

## COUNCIL

25 September 2007

### Questions to Executive Members and Committee Chairs

#### Question 5

##### **Councillor Divers to the Executive Member for Housing and Tenancy Services**

"It has been reported in the press that the new management charges to leaseholders have been published, criticised and then withdrawn. This would appear to be an embarrassing case of mismanagement. What is the situation now and to what extent have the lease-holders been involved in determining the issue?"

##### **Councillor Westmacott, Executive Member for Housing and Tenancy Services**

The Council is reviewing the annual management fee element of our service charge bills. This fee, which has stood at £40 since 1995 / 96 is to cover the cost of things like general property and lease management.

The reason for this review is that the Council believes it is fair to charge service users a fee that reflects reasonably incurred costs for the services received and this is not the case at the moment. If this fee is not charged it is indirectly paid for by council tenants through the housing revenue account

Although the fee may need to change, it has not changed yet and will not do so until the council considers and sets all its new budgets and charges - part of an annual process due to take place in February 2008.

The Norwich Leaseholders Association has been very helpful in working with council on the basis of the fee and that there are options on the way in which this can be made. To inform the decision made next year the council will soon be consulting leaseholders on these options. These include, a charge based on property size calculated from the floor area of different property types; itemised charging for specific services used or a flat fee. All have advantages and disadvantages and these will be set out in the consultation.

The way in which the fee is calculated is not the only issue and members of the Norwich Leaseholders Association have the view that the council shouldn't be charging this fee in all cases under the lease. This has been successfully challenged and a decision found in favour of the leaseholder by the Eastern Residential Property Tribunal. The council, however, is not satisfied that this decision is correct in law and the case will be heard on appeal by the Lands Tribunal. The decision will also inform the review process.

A small number of leaseholders received a note with their service charge bills for this year explaining this was under review and why. The intention of officers was to give leaseholders advanced notice of a likely change so that they could prepare and budget. With hindsight we feel this was premature and that to avoid confusion it could have been made clearer that this was still a review process, the outcome of which would be considered as part of the normal annual budget setting process by council in February 2008. Officers apologise for their error in sending this out.