


<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">5 MARCH 2018</p>		
<p align="center">IMPROVING PAYMENT OPTIONS FOR LEASEHOLDERS</p>		
<p align="center">Report of the Cabinet Member of Housing – Councillor Lisa Homan</p>		
<p>Open Report</p>		
<p>Classification: For decision</p>		
<p>Key Decision: Yes</p>		
<p>Consultation: <i>Finance, Legal, Property and Leasehold Services</i></p>		
<p>Wards Affected: All</p>		
<p>Accountable Director: Kathleen Corbett, Director of Finance and Resources</p>		
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1. EXECUTIVE SUMMARY

- 1.1. The Council currently offers a wide range of payment options to its leaseholders to assist them in making their contributions towards major works. This report reviews the payment options available and proposes improvements to those options to make it easier and therefore cheaper to collect money.

2. RECOMMENDATIONS

- 2.1. That approval be given to offer the following menu of payment options for resident leaseholders and for non-residential leaseholders who do not sublet more than one Hammersmith & Fulham leasehold property where the property is owned by individuals¹:

¹ i.e. the options will not be available properties owned by a company, trust or similar vehicle.

Invoiced amount	Interest free period available	Interest bearing period available	Total repayment period
> £7,500 < £12,500	36 months	48 months	84 months
> £12,500 < £17,500	48 months	60 months	108 months
> £17,500	48 months	72 months	120 months

- 2.2. To agree to an interest rate for leasehold payment options based on 0.25% above the average council lending rate² for the previous year for the above.
- 2.3. To delegate authority to the Lead Director for Regeneration Planning & Housing acting through the Director of Finance & Resources (Regeneration, Planning & Housing), in consultation with the Cabinet Member for Housing, to consider any applications from leaseholders on the grounds of extreme hardship to vary the length of repayment periods.
- 2.4. To delegate authority to the Lead Director for Regeneration Planning & Housing, in consultation with the Cabinet Member for Housing, the ability to agree payment plans on a project by project basis where leaseholders estimated bills are likely to be in excess of £22,500
- 2.5. To approve a change to the terms for discretionary loans to allow a maximum loan period of 25 years.
- 2.6. To approve that any loan or repayment plan for a sum of £12,500 or above to be secured as a voluntary charge on the property. The administration cost associated with this should be borne by the applicant and will be £150.

3. REASONS FOR DECISION

- 3.1. Cabinet agreed a range of repayment options, most recently in 2013 and the Cabinet Member for Housing agreed further amendments in January 2017.
- 3.2. Waiting for a potentially large major works invoice can cause significant stress to a leaseholder and the additional payment options will help them to reach suitable repayment arrangements as soon as possible.
- 3.3. The proposals are likely to improve collection rates by giving leaseholders more options, as well as reducing the need for legal action. This will increase cash flow and benefit the Housing Revenue Account.
- 3.4. Interest rates have been very low for a number of years and charging a reduced rate will assist customers to pay the capital sum as quickly as possible.

² This is the rate at which the Council could borrow from PWLB for the period of the loan granted to the leaseholder at the time of lending or at the start of the year as appropriate. It cannot be lower than 3.13%.

- 3.5. The options are likely to reduce disputes by improving affordability. This will benefit the Council by reducing the number of cases that escalate to the Courts and the financial and reputational risk that comes with that.

4. PROPOSAL AND ISSUES

Background

- 4.1. The Council has 4,868 leaseholders. 2,872 are resident owner-occupiers and 1,996 are non-resident. The non-resident leaseholders are likely to be subletting but may also be absent for some other reason such as work commitments.
- 4.2. Our leases oblige the council, as landlord, to keep the buildings in a reasonable state of repair and decoration. Under the leases the council can recover a contribution towards cost of this work from the leaseholders.
- 4.3. Work may include, roof repairs/replacement, window repairs/renewal, communal redecorations, etc. The larger projects, which are carried out to blocks or estates, are known as major works. The leaseholders in those blocks and/or estates are normally consulted before work starts³ and are invited to inspect the completed works with officers before any invoice more than £5,000 is issued. When the final account⁴ is received and any requested inspection has been completed they are sent a major works invoice for their contribution.

Payment of major works invoices

- 4.4. The majority of the Council's leases require payment within 21 days of issuing the bill.
- 4.5. Although all leaseholders usually receive notices before any works start to warn them of the impending bill, many leaseholders find it extremely difficult to raise enough funds to settle the invoice within 21 days as the lease requires. So, the Council already offers a number of payment options.
- 4.6. The current options which are available to resident leaseholder, some options are available in limited circumstances to non-residential leaseholders. All current payment options are set out below:
- **Mandatory service charge loans (S450A Housing Act 1985):** an interest-bearing loan with set criteria and only available to the Right to Buy leaseholder for the first 10 years of the lease.
 - **Discretionary service charge loans (S450B Housing Act 1985):** this is available to all leaseholders and is interest bearing, currently 0.25%

³ Very occasionally emergency work may be done without consultation

⁴ The final account is normally received 12 months after works complete but in the case of a complex final account, perhaps involving protracted negotiation or dispute resolution this may take a lot longer.

above the weighted average council lending rate for the previous year, it is reviewed each year, and currently may last up to 10 years.

- **Discretionary reductions:** this allows local authorities to reduce service charges to a minimum of £10,000 over 5 years subject to certain factors.
- **Voluntary charge on the property:** this is applied in cases of extreme hardship where the discretionary reduction and discretionary loan options are not suitable.
- **2.5% reduction** of major works bills should payment in full be received within 21 days of the invoice date. This option is available to all leaseholders.
- **Three years' interest free instalment plan** for all invoices to all residential leaseholders and those who do not sublet more than one council leasehold property.
- **A five-year repayment period**, the first three years interest free and the remaining two years' instalments accruing compound interest at 5% above the Bank's base rate, subject to a signed payment agreement.

4.7. Formal court proceedings are issued in instances where arrears remain unpaid. Sometimes a mortgagee⁵ will settle the bill when warned that court proceedings are about to commence. Non-payment on receipt of a judgement initiates forfeiture proceedings, which usually prompts a mortgagee to settle the outstanding balance to protect their interest. The court may also make an order to register a charge on the property.

Proposed additional interest free & interest-bearing instalment options

4.8. The Council wants to help Leaseholders make payments towards their major works charges. This will avoid increasing the level of homelessness in the Borough⁶ or breaking up established communities by forcing residents to seek cheaper housing options elsewhere by issuing invoices which are unaffordable.

4.9. For this reason, a tiered payment period is proposed depending on the size of the invoice, with an interest free and an interest-bearing period:

Invoiced amount	Interest free period available	Interest bearing period available	Total repayment period
> £7,500 < £12,500	36 months	48 months	84 months
> £12,500 < £17,500	48 months	60 months	108 months
> £17,500	48 months	72 months	120 months

4.10. Access to the above payment plans will be open to residential leaseholders. This payment plan will also be available to non-residential leaseholders who do

⁵ Normally a bank or building society, who would then normally add this amount to the leaseholder's mortgage

⁶ As sometimes when the mortgagee adds the bill to the leaseholders existing balance they become unable to keep up repayments and fall into arrears

not sublet more than one Hammersmith & Fulham leasehold property where the property is owned by individuals⁷.

- 4.11. To further safeguard the Council's interests, payment plans in excess of £12,500 will be secured by a charge on the property with the cost of placing the charge being borne by the leaseholder.
- 4.12. These proposals compare favourably with those offered by other local authorities as set out in Appendix B.
- 4.13. In the interest of residents, the length of the repayment periods has been limited. Council properties require maintenance work on a cyclical basis of, on average, every 7 years. By limiting the repayment period, we are encouraging residents to pay for repair works before they happen again.
- 4.14. Some leaseholders can have very difficult financial circumstances so the report asks for authority to be delegated to the Director of Finance & Resources (Regeneration, Planning & Housing Services) to authorise variations to the repayment periods for leaseholders in cases of hardship.
- 4.15. The report also recognises that on occasion work may be required that results in a very large bill and asks for authority to approve specific payment terms on a project by project basis for any invoices in excess of £22,500 to be delegated to the delegate authority to the Lead Director for Regeneration, Planning and Housing in consultation with the Cabinet Member for Housing.

Discretionary Service Charge Loans

- 4.16. Cabinet approved the use of Discretionary Service Charge Loans in 2008 for a maximum period of 10 years. The loan terms may be on such terms as the council determines (Appendix A shows the current terms) and must be secured as a charge on the flat.
- 4.17. Discretionary Service Charge Loans with deferred payment terms are only available to those leaseholders for whom these extended repayment terms are unaffordable and are unable to access finance through the Mandatory Service Charge Loan Scheme or from a private lender.
- 4.18. It is proposed to extend the maximum payment term for these loans from 10 years to 25 years and to apply the initial interest free period stated in par 4.9. above before starting to charge interest.
- 4.19. Any Legal and Land Registry fees have to be borne by the applicant. The loan will have to be paid if the property is sold.
- 4.20. We expect the take up rates of such loans, and the overall level of debt, to be low for a number of reasons; eligibility will be means tested; loans have been available since 2008 with no applicants to date; the interest rates will be similar

⁷ i.e. the options will not be available properties owned by a company, trust or similar vehicle.

or perhaps slightly higher to private loans; the prospect of interest charges accruing on charges may encourage younger family members to provide financial assistance to the older residents who are the most likely to be the beneficiaries of this loan scheme. In practice, the Council will be the lender of the last resort to the leaseholders in the greatest need.

- 4.21. In all cases loans should be granted on a case by case basis, and may be offered to leaseholders who are subletting, e.g. an elderly leaseholder who is using the income received from renting the leasehold property to fund care home cost or a leaseholder may have moved away to find work and is using the rental income to fund the mortgage payments.
- 4.22. Local authorities have discretion under Section 450B of the Housing Act 1985 to charge any level of fee for discretionary loans to recover its administration and legal costs. It is proposed that this is set at £150 to be paid at the point when the loan is finalised except when such a payment would result in extreme financial hardship. The regulations allow local authorities to choose to add any costs associated with loans to the loan.

Proposed changes to the interest rate

- 4.23. The interest rate is set in the leases⁸ as “five per centum above the Lessor’s banker’s base rate from time to time”, which currently equates to a rate of 5.5%.
- 4.24. The proposal is to charge a lower amount of interest on all major works debt for residential leaseholders and for non-residential leaseholders who do not sublet more than one Hammersmith & Fulham leasehold property where the property is owned by individuals⁹. The proposed interest rate is 0.25% above the average council lending rate for the previous year on the loan period to be reviewed annually¹⁰.
- 4.25. The interest rate for 2016/17 would have been 3.38% (inclusive of the 0.25% administration fee). This compares well to secured loans offered on-line at rates from 3.99%¹¹.
- 4.26. It is proposed that the amount of interest on discretionary service charge loans is the same as the amount which would be charged if the Council were to grant a mortgage under terms of Section 438 of the Housing Act 1985, which is the applicable local rate plus 0.25% for administrative charges which local authorities have been authorised to charge under the Local Authority Mortgage Interest Rates Determination 1993.

⁸ Schedule 7, clause 7 of the lease

⁹ i.e. the options will not be available properties owned by a company, trust or similar vehicle.

¹⁰ This is the rate at which the Council could borrow from PWLB for the period of the loan granted to the leaseholder at the time of lending or at the start of the year as appropriate. It cannot be lower than 3.13%.

¹¹ On the 4 January 2018 home improvement loans were available from 3.99 over periods between 10 and 25 years. http://www.knowyourmoney.co.uk/secured-loans/?adgroup=LSEC01001&gclid=EAlalQobChMI99vLpbjN1wIvITLTCh1XZwyAEAAAYASAAEgJGpfD_BwE

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. The Council has a fiduciary duty to collect debts due to it. The payment options are designed to maximise efficient debt collection.
- 5.2. The extended interest-free proposal will only be available to qualifying leaseholders within the parameters set within par 4.10. It will bring benefits such as improved affordability and reduced disputes.
- 5.3. The Council could choose to not adopt the extended repayment periods but, this is likely to increase collection costs as the Council having to pursue payment via the debt recovery process and ultimately the Court.
- 5.4. The Council could choose not to reduce interest rates for major works but this will result in longer repayment periods.

6. CONSULTATION

- 6.1. These extended options are proposed following conversations with leaseholders who were worried about paying invoices at the Leasehold Forum meetings.

7. EQUALITY IMPLICATIONS

- 7.1. The new extended interest-free repayment options, the greater flexibility in repayment periods of the discretionary service charge loan and the reduced interest rate is expected to have a positive impact on vulnerable leaseholders (in receipt of state pensions, disabled leaseholders receiving state benefits, those on maternity leave who may have reduced income and any low-income households which are likely to include BME and single parent households).
- 7.2. The interest-free option accommodates conditions of a Sharia-compliant loan.
- 7.3. Implications verified by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

8. LEGAL IMPLICATIONS

- 8.1. The council has a fiduciary duty to recover all debts owed to it. By making the proposed payments options available to leaseholders the Council is, in effect, giving loans to the leaseholders on concessionary terms. Sections 450A and 450B of the Housing Act 1985 give the Council power to make loans secured by a mortgage on the property but as there is no security these "loans" can be made further to the Localism Act 2011.
- 8.2. Section 1 of the Localism Act 2011 provides a general power of competence for local authorities and replaces the "well being" powers from the Local Government Act 2000. It gives local authorities the same power to act that an individual generally has and provides that the power may be used in innovative

ways. The only restriction is that there must be no statutory prohibition against the proposed action.

- 8.3. Section 3 of the Local Government Act 1999 requires the Council as a best value authority to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness".
- 8.4. Offering and continuing the payment options detailed in this report can be seen as an efficiency measure as the Council may not have to expend resources in chasing late payments.
- 8.5. Implications verified/completed by: Angus Everett, Principal Lawyer -Litigation, tel. 0208 753 2724.

9. FINANCIAL IMPLICATIONS

- 9.1. Based on data provided by Leasehold Services looking at likely billing over the next 5 years an analysis has been carried out that compares interest income on the outstanding balances of major works contribution arising from:
 - i) the currently offered payment plans and interest rate of Bank of England Base rate plus 5% (equates to 5.5%), apportioned amongst the current payment plans as per the recent trend of new payment plans taken out by leaseholders, and
 - ii) the payment options and terms (interest rate of 0.25% plus the council's rate of lending which is currently 3.13%) recommended in this Report apportioned as anticipated by Leasehold Services if the new payment plans and rate of interest is implemented.
- 9.2. This comparison shows the annual equivalent interest income for the HRA will decrease by £48k under the new plans. This is because of the lower interest rate proposed and the increase in the interest free payment plan options.
- 9.3. This will, however, be of benefit to leaseholders. For example, the implication of this for a leaseholder under a 5-year Equal Monthly Instalment payment plan for an invoice of £10k would be an interest saving of £196 in the first year.
- 9.4. However, it is anticipated that the mix of payment options chosen and payment behaviour will change as a result of the additional options being offered, mainly in favour of the options with longer interest-free period followed by an interest bearing period and away from the default/query cases and legal challenge cases. This will have a positive impact on collection.
- 9.5. The table in appendix C shows the potential increase in collection over a 5 year period arising from different levels of shift from each of the default/query/legal challenge cases to the new payment options. Whilst an increase in collection is not guaranteed, if it crystallises it will in the longer term provide additional resources for funding the HRA Capital programme projects and thus ease

pressure off the HRA Capital Financing Requirement (CFR) as well as reducing the amount of resource required for ongoing case management.

- 9.6. There will also be an additional revenue stream in the form of administration fee in the cases of repayment plan for a sum of £12.5k and above that will cover the cost of placing charges on properties giving the Council more security over the collection of debt.
- 9.7. Implications verified/completed by: Sudhir Kafle, Housing Investment Accountant, tel. 02087534391.

10. IMPLICATIONS FOR BUSINESS

- 10.1. If a leaseholder also runs a business in the Borough these extended payment options will assist in their paying their major works charge whilst upholding their commercial obligations.
- 10.2. Implications verified/completed by: David Burns, Head of Housing Strategy, tel. 02087536090

11. IT IMPLICATIONS

- 11.1. The ability to manage payment plans, income recovery and the interest calculation is dependent on a system with a proven track record of delivering on these requirements. The leasehold accounts are managed via Agresso and any replacement system must be tested to ensure that the functionality is available. The requirements are included in the procurement strategy for the housing management system.
- 11.2. Implications verified/completed by: Howell Huws, Head of Contracts and Operations, tel. 0208 753 2927.

12. COMMERCIAL IMPLICATIONS

- 12.1. The changes in the payment options proposed will decrease the annual equivalent interest income for the HRA given the lower interest rate proposed and the increase in the interest free payment plans.
- 12.2. However, the new payment options will benefit the leaseholders, helping them save money on interest fees. This will have a positive impact on collection and the Council could save on spending to expend resources in chasing late payments.
- 12.3. Implications completed by: Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.

13. RISK MANAGEMENT

- 13.1. Opportunity and potential downside risks have been identified and presented for consideration within the existing report content, the proposal has been

reviewed against the Council's Corporate risks, benefits of which can be noted as contributing positively to meeting the Customer Needs, Expectations and Maintaining Service Standards risks.

13.2. Implications Completed By: Michael Sloniowski, Risk Manager, tel. 020 8753 2587

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name and contact details of responsible officer	Department/ Location
	None		

LIST OF APPENDICES

Appendix A – Terms of Discretionary Service Charge Loans

Appendix B – Benchmarking data

Appendix C – Improved Payment Terms Potential Effect on Collection

Terms of Discretionary Service Charge Loans

1. The loan will be secured on the property to which the service charge relates. A charge will be put in place with the Land Registry. The mortgage agreement for the discretionary service charge loan allows the Council, with the lessee's agreement, to add further amounts to the loan if future service charges for repairs are not paid in accordance with the terms of the lease.
2. A variable rate of interest will be charged. The interest rate will be set at 0.25% above the average council lending rate for the previous year on the loan period, to be reviewed annually.
3. The loan is repayable by monthly instalments due on the 15th day of each month.
4. The loan is granted using the annuity method. This means each monthly instalment in the year is for the same amount. Each instalment consists of interest and principal.
5. In the event of any default on the loan, interest will be charged on the default amount from seven days after the due date. The rate used will be the interest rate charged on the loan at the time
6. The offer of a loan is granted subject to the financial status of the applicant and sufficient equity remaining in the property.
7. The maximum period of the loan is 25 years.
8. The administration charge will be payable before the advance is finalised and will only be added to the loan when no other option is available.

The charge is set at £150 for the period to 31 March 2019, with annual increases thereafter being agreed with the Cabinet Member.
9. Professional fees incurred for placing the charge on the property including valuation, solicitors and land registry fees will be recharged to applicants and payable as (8) above.
10. Discretionary loans will not be given to private companies or any other similar vehicles. Discretionary loans will be given to non-resident leaseholders only in exceptional circumstances and will not be given to leaseholders who own multiple properties.

APPENDIX B

Organisation	Offer prompt payment discounts?	How is it calculated?	Payment options available to subletting leaseholders?	Offer interest free repayment options?	How long?	Offer any interest bearing repayment options?	Interest rate	How long?
Barnet Homes	Yes	2.5% if paid within 28 days	No	Yes	First two years	Yes	?	<ul style="list-style-type: none"> • £5k to £7,5k – 3 years • £7,5k to £15k – 5 years • £15k and above – 10 years.
Brent	Yes	5% if the invoice paid in full within 28 days	Yes	Yes	Up to 24 months	Yes	7.20%	3 years – 10 years
Camden	Yes	5%	No	Yes	<ul style="list-style-type: none"> • Less than £5k up to 12 months • Over £5k up to 24 months • Over £10k up to 36 months • Over £15k up to 48 months • Over £20k up to 60 months 	No	n/a	n/a
CityWest Homes	No	n/a	Yes, only up to 2 years instalments.	Yes	Up to two years	Yes	?	3-5 years
Greenwich	Yes	n/a	Yes	Yes	24 months pending the final account, the instalment arrangement is then reviewed.	Yes	3% above the base rate	Once the final account is available leaseholders have an additional 10 months to pay. Any balance due after this period may be subject to interest.
Hackney	Yes	5%	Yes	Yes	<ul style="list-style-type: none"> • £0-£300 6 months • more than £300 12 months 	Yes	4.50%	<ul style="list-style-type: none"> • £1k or more 24 monthly instalments (if the debt is cleared within 12 months the interest is removed) • Above £5k 36 months (if the debt is cleared within 12 months the interest is removed) • Above £10k 60 months (if the debt is cleared within 12 months the interest is removed)

Organisation	Offer prompt payment discounts?	How is it calculated?	Payment options available to subletting leaseholders?	Offer interest free repayment options?	How long?	Offer any interest bearing repayment options?	Interest rate	How long?
Hammersmith & Fulham	Yes	2.5% of the invoiced amount	Yes, in some cases where the leaseholder only sublets one property	Yes	3 years	Yes	5.50%	5 years, where the first three years are interest free
Harrow	Yes	2.5% if paid within 6 weeks of invoice date.	Yes	Yes	Up to 48 months depending on the value of the invoice.	No	n/a	n/a
Havering	Yes	1.50%	No	Yes	<ul style="list-style-type: none"> • £250-£1500 12 months • £1,501-£3,000 24 months • £3,001-£5,000 36 months • £5,001-£10,000 60 months 	Yes	4%	7 years, the first 5 years interest free for invoices in excess of £10,000
Hillingdon	No	n/a	Yes, maximum 12 months to subletters whereas resident leaseholders can extend	Yes	Usually 12 months for all (residential or subletting leaseholders) or 36 months subject to income and expenditure checks for residential leaseholders	Yes	3.72%	3 to 10 years with interest, subject to legal charge on property
Homes for Haringey	Yes	5%	Yes, a maximum of 36 months	Yes	72 months maximum	Yes	5.19%	Up 120 months with strict conditions
Islington	Yes	5%	Yes, they can spread payments over 24 months interest free	Yes	36 months for resident leaseholders and 24 months for non-resident	Yes	Bank of England Base Rate	<ul style="list-style-type: none"> • Less than £10k 5 years • More than £10k 10 years
KCTMO	Yes	2.50%	Yes	Yes	<ul style="list-style-type: none"> • Under £2,500 up to 12 months interest free • £2,500 to £4,999 up to 24 months interest free • £5,000 to £7,499 up to 36 months interest free • £7,500 to £9,999 up to 48 months interest applied to year 4 • Over £10k up to 60 months interest applied to years 4 and 5 only 	Yes	2% above the NatWest base rate.	<ul style="list-style-type: none"> • £7,500 to £9,999 up to 48 months interest applied to year 4 • Over £10k up to 60 months interest applied to years 4 and 5 only Plus legal costs of £500 as a legal charge will be placed against the property until full settlement of debt.
Lewisham Homes	No	n/a	No, but they have the option to pay up to 10 monthly instalments	Yes	<ul style="list-style-type: none"> • Up to £3k 24 months • More than £3k 36 months 	Yes	5.63%	Any period over the initial interest free period up to 10 years

Organisation	Offer prompt payment discounts?	How is it calculated?	Payment options available to subletting leaseholders?	Offer interest free repayment options?	How long?	Offer any interest bearing repayment options?	Interest rate	How long?
Redbridge	No	n/a	12 monthly instalments on some bills. Longer timeframes may be available on completion of an income and expenditure form.	Yes	<ul style="list-style-type: none"> • Up to £1,500 12 months • £1,500 to £5k 24 months • £5k and above 36 months 	No	n/a	n/a
Southwark	No	n/a	Yes, must pay in accordance with the lease (12 months)	Yes	<ul style="list-style-type: none"> • Under £7,200 36 months • Over £7,200 48 months • May consider up to 72 months interest-free repayments for particularly large invoices 	Yes, Discretionary Service Charge Loan	1.5% above the NatWest base rate	Up to 25 years
Sutton Housing	No	n/a	Yes	Yes	<ul style="list-style-type: none"> • £0-£100 28 days • £100 - £600 12 months (minimum payment of £50 per month) • £600 or over up to 2 years (minimum payment of £50 per month) 	Yes	4.50%	<ul style="list-style-type: none"> • £1,500 - £4,999 up to 3 years (minimum payment of £50 per month) • £1,500 and over up to 10 years (minimum payment of £50 per month) • £3,000 and over Charge placed on property
Tower Hamlets Homes	Yes	5% over £1k	Yes, for invoices over £1,999	Yes	2 years for invoices over £1k	Yes	?	<ul style="list-style-type: none"> • Over £2k first two years interest free and then 3 years interest bearing • Over £10k first two years interest free and then 3-10 years interest bearing
Waltham Forest	Yes	<£10k 1.5% and >£10k 2.5%	No	Yes	<ul style="list-style-type: none"> • Up to £1.5k payable over 12 months • Between £1.5k - £2.5k payable over 18 months • Between 2.5k to £5k payable over 24 months • Over 5k payable over 36 months 	No	n/a	n/a

Improved Payment Terms Potential Effect on Collection

The table below shows examples of the potential increase in collection that would arise from different levels of shift from each of the default/query cases/legal challenge cases to the new payment options. It is estimated this could increase collection over a 5-year period by up to £1.5m.

% shift from each of the default/query/legal challenge case categories	Increase in collection
2%	£296k
4%	£592k
6%	£887k
8%	£1,183k
10%	£1,479k