



Leaseholder Management Policy

SER-POL-10

Version 3.0

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Approved by: Chief Executive

1. Introduction

- 1.1 This policy sets out how Southway will manage services to its Right to Buy (RTB) and Right to Acquire (RTA) leaseholders.
- 1.2 For the purposes of this policy the terms “leaseholder” is applicable to Right to Buy and Right to Acquire leaseholders only. Southway has separate policies governing is management of Shared Ownership leaseholders.
- 1.3 The Trust will deliver services in accordance with its own service standards, policies and internal procedures and will comply with all legislation, regulatory guidance, codes of practice and good practice.

2. Service Delivery

- 2.1 Southway will provide leaseholders with a high-quality service in the management of their lease and the maintenance of their property. The Trust will ensure that staff are sufficiently trained to ensure they are able to respond to customer enquiries in relation to the full range of services detailed within this policy.

3. Service standards

- 3.1 Southway will produce a Leaseholder Handbook, which will be reviewed every three years. This will be given to all leaseholders at the commencement of their lease.
- 3.2 We will contact all new leaseholders within 10 days of their lease starting.
- 3.3 All Leaseholders will be sent an estimate service charge bill annually by the end of February for the start of the following financial year.
- 3.4 All Leaseholders will be sent an annual service charge statement showing actual charges incurred in the preceding year and a balance of the sinking fund.
- 3.5 All other service standards will be in line with legislation, or the administration fees document produced and updated regularly.
- 3.6 The estimate and final account statements will be accompanied by a Summary of Tenants’ Rights and Responsibilities.

- 3.7 Southway will apply charges to leaseholder account quarterly in arrears. Leaseholders will be notified when new charges have been applied.
- 3.8 Southway will provide leaseholders, upon request, with copies of invoices or an explanation of actual costs. Administration fees may apply for copy documents provided in line with the administration fees document.

4. Service Charge collection

- 4.1 Leaseholders will be required to set up Direct Debits to pay their charges.
- 4.2 Where a Direct Debit (or payment by any other method is missed) the Trust reserves the right to apply a missed payment charge.
- 4.3 5Where service charges remain unpaid after the initial demand the Trust will take action to recover the debt.

5. Service Charge Arrears

- 5.1 Failure by the leaseholder to pay service charges, administration charges and other charges could lead to loss of the customer's home.
- 5.2 The Trust will follow its service charge arrears escalation procedure to ensure that all sums owed are recovered as quickly as possible.
- 5.3 Any calculation of service charge debt must exclude sums for ground rent.
- 5.4 Where the debt remains unpaid for a period of three years or the service charges (or a combination of service charge, ground rent and administration charges) owed exceeds £350.00, the Trust may seek forfeiture of the lease.
- 5.5 Any legal costs incurred by Southway will be added to the debt and recovered from the leaseholder.

6. Sinking Funds

- 6.1 Leaseholders are required to contribute to a sinking fund to cover any major work that may be required in the future.
- 6.2 Sinking fund contributions for major works will be reviewed each time the Trust undertakes a Stock Condition Survey to ensure that the leaseholder is paying the amount required to cover future works.

- 6.3 Sinking fund contributions are held in 'trust' in an interest-bearing account. Interest, if accumulated, will be added to the account annually and shown on the audited accounts.
- 6.4 Where a large maintenance cost (or similar) is incurred in any year (or needs to be included in estimated costs for a year), any credit held in the sinking fund will be applied against that cost. This is subject to any relevant Section 20 procedure having been followed if the cost of the works is £250 or more per property.
- 6.5 Sinking funds are non-refundable and will not be refunded if the lease is sold on.

7. Ground Rent

- 7.1 The Trust will issue a demand for Ground Rent on the 1st of April each year.
- 7.2 Where ground rent is not paid the Trust will follow its arrears escalation procedure and attempt to reach an agreement with the leaseholder to pay the debt.

8. Management Fee

- 8.1 The Trust will charge a reasonable management fee. For RTB and RTA leaseholders this is limited to 10% of the total service charge as dictated by the terms of the lease agreement.

9. Administrative Charges

- 9.1 The Trust will make charges for certain administrative services such as:
- Consents to re-mortgage
 - Consent for further advances
 - Consents to make home improvements.
 - Deeds of covenant
 - Subletting applications
 - Enfranchisement
- 9.2 Full details are provided in a separate Administration Fees.

- 9.3 Payment is required in advance.
- 9.4 Demands for Administration fees will be accompanied by a Summary of Rights and Obligations (Administration Fees)
- 9.5 Administration Charges are subject to review and will be fully reviewed at least every 2 years.

10. Insurance

- 10.1 As the freehold owner of blocks of flats that include leasehold homes, Southway is required to maintain a buildings insurance policy. This will be competitively procured every three to five years with an annual renewal amount agreed.
- 10.2 Section 20 consultation will be necessary, and this will evidence to leaseholders a fair and transparent procurement process has been followed which should protect against challenges to the service charges.
- 10.3 The Trust will insure the buildings to their full reinstatement value and provide to leaseholders, on demand details of the sums insured, perils covered and premiums.
- 10.4 Insurance charges will be apportioned according to property size, with larger properties paying a higher premium.
- 10.5 Leaseholders have the right to further information regarding their insurance (in line with Section 30a, Landlord and Tenant Act 1985).
- 10.6 Leaseholders must inform the Trust of any changes in circumstances that may impact on the insurance such as subletting or non occupation.
- 10.7 It will be the responsibility of the Leaseholder to complete and submit claim forms to the insurer where damage is the Leaseholders responsibility to repair.
- 10.8 In the case of damage to the block or structure where liability is that of the Trust under the lease, Southway will complete and submit claims to the insurer. Where the leaseholder is in possession of supporting facts or information, they will be expected to provide this in support of the claim.
- 10.9 Leaseholders are responsible for arranging their own contents insurance.

11. Management of the Lease

11.1 All new leaseholders will also receive a Handbook which contains information about:

- Improvements.
- Anti-Social Behaviour.
- Subletting.
- Selling.
- Understanding and paying charges.
- Repairs responsibilities.
- Enfranchisement.
- Right to Manage.
- Breach of lease

11.2 Appropriate action will be taken whenever the Trust becomes aware that a leaseholder is acting in breach of the terms of their lease. Such breaches may include, but are not limited to:

- Failure to pay rent, service charges or other charges.
- Subletting (without permission or in contravention of the terms of the lease).
- Unapproved works.
- Improper use.
- Failure to maintain, or damage to, premises.
- Refusal of access to the Company's officers.
- Harassment or neighbour nuisance.

12. Repairs and Maintenance

12.1 The repairing obligations of Southway Housing Trust and the leaseholder are specified within the lease. A brief summary is provided in the leaseholder handbook.

- 12.2 The Trust will carry out repair and maintenance work in line with its responsive repairs policy.
- 12.3 Where a leaseholder fails to fulfil their repair and maintenance obligations, as specified in the lease, the Trust reserves the right to take appropriate action to ensure that any breach is remedied.

13. Section 20 Consultation

- 13.1 Southway Housing Trust will act within the requirements set out in Section 20 legislation at all times. However, the Trust retains the right to apply to the First Tier (Property) Tribunal to dispense with consultation if the work required is of an urgent nature and a consultation process would take too much time.

14. Health and Safety

- 14.1 The Trust is responsible for the health and safety of its customers and for the buildings it owns and manages. This includes gas safety (communal boilers), legionella testing, electrical checks to communal supplies and the general safety of the building.
- 14.2 Regular property inspections will be carried out and any recommendations for health and safety improvements or urgent remedial work will be addressed. Where permitted by the lease associated costs will be recovered through the service charge. Where applicable, charges will be applied in line with Section 20 legislation.
- 14.3 Where an individual boiler is fitted, then the Leaseholder is required to carry out regular gas servicing of their own appliances.
- 14.4 Leaseholders are responsible for their own electrical installation in the flat.

15. Alterations, Additions and Adaptions to the Property

- 15.1 All leaseholders are required to seek the Trusts permission before carrying out any alterations or adaptions affecting:
- The exterior of the property
 - The structure of the building
 - The removal of internal walls

- The building of extensions or conservatories.
- Doors and windows to leasehold flats

15.2 Any such requests will not be unreasonably withheld and if consent is not granted, the Trust will give its reasons in writing.

15.3 A separate procedure and customer guidance note on improvements is available to staff and customers.

16. Resales

16.1 Where a leaseholder wishes to sell their property, the Trust will ensure that the transaction is processed in line with current requirements and will provide the leaseholder with clear guidance on the process, what they are required to do and what they can expect from the Trust.

16.2 Administration fees may apply. Please refer to the Administration Fees document.

17. Consent

17.1 Leaseholders are required to seek consent where specified in their lease, consent will not be unreasonably withheld by the Trust.

17.2 The Trust will apply fair and proportionate administration fees for the processing of all consents, these fees will be made available to leaseholders.

18. Further Borrowing & Re-Mortgages

18.1 The Trust has a separate Additional Borrowing (Deed of Postponement) Policy for RTB / RTA leaseholders.

19. Lease Extensions

19.1 The Leasehold Reform Housing and Urban Development Act 1993 gives qualifying leaseholders the right to extend their lease

19.2 Where a notice is received from leaseholders wanting to exercise their right to extend their lease, the Trust will follow the legislation as set out in the above Act.

- 19.3 The Trust may also apply its discretionary lease extension procedures.
- 19.4 Administration Fees will apply as detailed in the Administration Fees booklet.

20. Collective Enfranchisement

- 20.1 The Leasehold Reform Housing and Urban Development Act 1993 gives qualifying leaseholders of flats a right to buy the freehold of the block if the flats are contained in premises that satisfy certain conditions.
- 20.2 Where a notice is received from leaseholders wanting to exercise their right to collective enfranchisement, the Trust will follow the legislation as set out in the above Act.

21. Right to Manage

- 21.1 The Commonhold and Leasehold Reform Act 2002 gives leaseholders of flats the right to take over the management of their property from the Landlord by setting up a Right to Manage (RTM) Company, subject to qualifying criteria being met.
- 21.2 Where a notice is received from leaseholders wanting to exercise their right to manage, the Trust will follow the legislation as set out in the above Act.

22. Disposal of Freehold

- 22.1 Should Southway choose to dispose of a block or blocks of flats at any time leaseholders will be consulted in advance.
- 22.2 Any disposal will be carried out in line with the Trust's Acquisitions and Disposals Policy.

23. Southway Lease

- 23.1 Southway will be bound by the terms of the leases issued to leaseholders at the time of purchase
- 23.2 Where Southway wishes to vary existing leases a full consultation process will take place.

24. Pets

- 24.1 Leaseholders are required to obtain consent before taking ownership of a pet.
- 24.2 Consent will not be unreasonably withheld but the Trust will apply the requirements of its pet procedure at all times

25. Disputes and Complaints

- 25.1 Any complaints will be dealt with through Southway's Complaints policy.
- 25.2 Where the complaints policy has been exhausted or the leaseholder does not wish to use it, they can apply to the First Tier Tribunal (Property Chamber) for a decision on fairness of service charges or administration charges.

26. Links to other Policies, Procedures and Strategies

- Customer Care (Everyone Matters) Policy
- Single Equalities Scheme
- Responsive Repairs Policy
- Customer Involvement Policy
- Customer Compliments and Complaints Policy
- Customer Compensation Policy
- Rent Setting and Service Charges Policy
- Accounting Policies
- Audit Policy
- Officer Standing Orders and Financial Regulations
- Arrears escalation procedure
- Deed of Postponement procedure
- Administration fees
- Collective Enfranchisement Procedure

- Freehold Purchase Procedure
- Improvements Procedure
- Lease Extension Procedure
- Right of First Refusal Procedure

POLICY REVIEW HISTORY	
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