

**To:** Cabinet  
**Date:** 21 January 2026  
**Report of:** Director of Housing  
**Title of Report:** Leasehold: Tender process

Summary and recommendations	
<b>Decision being taken:</b>	To commence a tender process for a four year framework for capital works on leasehold properties and delegate authority to award the placement of contractors on the framework and award call-off contracts to those contractors under the framework as and when works are required
<b>Key decision:</b>	Yes
<b>Cabinet Member:</b>	Councillor Linda Smith – Housing and Communities
<b>Corporate Priority:</b>	Good, affordable homes
<b>Policy Framework:</b>	HRA Asset Management Strategy 2025 – 2027

**Recommendation(s):** That Cabinet resolves to:

- 1. Approve the commencement of a tender process for a four year framework for capital works on leasehold properties, subject to the required statutory consultation with leaseholders as detailed in this report
- 2. Delegate authority to the Deputy Chief Executive for Communities and Citizens, in consultation with the Cabinet Member for Housing and Communities, to:
  - a) award the placement of contractors on the framework and enter into the framework agreement with the successful contractors; and
  - b) award call-off contracts procured from the framework to deliver capital works required on the leasehold properties throughout the duration of the framework
  - c) finalise any and all contractual arrangements
- 3. To approve the expenditure against the budget for the capital works pursuant to the decision of the Cabinet in December 2024 in respect of the approval of the HRA Asset Management Strategy.

4. Note the statutory consultations required with leaseholders when carrying out works on leasehold properties as detailed in this report.

## **Introduction and background:**

1. This report seeks approval to commence the procurement of a framework for capital works on the Council's housing stock, which includes leasehold properties.

## **The Framework**

2. The Council has developed a capital works programme to maintain the entire housing stock. It is proposed that the Council would procure a four-year framework for capital works on leasehold properties and call-off the required works via a mini-competition, as and when works are required subject to the statutory consultation with leaseholders.
3. The works shall be split into three lots:
  - Lot 1: Fencing, railings, gates, walls, car ports
  - Lot 2: External decoration, gutters, downpipes, fascias, soffits, bargeboards, balustrades/handrails, external steps, hardstanding, timber decking, external stores, garages, outbuildings, service cupboards, internal communal doors, rotary drying facilities, communal flooring, internal decorations, bin stores and external lighting
  - Lot 3: Roofing, doors and window installation
4. The call-off contracts include a number of different JCT 2024 contract options to provide flexibility depending on the works required, for example, Minor Works Building Contract (with or without design) for simple routine decoration and maintenance, or small basic construction, that are for one-off pieces of work, where the work does not require phasing or specialist trades, Intermediate Building Contract (with or without design) for use in bigger construction projects, involving all the recognised trades and skills of the industry, but without complex building service installations or other specialist work and where a collateral warranty is required, Measured Term Contract for ongoing periodic / regular decoration / repairs and cyclical maintenance, and Design and Build Contract for larger more complex projects where the contractor is designing the full works and carrying out the construction.
5. The Council will ensure robust contract management for the delivery of the works to the leasehold properties via a number of performance and operational meetings.

## **Statutory Consultations**

6. By law, landlords must consult leaseholders before carrying out qualifying work or entering into a long-term agreement for providing works or services.

7. The Council is the freeholder and landlord for 718 leasehold properties. Planned maintenance work is not envisaged in the short to medium term for shared ownership properties as these properties have recently been constructed.
8. Leasehold is a form of property ownership where a person buys the right to occupy land or a property for a set period under a long-term lease. The lease can be bought and sold on the open market. A leaseholder holds a long-term legal interest in the property but does not own their property outright. Instead, leaseholders pay relevant service charges under the lease to Oxford City Council as the landlord and freeholder of the overall blocks.
9. The lease is the legally binding contract between the leaseholder and the Council. It details the financial obligations of the leaseholder, such as service charges, contributions to major works and any additional fees for property maintenance and management.
10. The lease between Oxford City Council, as the landlord and freeholder, and the leaseholder sets out the respective rights and responsibilities between both parties in terms of repairs, maintenance and keeping common parts in good working order as well as addressing access and conduct issues.
11. Section 20 of the Landlord and Tenant Act 1985 as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002, states that leaseholders must be consulted before any major works, including cyclical work, is undertaken or any new service charges are introduced or where there are long-term (over 365 days) contracts being put in place. Section 20, as a term, is still commonly used to describe the leaseholder consultation process.
12. Pursuant to the Section 20 consultation process, a landlord must consult all leaseholders if the cost to any individual leaseholder for qualifying works exceeds £250.
13. There is also a requirement to consult where service charges, such as for utilities or service and maintenance contracts, where the annual charge for any one leaseholder would exceed £100.
14. Where consultation does not take place for either of these examples, the amount that can be recharged to each leaseholder is capped at £250 and £100 respectively regardless of the Council's expenditure. Further, where any contract is for a duration of over one year, a Qualifying Long-Term Agreement (QLTA) should be consulted on and entered into.

### **Financial sustainability**

15. In December 2024, the Cabinet approved the HRA Investment Programme of up to £250 million over the next 5 years. This included the HRA 5-year Capital Programme (planned works) totalling up to £177 million, which went to ensuring that the Council met its landlord obligations including new safety, quality and decent home standards. As part of the planning and implementation of capital works, consideration has been made on the handling, proportion and value of works that will be applied and the financial impact on leaseholders.
16. The 2026/27 investment programme had been designed in phases including cyclical maintenance of external parts and major works.
17. Leasehold flats are located within blocks alongside flats let under social tenancies. Therefore, where works are planned to a block containing one or

more leaseholders, Section 20 consultations applies in order for leaseholder contributions towards this work to be recovered.

18. The number of leaseholders contained within each block varies, and therefore the total rechargeable cost also varies. To provide an illustrative example, if there is a block of ten flats which contains one leaseholder then that leaseholder will pay one tenth of the cost of the capital works being undertaken on that block.
19. The Council has been carrying out the section 20 consultation on the Qualifying Long-Term Agreement. In due course, there will be a selection of contractors on the framework before starting any major works.
20. Consultation is required for the Council to recover leaseholder costs associated with the programme. Therefore, consultation is needed so that the Council can (a) create a new framework agreement (the Qualifying Long-Term Agreement) with contractors to undertake the capital works, and then (b) select a contractor (from the framework) to complete the works to each leaseholder block.
21. Further to the completion of the consultation of the Qualifying Long-Term Agreement, the subsequent consultation process would aim to adhere to the following timelines:
  22. Consultation as to works to leaseholder blocks:
    - Stage 1 – Notice of Intention to carry out works – 30 days
    - Stage 2 – Notice of estimates – 30 days
    - Stage 3 – Contractor Appointment
  23. As qualifying work will be carried out under a qualifying long-term agreement, competitive tendering is not necessary because the agreement for the contractor to carry out the work will already be in place.
  24. The capital works programme will create the need to invoice leaseholders. For invoicing purposes, the process can be summarised as follows:
    - S20 for the individual work is carried out
    - Works are carried out and signed off
    - Invoices to be created
    - Payments to be collected
  25. There are a range of repayment options for leaseholders. The Council will be sensitive to the needs of each leaseholder while ensuring funds are recovered over a reasonable period of time. Leaseholders will be made aware of the repayment options as part of the billing process.
  26. It should be noted that under the terms of the standard lease for leaseholders from Oxford City Council, there is no provision to recover costs for major works improvements, apart from those components/elements explicitly set out in the schedules to the lease, which includes items such as pre paint joinery.
  27. The following table below provides an illustration of future delivery of works and income recovery that the changes would be looking to achieve from 2026/27 onwards [column A] versus a reduced recovery should consultation arrangements fail to be put in place [column B].

		Column A	Column B	
Phase 2	Cost of Works to Blocks with LH's included	Leasehold Contribution	Recoverable without S20	Written Off without S20
2026/27	£1,310,286.00	£545,431.54	£20,000.00	£525,431.54
2027/28	£1,163,227.00	£389,038.14	£11,500.00	£377,538.14
2028/29	£1,218,333.00	£375,835.25	£9,000.00	£366,835.25
2029/30	£1,980,934.00	£416,716.95	£11,250.00	£405,466.95
2030/31	£1,660,364.00	£426,689.01	£12,250.00	£414,439.01
<b>Total</b>	<b>£9,033,368.00</b>	<b>£2,780,801.80</b>	<b>£78,000.00</b>	<b>£2,702,801.80</b>

28. These are indicative figures which is based on the current working assumptions of the savings which could be gained for the HRA budget. However, it should be noted that elements of the programme may not be financially recoverable if defined works are considered as improvements.

### **Financial implications**

29. The proposals regarding leaseholder contributions as set out in this report would enable the Council to maximise its potential contribution from leaseholders to help offset the costs of the wider HRA budget.

30. Further it ensures that the Council is complying with its fiduciary duty owed to its tenants.

31. In the event of a dispute between the Council and leaseholders over the necessity of the work and the recoverability of the work, leaseholders can seek a determination from the First Tier Tribunal of the Property Chamber.

### **Legal issues**

32. Under Rule 18.12 and Part 4.5 (10) of the Constitution, Cabinet is the authorising body for projects valued at £750,000 or over.

33. Under Part 4.5 (11) and Rule 19 (17) of the Constitution, Cabinet is responsible for the award of contracts valued at £750,000 and over. Under section 9E (3) (c) of the Local Government Act 2000 Cabinet is empowered to delegate its functions to officers.

34. Due to the estimated value of spend, the procurement of a framework for capital works to leasehold properties must be completed in compliance with the Procurement Act 2023, The Procurement Regulations 2024, and the Council's Constitution. Legal services are instructed to support and advise on the procurement process and provide the contract documentation required.

35. Failure to follow the required consultation procedures under The Service Charges (Consultation Requirements) (England) Regulations 2003 could result in the Council not being able to collect or recover leaseholder contributions above the capped amounts of £250 per leaseholder for major works and £100 per leaseholder per year for any utilities or service/maintenance contracts, which would mean that the Council would have to cover the costs of the deficit.

## **Level of risk**

36. The failure of the Council to mitigate against rising HRA costs would go against the Corporate Plan to meet financial sustainability objectives.

## **Equalities impact**

37. Equality Impact Assessments (EqIA) has been carried out to determine whether the policies being presented to the Cabinet for approval would have an impact on any member of staff, tenants, or contractor workforce, which unfairly discriminates or disadvantages them in the context of the Equality Act 2010.

38. The EqIA has not identified particular groups who will be unlawfully disadvantaged by these recommendations.

## **Carbon and Environmental Considerations**

39. Adoption of these recommendations will contribute towards the good maintenance of properties with the insulation of properties

## **Conclusion**

40. Leaseholders are aware, when taking out a lease, that when capital works is required, that, following due process, they would be required to contribute towards these capital costs. Therefore, what is being proposed in this report is that the Council, like all other freeholders, recoup the appropriate share of costs from leaseholders. This is a standard approach and ensures that the HRA budget is managed efficiently.

41. The recommendations set out in this report aim to improve building conditions for residents, including leaseholders, which involve the Council as a landlord adhering to legal requirements, consulting on major works, and providing transparency around service charges and other costs.

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## **Background Papers:**

List the background documents and, if possible, link to them.

All background papers must be listed in accordance with the Local Government (Access to Information) Act and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. This includes, any material which discloses facts or matters on which the report or an important part of it is based and which have been relied on in the preparation of the report. Each document must be listed and a copy of each document made available to members and the public on request, (or they should be directed where to find it if

it is already published on the Council's website). All confidential, exempt, copyrighted and published works are EXCLUDED from this requirement.

- 1 Financial Standard – Regulator of Social Housing - [Governance and Financial Viability Standard and Code of Practice - GOV.UK](#)
- 2 Landlord and Tenant Act 1985, Section 20 - [Landlord and Tenant Act 1985](#)
- 3 Leasehold Advisory Service - [Home - The Leasehold Advisory Service](#)

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