



# Leasehold Management Policy

## 1. Aim of policy

The principle aim of the policy is to ensure that leaseholders receive good quality, value for money services taking account of the terms of their leases. We will ensure that leaseholders receive timely and appropriate advice and information both generally and on request.

## 2. Scope of policy

The policy applies to customers with long leases (21 years or more at commencement) and who are leaseholders in the following circumstances:

- Customers who have exercised the Right to Buy or Right to Acquire their home
- Customers who have purchased a home that was previously acquired through the Right to Buy or Right to Acquire process
- Customers who have purchased a home on a shared ownership basis including those who have stair-cased out to full ownership where the Freehold has not been transferred on completion
- Customers who have purchased a leasehold property outright
- Freehold Owners who have an obligation to pay for services we provide

All staff delivering a Housing Management function to the above customers and all staff involved in providing repairs to the above stock whether reactive or planned should be aware of this Policy

## 3. Policy statement

This policy provides an overview about how we will meet our landlord obligations to our leaseholders and how we will ensure that our leaseholders meet their obligations, given that the long leases are legal contracts, where breaches by either party can result in considerable financial and reputational risk to us. It should also ensure that where services are delivered to Leaseholders, the costs can be recovered appropriately mitigating financial loss for us. In addition to this it will also help achieve greater leaseholder satisfaction levels.

We will use our discretion, with management approval, in the implementation of this policy and may at times make a decision outside but within the spirit of the policy.

## 4. Policy

### The Lease

The rights and responsibilities of us as landlord and each leaseholder are determined primarily by the terms of the lease agreed and legislation, in particular the Commonhold and Leasehold Reform Act 2002.

The lease is a binding contract that sets out the terms on which we allow the leaseholder to occupy the property. The lease sets out the respective rights and obligations of ourselves and the leaseholder and is enforceable in law. The lease is the main determining factor in relation to the way a property is managed and maintained.

We will ensure that any lease that is used is current and meets standard legal requirements and any requirements of the Home and Communities Agency (HCA). The lease will be reviewed annually to



take account of any changes required by the HCA and other Case Law particularly First Tier Tribunal determinations.

We will ensure that staff have sufficient understanding of the provisions of all the leases in use by us. All staff involved in leasehold management will receive appropriate training, advice and information and will have ready access to leases which will be referred to regularly to ensure:

- That all our obligations to leaseholders are being met
- To ensure that there is a contractual basis for action taken by us, for example to charge for a certain item
- To determine who has responsibility for items of repair
- To check whether and what action can be taken against a leaseholder, for example in respect of breach of the terms of the lease.

### **Varying the Lease**

We may consider varying a lease and also consider requests from lessees to vary the terms of the lease for specific reasons. Variations are likely to be agreed where they are considered necessary and in the interest of both parties, but only with current standard lease clause wording.

### **Extending the Lease**

We will respond to requests from lessees that meet the qualifying criteria for a Lease Extension (including shared owners) to extend a lease to avoid a reduction in the value of their property, and will follow the statutory route for these applications (except for Shared Owners, who will have to follow the voluntary route but using the Statutory timescales and qualification criteria). Lessees will be required to meet their own and our legal costs. We will endeavour to keep our legal costs reasonable.

### **Breaches of Lease Conditions**

Where a lessee breaches a condition(s) of their lease, we will request the leaseholder to remedy the breach. If the breach is not remedied, we may take enforcement action to ensure the breach is remedied, in most cases firstly via informal action, and if not successful, through formal action including legal remedies such as injunctions, possession action or forfeiture proceedings.

### **Assigning the lease**

We will respond promptly to requests to assign a lease and will ensure any costs incurred are appropriate and reasonable.

### **Staircasing Applications**



We will respond promptly to staircasing applications from shared owners' i.e. applications to buy additional shares (tranches) in their homes.

### **Seeking landlord's permission**

If the leaseholder requires our permission for something: typically to carry out an improvement, take in a lodger or sublet the property, we will respond promptly and ensure that any costs recharged are appropriate and reasonable.

### **Seeking landlord's permission to sublet**

Leases may prohibit subletting of a property without our permission. All Shared ownership leases prohibit sub-letting by the Shared Owner to protect public funds and ensure applicants are not entering shared ownership for commercial gain. However, it is accepted that, in exceptional circumstances, it may be reasonable to grant permission in the short term, as directed by the HCA. Circumstances and conditions when we may agree to the subletting of a property with a shared ownership lease are included in Appendix 2, Subletting Policy Statement.

### **Legislation and Guidance**

Leasehold Management is guided by a legal framework including case law, regulations and sources of good practice. A summary of the principal legislation and the main matters covered by statute is attached as Appendix 3.

A leasehold Management Jargon Buster is attached as Appendix 4. This policy has been developed having regard to good practice in the sector; sources are included in Appendix 5.

### **Management Services**

We will provide management services to leaseholders in accordance with the terms of their lease. The provision of enhanced or additional management services will only be considered where:

1. The lease allows; or
2. We consider it to be reasonable and proportionate; and
3. Only following consultation with leaseholders and having regard to any impact on the management fee and/or service charge.
4. Services may also vary to reflect local circumstances. A summary of the usual management services is confirmed below:
5. To ensure that all tenants purchasing their property through the Right to Buy or Right to Acquire scheme are fully informed of their rights and responsibilities prior to sale.
6. To ensure that all applicants purchasing their property on a shared ownership basis are fully informed of their rights and responsibilities prior to sale.
7. To monitor leaseholder accounts to ensure early intervention and to support leaseholders experiencing difficulties in paying their accounts, including making them aware of payment



options and sources of advice available including welfare benefits and debt counselling.

8. To encourage involvement in order that leaseholders can influence decisions taken by us particularly those that affect the services they receive.

9. To provide information and advice on all aspects of covenants within the lease.

10. To liaise with solicitors and other interested parties, to provide information in relation to service charges and breaches of lease in order to protect the interest of customers and ourselves.

11. To provide advice and guidance regarding safety in the home and to promote the importance of gas servicing by including a reminder on the annual statement.

12. To make regular estate inspections to ensure that estate services and maintenance are being carried out and service standards met.

13. To not unreasonably withhold permission for leaseholders to carry out improvements to their homes where the terms of the lease permit, providing the leaseholder can satisfy us that any works are not contrary to any existing planning permissions or property guarantees and will be carried out to an appropriate standard. We may specify reasonable conditions to granting permission for an improvement.

14. To provide advice and support to leaseholders who experience Anti Social Behaviour where they live. (VIVID ASB Policy refers)

15. To work with other agencies to encourage healthy and safe living environments for leaseholders.

### **Management Fee**

Where the lease agreement allows, we will charge a management fee for the services described above. We will review our management charges from time to time to ensure and demonstrate that value for money is being achieved for leaseholders.

### **Service Charges**

The lease sets out the leaseholder's obligations to pay service charges in addition to any other charges e.g. management fee, rent (shared ownership purchases and/or where ground rent is charged). Service charges will be calculated as variable charges accompanied by statements of actual expenditure.

Service charges will include amounts payable for services, repairs, maintenance, improvements, insurance and audit fees in accordance with the terms of the lease and to the extent that the costs have been reasonably incurred. An administrative charge of 15% of the total cost of the services delivered will be added.

### **Service Charges for Major Works**

Where we propose works that will require the leaseholder to contribute more than £250 or propose to enter into an agreement for works or services which will last for more than 12 months and will cost the leaseholder more than £100 in any 12 month accounting period, we will consult on the



proposed works in accordance with provisions of the Commonhold and Leasehold Reform Act 2002 unless the First Tier Tribunal (Property Chamber) has agreed that consultation is not required.

### **Sinking Funds**

We support the use of sinking funds (reserve funds), where confirmed in the lease, to enable provision to be made for high cost items of anticipated future expenditure. Sinking Funds will be reviewed every 5 years and contributions adjusted accordingly.

#### **Insurance**

We will ensure that the insurance responsibilities, as determined by the lease, are clear to both parties. Where we are responsible for insuring the structure of the property a written summary of the insurance cover will be provided to the leaseholder on request.

### **Right to Manage**

We recognise that the Right to Manage, as contained in the Commonhold and Leasehold Reform Act 2002, may apply to some leaseholders of flats but not to those leaseholders who occupy houses or bungalows. Qualifying leaseholders are required to form a Right to Manage Company limited by guarantee whose objects must include the acquisition and exercise of the Right to Manage. Once a company has been registered for a block no further registration may be made. All residential leaseholders in a block are required to be invited to join the company on the basis of one member per flat.

### **Collective Enfranchisement**

We recognise that in some instances leaseholders of flats may exercise their right to buy the freehold of their building as confirmed by the Commonhold and Leasehold Reform Act 2002. The right can be exercised in any building of two or more flats where at least two thirds of the flats are on long residential leases.

### **Leaseholder Information and Advice**

We aim to provide timely written information to all customers, including leaseholders, which is clear, concise and jargon free.

#### **5. Statutory requirements**

Appendix 3 refers.

#### **6. Related policies**

- Anti-Social Behaviour Policy
- Service Charge Policy
- Procurement Policy
- Complaints, Compliments and Suggestions Policy
- Home Ownership and Commercial Rent and Service Charge Arrears Policy

- Service Charge Dispute Policy
- Sinking Fund Setting and Review Policy
- Rent Strategy

### 7. Monitor and review process

This policy will be approved by the Executive and reviewed every year or earlier if required, for example, in the event of legislative or regulative changes or changes in the needs of the organisation. Compliance with the policy will be monitored by the Head of Neighbourhoods.

Author	Owner	Date approved	Review date
Derek Streek	Head of Neighbourhoods	Jun-20	Jun-21

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