

This Report will be made public on 10 October 2023

Report Number: **C/23/45**

To: Cabinet
Date: 18th October 2023
Status: Non-Key Decision
Director: Andy Blaszkowicz, Corporate Director of Housing and Operations
Gill Butler, Chief Officer Housing
Cabinet Member: Councillor Shoob, Cabinet Member for Housing and Homelessness

SUBJECT: HOMEOWNERSHIP MANAGEMENT POLICY (HOUSING SERVICE)

SUMMARY: This report outlines changes made to the Council's Homeownership Management Policy, following a review of payment options for leaseholders.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because: -

- a. The Council is seeking to improve its process for collecting service charges on leasehold properties, in line with best practice, and provide greater flexibility of payment options for resident leaseholders.
- b. The Leasehold Reform (Ground Rent) Act 2022 prohibits the charging of ground rent on all new leases from June 2022. The Council's policy needs to be updated to reflect this.

RECOMMENDATIONS:

1. To receive and note report C/23/45.
2. To approve the proposed changes to the Homeownership Management Policy outlined in the report and in the appended track-changed policy.

1. BACKGROUND

- 1.1 The Council currently manages 209 leasehold and 14 shared ownership properties, as part of its Housing Management Service. The appended Homeownership Management Policy sets out how we will deliver this service in line with legislation and best practice.

2. HOMEOWNERSHIP MANAGEMENT POLICY

- 2.1 Broadly, the aims of this policy are:
 - 2.1.1 To ensure the calculation and collection of service charges are conducted fairly and consistently; and
 - 2.1.2 To set out how we consult with leaseholders and shared owners about Section 20 notices (for major structural works to their properties).
- 2.3 The appended policy, in its original form, was adopted by Cabinet in March 2021, and expires in March 2024. The Council will need to have a policy in place in order to continue managing the service effectively.
- 2.4 Following an internal review, changes have been made to improve payment options for leaseholders, and to reflect legislative requirements for the charging of ground rent (see 3.2 below).

3. PROPOSED CHANGES TO THE POLICY

The substantive changes to the policy being proposed are:

- 3.1 Payment options** (to include):
 - 3.1.1 The facility for spreading the cost of day-to-day service charges through Direct Debit or Standing Order payments;
 - 3.1.2 Extended payment terms for resident leaseholders up to 48 months (depending on the value of the invoice);
 - 3.1.3 Introduction of a voluntary charging order secured against the property (depending upon hardship criteria being met).
- 3.2 Leasehold Reform (Ground Rent) Act 2022**
 - 3.2.1 This Act effectively abolishes the charging of ground rent on all new leases from June 2022. The policy has been amended to reflect this.
- 3.3 Additional, minor changes to format and phrasing have been made throughout the policy to improve readability. The list of supporting legislation has also been updated.

4. CONSULTATION

4.1 A working group of leaseholders reviewed the payment options initially in 2021, and subsequently all resident and non-resident leaseholders were consulted on the proposals that form the basis of the revised policy.

5. CONCLUSION

5.1 The policy has been developed according to current legislative requirements and best practice. It is therefore recommended that the appended policy be approved before March 2024.

6. RISK MANAGEMENT ISSUES

6.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
If the policy expires or is not adopted, and changes do not come into effect	Low	Low	Ground rent is no longer being charged on new leases. Plans to introduce payment options through the housing system (NEC) are in development. Policy has been updated and presented to Cabinet.
If we are not able to implement payment options for technical or administrative reasons. Risk of county court/property tribunal	Med	Low	The facilitation of payment options will be tested prior to launch in April 2024. A resource for collecting charges has been allocated within the housing income team.
If we inadvertently charge ground rent on a new lease, which is unlawful	Low	Low	Ground rent is no longer being charged on new leases. If an error should occur, the leaseholder can be refunded.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 7.1 **Legal (TH)** - The changes in the Homeownership Management Policy as outlined in the report reflect the changes in the Leasehold Reform (Ground Rent) Act 2022. There are no further legal implications arising from the report.
- 7.2 **Finance (ST)** - All necessary financial information is contained within the body of this report and appendices.
- 7.3 **Diversities and Equalities Implications (GE)** - There are no equality and diversity implications directly arising from this report. The revised policy is supported by an Equality Impact Assessment that concludes no negative impact.
- 7.4 **Climate Change Implications (AT)**- There are no climate change implications arising from this report (Adrian Tofts)

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Richard Parker, Leasehold Management Senior Specialist
Telephone: 01303 853717
Email: richard.parker@folkestone-hythe.gov.uk

Jonathan Hicks, Policy and Performance Senior Specialist
Telephone: 01303 853721
Email: jonathan.hicks@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1: Homeownership Management Policy (Housing Service) - including tracked changes.

Appendix 2: Homeownership Management Policy (Housing Service) – Clean copy