%. It will meet the requirements of leaseholders who:
 - want to pay in full or
 - have to raise a bank loan over a longer period (the discount will help them to reduce their borrowing costs)
 And will improve the Council's cashflow.
- iii. Monthly instalments: interest free period increased from 12 months to 3 years depending on the amount invoiced (it is suggested that the minimum monthly installment would be £50).
- iv. Interest only loans. This will be provided to (resident) leaseholders in receipt of certain benefits. The Benefits Agency will pay the interest payments on the loan. A charge will be put on the property for the repayment of the outstanding capital upon sale. This and option (v) below will only be open to leaseholders where the property is their sole residence.
- v. Voluntary charge on the property (deferred interest loan) – this will be means tested for vulnerable (resident) leaseholders who are unable to pay but who have sufficient equity in the property to cover the bill. A charge is put on the property as above but the interest is rolled up and added to this.
- vi. No changes are proposed to current policies in respect of discretionary and Houseproud loans, discretionary hardship capping and mandatory loans.

15.8 Implications

15.9 The main advantages that these changes will bring are:

- (i) Maximising cash flow – to be addressed by:
 - Billing in advance – payment by instalments to commence when the work starts (up to 18 months earlier than the current practice).

- Discount for payment in full will help reduce the Council's borrowing costs (please see Appendices 1 and 2). Appendix 1 shows that (based on current figures) we would expect approximately £216,000 to be paid in advance in full. The receipt of this amount a year in advance will mean that true value has not been eroded by construction industry price inflation, (which generally runs at a higher rate than the retail price index (RPI)). The figures contained in Appendices 1 and 2 take no account of the corresponding savings in administrative effort and legal costs to pursue recovery.

15.10 It should be noted that leaseholders are not required to pay their estimated invoice in full under the terms of the lease (only by instalments). It is therefore in the landlord's interest to offer a clear incentive for full payment in advance. It should also be noted that effective recovery action can only be taken following the issue of the Certificate, which takes place 6 months after the end of the financial year.

- (ii) Good practice. Benchmarking has established that other leading boroughs and ALMOs provide more flexible options. See Appendix 4.
- (iii) Consultation. Leaseholders have expressed strong views in favour of more flexible payment options.
- (iv) Minimising cases referred to court. The Courts often decide on arrangements for payment over a much longer period. The debt is then frozen from the date of the judgement, which means that no further interest can be charged on the outstanding debt.

15.11 Forecast effect on leaseholders' charges arising from the Decent Homes Programme.

15.12 The Decent Homes Programme will have a substantial effect on charges to leaseholders. The Decent Homes Programme will increase both the number of invoices and the average value of each invoice. The current information regarding these matters is as follows:

- i. Increase in average invoice amount. The average invoice (above £1000) for major works last year was £2,000. Under the Decent Homes Programme, the average works invoice for 2,700 leaseholders will be approximately £6,500. Hence it is estimated that 60% of leaseholders will receive invoices more than twice the current levels.
- ii. Increased overall volume of charges. In 2006 the total value of works invoices issued (above £2000) was £774k (out of a total of £1.22M). During the programme the total annual charge to leaseholders is expected to be at least £2.4 million representing a substantial increase.

15.13 Leaseholders' windows and doors.

- 15.14 It is proposed to introduce a system whereby leaseholders can formally take responsibility for the installation of their own windows and doors in certain circumstances.
- 15.15 At present the policy is generally not to allow leaseholders to install their own windows and exterior doors (although we will formally consider any applications). Leaseholders are further discouraged from undertaking this work as they are always advised that if they install their own windows they will still be liable to pay towards the cost of the installation of windows and doors within the whole building should the Council carry out this work in future.

15.16 Implications

The main reasons to consider a change in policy are as follows:

(i) The Audit Commission's Key Line of Enquiry states that in the case of an *excellent* service provider: "unfair terms in longstanding leases are not enforced; homeowners have been informed and offered the opportunity to agree lease variations." The question of leaseholders' windows undoubtedly falls into this category.

(ii) There have been a number of instances where leaseholders have installed their own windows and have been able to successfully challenge via the Leasehold Valuation Tribunal (LVT) the landlord's assertion that they should have to pay again when the landlord has refurbished the whole block. This main thrust of the argument being that the landlord has been saved the expense of installation, which he would otherwise have had to meet and which would clearly have been rechargeable. There have been no cases of this nature in Haringey.

(iii) The majority of leaseholders believe that they can install windows at a lower cost than the landlord. In some circumstances this will be true since the use of scaffolding is not considered to be essential (by the Health and Safety Executive) with regard to some individual properties e.g. house conversions.

(iv) Haringey Leaseholders' Association has campaigned for a change of policy. It was agreed that a review would be carried out. In addition letters have been sent to Homes for Haringey by others such as the Ferry Lane Action Group, who have raised similar issues at their AGM.

(v) If a significant number of leaseholders opt out of the Decent Homes Programme with regard to the replacement of their windows, then there will be an immediate short term gain to the Council in that it will speed up overall programme delivery and improve cash flow by reducing the time lag in receiving all the contributions due from leaseholders.

15.17 A new policy for leaseholders' windows and doors.

15.18 This report recommends that Leaseholders should generally be allowed to install their own windows and doors. They should not have to pay towards the cost of the installation of windows and exterior doors in other flats in the building, but would continue to be charged, in accordance with the terms of the lease, for the installation of communal windows and doors. There are no proposals to vary the terms of existing leases.

15.19 The following are the main elements of this policy:

- a) A standard agreement (or licence) would be drawn up by the Legal Department, as explained in the next section. This licence would be available to leaseholders who have installed their own windows and exterior doors to the required standard. As one of its conditions it would exempt them from paying towards the windows and doors of other flats in the building.
- b) This type of agreement would be made available to leaseholders who have already installed their own windows and doors (if they meet the necessary quality and design requirements). It would also be an option open to all leaseholders in future, subject to certain conditions being met.
- c) Procedures will be put in place for leaseholders to install their windows and doors up to the latest practical stage before the start of work on site by our contractors.
- d) That we continue to charge leaseholders who decide to install their own windows and doors a proportion of the cost of installing and maintaining the communal windows and doors. A breakdown of the costs for all major works is provided by the consultants who provide project management services. They will provide a separate breakdown for the costs of communal doors and windows. Leaseholders with their own windows will then be charged a proportion of these costs as required under the terms of the lease.

15.20 Licence to authorise installation of new windows and exterior doors.

15.21 The Legal Service has provided advice that the Council has the power to issue a licence to leaseholders to install their own windows and doors under the terms of the lease. These specifically empower the landlord to authorise modifications of this nature to the property. Hence it would not be necessary to issue an actual variation of the lease.

As in the case of all alterations proposed by leaseholders, it will be made clear from the outset that the landlord licence will only be issued on the basis that certain conditions are met regarding safe methods of site access, installation, FENSA accreditation, specification and so on. Upon completion, the works undertaken by the leaseholder's contractor will be inspected by Asset Management and HfH Operations Surveyors, overall coordination and monitoring being provided by the Home Ownership Team.

15.22 Conditions for granting permission to install windows and doors.

It is recommended that conditions should be made covering the following matters.

- a) Work already planned. It is proposed that permission would not be granted once work has been scheduled in the annual programme. We will be writing to all leaseholders to outline the programme once finalized, identifying all those who could be affected.
- b) Standard of work - would have to meet required standards (such as those laid down under the FENSA scheme) and meet any aesthetic / design requirements.
- c) Method statement - a private contractor would have to use appropriate methods, safe access, etc. It would include:
 - o Final inspection (on completion).
 - o Maintenance – the leaseholder would have to agree to carry out all future maintenance.
 - o Compliance with health and safety requirements
- d) Administrative charges – an appropriate level of charge would be levied to cover the costs associated with approving the application and carrying out inspections.

15.23 Option to purchase kitchens units and bathrooms.

15.24 As part of the decent homes procurement process, it was agreed with all the constructor partners that leaseholders would be given the option to purchase materials, including kitchen units and bathrooms direct from the decent homes suppliers, but that leaseholders themselves will be responsible for all aspects of the installation. The constructor partners will assist leaseholders who wish to avail themselves of this opportunity as part of the residents consultation process for each project as it is delivered.

16. Conclusion

- 16.1 Homes for Haringey key objective is to develop services so that they are comparable to 2 to 3 star housing organisation while adopting best practice as it relates to the management of leasehold services. This report

recommends to Cabinet to agree the proposals in order to enable Homes for Haringey to implement the service enhancements.

17. Use of Appendices / Tables / Photographs

Appendix 1 Annual net saving per annum achievable by billing in advance and increasing the discount from 2½% to 5%

Appendix 2 Cash Flow Effect of Change in Leasehold Payment Options

Appendix 3 Audit Commission (KLOE 12) criteria.

Appendix 4 payment options of other boroughs

Appendix 5 Leaseholders' windows and doors - loss of income to the Council

Appendix 6 Windows policies of other boroughs

APPENDIX 1							
(Annual net saving per annum achievable by billing in advance and increasing the discount from 2½% to 5%)							
Forecast annual expenditure (2008 to 2013) including decent homes expenditure of £1.8M							
<u>Size of bill</u>	<u>Less than £2,000</u>	<u>£2,000 - £4,000</u>	<u>£4,000 - £6,000</u>	<u>£6,000 - £8,000</u>	<u>£8,000 - £10,000</u>	<u>Over £10,000</u>	<u>Total each year</u>
-	£	£	£	£	£	£	£
Current spend	441,300	279,100	153,700	35,600	44,900	260,300	1,214,900
Additional spend*			559,400	129,700	163,500	947,400	1,800,000
Total spend	441,300	279,100	713,100	165,300	208,400	1,207,700	3,014,900
Major works invoices paid at a discount	88,300	27,900	12,300	0	0	0	128,500
DHP invoices paid at a discount (based on 06/07)			44,700	0	0	0	44,700
Total for invoices paid in full at a discount each year	88,300	27,900	57,000	0	0	0	173,200
Discount paid at 5%							8,660
Total received							164,540
Interest saved from repayment 18 months earlier than under the current system (5.4% pa)							13,330
Less additional discount paid (2.5%)							4,330
Saving in comparison with the current policy**							9,000
*most bills are expected to be above £4,000							
**calculated by the interest saved less the discount. This does not take into consideration the efficiency savings in administration which are likely to be considerably more.							

Appendix 2 - Cash Flow Effect of Change in Leasehold Payment Options
Example using works of £10,000 to be billed to a leaseholder.

Date	Existing Policy (12 Payments after final invoice) Income £	New Policy (24 payments but earlier billing) Income £	New Policy (36 payments but earlier billing) Income £	New Policy - 5% discount for full payment Income £	Existing Policy - 2.5% discount for full payment Income £
Jun-08	0	-417	-278	-9,500	0
Jul-08	0	-417	-278	0	0
Aug-08	0	-417	-278	0	0
Sep-08	0	-417	-278	0	0
Oct-08	0	-417	-278	0	0
Nov-08	0	-417	-278	0	0
Dec-08	0	-417	-278	0	0
Jan-09	0	-417	-278	0	0
Feb-09	0	-417	-278	0	0
Mar-09	0	-417	-278	0	0
Apr-09	0	-417	-278	0	0
May-09	0	-417	-278	0	0
Jun-09	0	-417	-278	0	0
Jul-09	0	-417	-278	0	0
Aug-09	0	-417	-278	0	0
Sep-09	0	-417	-278	0	0
Oct-09	-833	-417	-278	0	-9,750
Nov-09	-833	-417	-278	0	0
Dec-09	-833	-417	-278	0	0
Jan-10	-833	-417	-278	0	0
Feb-10	-833	-417	-278	0	0
Mar-10	-833	-417	-278	0	0
Apr-10	-833	-417	-278	0	0
May-10	-833	-417	-278	0	0
Jun-10	-833	0	-278	0	0
Jul-10	-833	0	-278	0	0
Aug-10	-833	0	-278	0	0
Sep-10	-833	0	-278	0	0
Oct-10	0	0	-278	0	0
Nov-10	0	0	-278	0	0
Dec-10	0	0	-278	0	0
Jan-11	0	0	-278	0	0
Feb-11	0	0	-278	0	0
Mar-11	0	0	-278	0	0
Apr-11	0	0	-278	0	0
May-11	0	0	-278	0	0
Net Present Value*	(9,102)	(9,513)	(9,271)	(9,500)	(9,090)
Benefit over Existing Policy		(411)	(170)	(410)	
Interest Annual	5.40%				
Interest Monthly	0.44%				

*Results of applying NPV formula throughout the range of payments

Prepared by
PW 16/04/08

APPENDIX 3 Audit Commission (KLOE 12) criteria.

Many of these criteria are relevant to formulating policies for the payment of major works bills. A summary of the main ones which apply to this subject are as follows:

- A. Access, customer care and service user focus – the service provider must:
 - i. communicate effectively about its services
 - ii. consult on any proposals for change

- B. Diversity
 - i. It must recognize the different populations of homeowners
 - ii. It should ensure that service provision reflect these differences

- C. Asset management and stock condition
 - i. It must provide information to leaseholders on long term maintenance plans
 - ii. It should formulate costed long term maintenance plans in consultation with leaseholders
 - iii. It should provide leaseholders with a comprehensive schedule of all future planned maintenance work
 - iv. It must advise those who are unable to pay high major repairs bills of the available options
 - v. It should provide flexible options to those who are unable to pay.

- D. Service charges and rents
 - i. it must issue major works invoices within 6 months of the completion of work
 - ii. it should collect payments in advance or on completion
 - iii. it must provide a formal dispute resolution procedure for service charges
 - iv. it should issue the (final) invoice within the defects liability period to encourage the reporting of problems
 - v. it must have arrangements in place with leaseholders who are in arrears
 - vi. it should routinely monitor and acts on any breaches of these agreements.
 - vii. It should help home owners in arrears to stay in their homes by providing advice and assistance directly or indirectly on debt management and pursuing debt collection strategies that sensitively balance the pursuit of debt against the needs of vulnerable service users
 - viii. It should ensure that all parties in the arrears recovery process work effectively together, including other corporate service providers and the court system

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- ix. it must seek forfeiture only as a last resort, after comprehensive debt advice.

APPENDIX 4 – payment options of other boroughs

Borough or ALMO	Decent Homes	Billed on estimate or actual	Pay by instalments	Discount	Loans (plus interest)
Ascham Homes	Ongoing	Estimate	Yes	-	Interest only
Barnet Homes	Ongoing	Actual	Yes	-	-
Brent Housing Partnership	Complete		24 months		Yes
Camden Council	-	Actual	10 months	-	-
CityWest	Complete	Estimate /Actual	12/24 months	-	Yes
Ealing Homes	Ongoing	Actual	12 months	-	Yes - current mortgage rate
Greenwich	Ongoing	Estimate	10 months	-	-
Hackney Homes	Ongoing	Estimate	12/24 months	5%	Yes
H&F Homes	Ongoing	-	-	-	-
Homes in Havering	Being planned	Actual	12 months	-	-
Hillingdon Homes	-	-	12 months	-	Interest only
Homes for Haringey – Current policy	Being planned	Actual	12 months	2.5%	-
Homes for Haringey – Proposed	Being planned	Estimate	36 months	5%	Interest only
Homes for Islington	Ongoing	Estimate	24 months	-	Yes
Hounslow Homes	Complete	Actual	-	-	-
(Continued)					

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Borough or ALMO	Decent Homes	Billed on estimate or actual	Pay by instalments	Discount f	Loans (plus interest)
Kensington & Chelsea	2008	Estimate	24/36 months	-	-
Newham Homes	Ongoing	Actual	-	-	-
Redbridge Homes	-	Actual	12 months	-	Secured loan at Council's mortgage rate
Richmond Housing Partnership	-		Yes		
Southwark Councils	-	-	36 months	-	Yes
Tower Hamlets	-	-	12/24 months	-	-
Wandsworth Council	-				Yes (and interest only for benefit claimants)

APPENDIX 5

Leaseholders' windows and doors - loss of income to the Council.

Cost of the units.

The costs can be assessed in terms of a simple example of a block of ten flats containing 3 leaseholders. In this example each leaseholder must pay 1/10 of the total cost – this would be the case under the terms of the lease if they all had the same number of bedrooms.

Block of 10 properties with 3 leaseholders	£
Cost of windows and doors per flat	10,000
Total cost for building	100,000
Leaseholders' contributions	30,000
Total cost to landlord	70,000
One leaseholder opts out	
Total cost for building	90,000
Leaseholders' contributions	18,000
Total cost to landlord	72,000
Net loss to landlord (2.2%)	£2,000

Fixed costs

The fixed cost element in relation to such work, such as scaffolding must be estimated on a somewhat different basis. If window and door replacement is part of other work such as pointing of the outside brickwork or replacement of the roof, then the leaseholder will have to pay towards these costs in any case. The fixed costs differ quite a lot depending on the type of building. If we consider fixed costs of 10%, 25% and 50% regarding the above example then the loss in income will be as follows:

	Fixed costs	Scheme cost	Overall loss to landlord	
10%	£10,000	£110,000	£3,000	2.7%
25%	£25,000	£125,000	£4,500	3.6%
50%	£50,000	£150,000	£7,000	4.7%

This gives a probable overall landlord loss in the range of 2.7 to 4.7% of scheme cost, including both fixed and variable costs.



APPENDIX 6 – windows policies of other boroughs

Borough (information on websites or handbook on website)	Allow l/holders to install own windows	Procedure for alterations?	Conditions	Reduced charge?	Licence?	Lease variation?	Charge?
Ascham (Waltham Forest)	Yes	-	In keeping with block - shape, style and size	No – must still pay for everything in the block	-	-	
Barnet	Yes (HB)*	Yes	-	-	-	Deed of Variation	£655 approx (2004)
Brent	Yes (HB)	-			No – permission in writing	-	-
Camden	-	Yes	-	-	Yes	-	-
CityWest	Yes (HB)	Yes	-	-	Permission in writing	-	Initial £140 = admin £60 + surveyors fees £80
Ealing	No (HB)	-	-	-	-	If all leaseholders agree then can maintain own windows	-
Enfield	No (HB)	-	-	-	-	-	-
Greenwich	Yes (HB)	Yes	Yes – must say if applied to Building Control and Planning	-	Yes - Licence of alteration	No, only required for a change to the lease plans	Yes

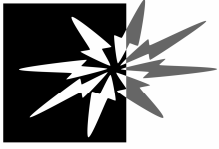
Borough	Allow l/holders to install own windows	Procedure for alterations?	Conditions	Reduced charge?	Licence?	Lease variation?	Charge?
Hackney	Yes (HB)	-	-	-	-	Deed of variation	Yes
H&F	Yes (HB)	Yes	Same style and quality as rest of block	No	Yes	No	
Havering	Yes	-	-	-	No - Letter	-	£50
Hillingdon	Yes (HB)	Yes		Yes		Proposed	
Islington	Yes (HB)	-	-	-	-	Deed of variation or licence	£400
Hounslow	No (HB)	-	-	-	-	-	-
Kensington & Chelsea	No (HB)	-	-	-	-	-	-
Lambeth	No*	Yes	Depends on Planning, Building Control and H&S regulations	-	-	-	-

Borough	Allow l/holders to install own windows	Procedure for alterations?	Conditions	Reduced charge?	Licence?	Lease variation?	Charge?
Lewisham	No	-	-	-	-	-	-
Merton	Yes (HB)	-	-	-	No	No	No
Newham	Yes (HB)	Yes		No	-	-	No
Redbridge	Yes	Yes	-	-	No – written consent	-	£50 + VAT
Richmond	-	-	-	-	-	-	-
Sutton	Yes (HB)	-	-	No	-	-	-
Tower Hamlets	Yes (HB)	Yes	No opt out if in 4 year programme	Yes	Written agreement		Yes
Wandsworth	No, but can agree after (HB)	Retrospective procedure for windows	-	No	-	Yes – Council remains responsible**	-

*HB = Handbook (copy provided on the website)

**Only retrospective

A blank space means that no information is provided on the website



Haringey Council