



NORTHAMPTON
PARTNERSHIP HOMES

Leasehold Management Policy

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1. Purpose and Context

The purpose of this document is to provide policy on leasehold matters, setting out the aims, principles and values that will be followed by the Northampton Partnership Homes (NPH) in fulfilling its leasehold management responsibilities.

Leasehold Management covers a range of services provided by NPH to those who occupy property on a leasehold basis, where Northampton Borough Council (NBC) is the freeholder and landlord.

When a tenant buys their flat through the Right to Buy Scheme it is sold on a long lease (125 years). This gives the leaseholder the right to live there during the period of the lease. Northampton Borough Council (the freeholder and landlord) retains the ownership of the land and the building in which the flat is contained and is responsible under the terms of the lease for the upkeep and management of all common parts and shared services to the building. The leaseholder must pay a proportion of the landlord's costs for these services through the annual service charge.

Northampton Borough Council has entered into a management agreement with Northampton Partnership Homes under which Northampton Partnership Homes will deliver leasehold management services on behalf of NBC. This policy provides the framework and guiding principles within which NPH will deliver these services.

The policy has been written having regard to relevant legislation and industry-wide best practice.

2. Policy Statement

Northampton Partnership Homes is committed to meeting the responsibilities to leaseholders under the terms of their lease and statutory obligations to provide them with high quality services in the management and maintenance of their homes.

We will always seek to provide clear and understandable customer information and to keep customers informed on matters relating to their lease.

We will deliver a leasehold service which:

- Is customer focused
- Complies with the law

- Seeks to adopt good practice in relation to the management of leasehold properties
- Offers value for money

NPH is committed to providing fair and equal access to services to all and will ensure that no leaseholder receives less favourable treatment when accessing our service on grounds of:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

3. Aims and Objectives

The **aims** of the Leasehold Management Policy are as follows:

- To ensure NPH acts at all times in a reasonable and responsible manner
- To protect and respect the rights of leaseholders
- To treat leaseholders as customers, offering high quality value for money services
- For NPH to maintain its long-term interests with its leaseholder with regards to the upkeep of properties and the surrounding environment

The **objectives** of the Leasehold Management Policy are as follows:

- To comply with all relevant legislation, regulatory guidance and Codes of Practice
- To ensure leaseholders are fully aware of and live up to their responsibilities as detailed within their lease
- To maintain leasehold buildings and exterior areas to keep them in a good state of repair to protect both the Council's and leaseholder's investment
- To maximise income through the effective collection of service charges, major works charges and all other charges
- Reduce service charge arrears by proactively encouraging a payment culture by means of carrying out all leasehold services

- To offer leaseholders services which represent value for money
- To offer leaseholders a range of payment options
- To offer opportunities for leaseholder involvement and to encourage feedback
- To comply with requirements to consult leaseholders over the provision of services and in advance of any improvement or major works programmes
- To communicate clearly with leaseholders by providing accurate, timely and understandable information and advice

4. General Provisions

Leaseholder Information

Northampton Partnership Homes will provide its leaseholders with all relevant and necessary information, including information on:

- Rights and Responsibilities
- Details on leasehold management
- Consultation arrangements for major works
- Paying for major works
- Sub-letting
- Service charges
- Advice for leaseholders who may have difficulty in paying service charges and major works charges.
- Anti-social behaviour
- Details of how to participate and influence leasehold services
- A comprehensive complaints procedure
- Details of the First Tier Tribunal and advisory services such as the Leasehold Advisory Service

This information will be provided through:

- A Leaseholder's Handbook
- Service charge billing process
- A copy of this policy (if requested)
- Leasehold information may be included in the Voice magazine
- A dedicated Leaseholder section on the main NPH website

Northampton Partnership Homes will also signpost Leaseholders to independent sources of advice such as:

- Leasehold Advisory Service
- Citizens Advice
- Northampton Community Law Service

Complying with the Lease

NPH will oversee the Council's contractual requirements as stipulated within the lease.

Breaches of the Lease

NPH will aim to ensure that leaseholders comply with their responsibilities within the lease. Breaches could include:

- Unauthorised work to the structure or fabric of the building
- Non-payment of service charge or ground rent
- Improper use of the property for illegal purposes
- Causing nuisance e.g. anti-social behaviour or fly tipping
- Failure to grant access to authorised officers
- Failure to maintain or causing damage to the property and its exterior areas.

In cases where a breach of the lease does occur, NPH will draw the attention of the leaseholder to the breach in writing, requesting that they remedy it. If this fails, then notice will be served in conjunction with Legal Services, requiring the leaseholder to remedy the breach. If the breach continues legal proceedings may be undertaken. This could include forfeiture of the lease. If the breach is in relation to non-payment of service charges the notice will be served in conjunction with LGSS Recovery who may apply arrears charges to the service charge account.

Repairs and Maintenance

NPH will maintain the structure and external fabric of the building and shared communal areas on behalf of the Landlord in accordance with its obligations in the lease. This will include responsive repairs, cyclical maintenance and major works. NPH will ensure leaseholders are invoiced for their share of the costs, which leaseholders have a legal duty to pay.

Insurance

Buildings Insurance will be provided by Northampton Borough Council through its insurance agents. Leaseholders will be required to meet the cost of their building's insurance through an insurance service charge.

It is a Leaseholders responsibility to arrange appropriate insurance for their home contents.

5. Service Charges

Service charges are payments by the leaseholder to the landlord for all services the landlord provides. Service charges may include but are not limited to:

- Buildings Insurance
- CCTV Maintenance
- Communal Boiler Maintenance
- Communal Cleaning
- Communal Heating & Hot Water
- Communal Landlord Lighting
- Grounds Maintenance
- Integrated Receiving System Maintenance (TV Aerial)
- Lift Maintenance
- Management Fees
- Responsive Repairs
- Set up fee (payable in first year since Right to Buy completion only)

Northampton Partnership Homes will provide leaseholders with an estimated annual service charge bill at the beginning of each financial year. Every effort will be made to assess an accurate estimate and leaseholders will be advised of any arrears or credit on their account when the estimated annual service charges are issued.

Responsive repairs required within a block can fluctuate considerably over a period. Therefore, the responsive repairs estimate will be based on an average cost across all blocks within the Borough, calculated over the previous 4 full financial years. Every Leaseholder will be provided the same estimate of costs based on this average. This is intended to prevent the likelihood of providing estimates for responsive repairs which, if only based on the previous year's repair cost to a specific block, may result in an estimate much too high or much too low. Once the actual repair values for a block are known, then in accordance with this Policy, charges will be amended to reflect the actual cost and off set against the estimate, as detailed below.

Payment may be made:

- In advance for the whole financial year
- In monthly instalments over the financial year
- Quarterly Instalments over the financial year

NPH will issue service charge statements of actual costs within six months of the end of each financial year. This will show the actual expenditure and invite leaseholders to question and request supporting evidence to show how the costs are made up for that

particular financial year. Leaseholders will have until the end of March to query the actuals statement.

The annual actual costs for the previous financial year are invoiced and applied to the service charge account on the 1st April (beginning of the financial year) and offset against the estimated invoice for the current financial year raised concurrently.

If the statement results in a credit on the service charge account and if there are no other outstanding charges, Northampton Partnership Homes will invite the leaseholder to apply for a refund of the credit.

Account adjustments and refunds may be rounded to the nearest pound (£).

NPH will:

- Issue estimated service charge demands in accordance with the lease, together with a summary of the rights and obligations of the leaseholder in relation to service charges
- Issue a statement of account in October each year showing:
The actual cost of the services provided and the difference between the estimate and actual charge
- Issue details of the Council's building insurance arrangements

In conjunction with Northampton Borough Council, Northampton Partnership Homes undertakes to regularly review the scope and level of service charges. This is to ensure cost recovery, services provided are meeting leaseholder and landlord needs and that charges reflect value for money.

6. Service Charges – Purchases Part Way Through the Financial Year

If a leaseholder buys their property from the Council during the year, the service charge calculation will be based on costs that are attributable from the date of completion of the sale.

If the leaseholder purchased the lease from a previous lessee, they will be responsible for any service charges attributable from the date of completion and any charges from the previous leaseholder not cleared before completion. The buyer's solicitor should therefore make adequate enquiries before completing the purchase and if necessary, make retention from the purchase price. If the previous owner overpaid for the period they were responsible for then NPH will refund the overpayment

7. Major Works

Where major works are carried out to blocks of flats, a leaseholder is responsible for meeting the cost of their contribution towards the cost of the work. The contribution to be paid by the leaseholder will be calculated in accordance with the terms set out in the lease.

Under the Social Landlords Mandatory Reduction of Service Charges (England) Directions 2014 where the Landlord has received Decent Homes Backlog funding or any other assistance for the specific purpose of carrying out works of repair, maintenance or improvement provided by the Secretary of State or the Homes and Communities Agency and the dwelling subject to the works is the leaseholder's principle home, charges will be capped at £10,000 in any five year period.

Northampton Partnership Homes have discretion to reduce charges further or waive them altogether where the charge is likely to cause exceptional hardship.

In determining whether to reduce or waive major works charges Northampton Partnership homes will have regard to The Social Landlords Discretionary Reduction of Service Charges (England) Directions 2014.

Prior to the commencement of any major works NPH will consult leaseholders on the nature and cost of the works in accordance with the requirements of section 20 Landlord and Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002.

NPH will issue a major works invoice upon completion of work showing the cost of the work together with a summary of the rights and obligations of the leaseholder in relation to service charges. Leaseholders will also be notified of the payment options available to them.

8. Paying for Major Works

Leaseholders will be made aware of the cost of any major works in advance through the consultation procedure and will be encouraged to save towards any likely outstanding cost of major works. For very large bills this may not always be possible and therefore the following options are available:

Immediate Payment Discount

A 5% reduction if a leaseholder pays for the cost of works in full within 28 days of an actual cost invoice being issued. This will not apply where the cost has already been capped or reduced for hardship reasons.

Discretionary Interest Free Payment Plan

The Housing (Service Charge Loans) Regulations 1992 as amended enables local authorities to offer repayment plans to leaseholders for service charge payments on terms other than an interest-bearing loan.

In circumstances where a leaseholder requests to pay their major works charges by instalments, the following payment options will be offered.

- Interest free period of up to 24 months on major works bills under £2,000
- Interest free period of up to 36 months on major works bills £2001 - £5,000
- Interest free period of up to 60 months on major works bills £5001 - £10,000

Where payment is not made in accordance with the plan the leaseholder will incur an arrears admin fee of £70.00.

Mandatory Service Charge Loan

A leaseholder of a flat bought under the right to buy may have the right to a statutory loan from the local authority to pay major works charges for repairs or improvements under section 450A of the 1985 Housing Act. The leaseholder does not have to be resident. Financial restrictions and terms of the loan are set out in The Housing (Service Charge Loans) Regulations 1992.

The right to a mandatory loan only applies in the following circumstances:

- Applies during the first 10 years of a RTB lease
- The request for a loan is received within 6 weeks of receiving the invoice
- The charges are for major works repairs or improvements

The loan is secured by a charge on the property.

NPH will make the leaseholder aware of this potential right at the time they are invoiced for major works costs.

Voluntary Charge

This option is discretionary. A charge equal to the value of the major works is registered against the property through the Land Registry. Payment of the major works charge is deferred until the property is sold or transferred when the charge would become payable in full.

This option will only be considered where:

- The charges are for major works improvements
- The leaseholder is residing in the property

- There is sufficient equity in the property
- The leaseholder can evidence that they are unable to afford to repay the major works charges through either the discretionary or mandatory repayment arrangements, without experiencing severe financial hardship.

9. Prevention of Leaseholder Service Charge Arrears

NPH aims to maximize service charge income and therefore will seek to prevent service charge arrears in the following ways:

- Giving clear information prior to the leasehold purchase about leaseholder responsibilities
- By ensuring leaseholders receive adequate notice of charges due and are fully and promptly informed of charges to be levied on them
- Provide Direct Debit mandates with all invoices in respect of annual estimated service charges and also to all new leaseholders
- Offer a wide variety of payment options including; online payments, telephone (debit/credit card), cheque, Standing Order and Direct Debit
- Working in partnership with LGSS Recovery to ensure where possible, personal contact with the leaseholder before referring cases for legal action if there is no response to arrears letters
- Use letters written in plain English and offer a reasonable language translation service, large print, Braille and sign language service
- Include with invoices and arrears letters where appropriate: payment methods, opening hours, contact details for money and benefits advice

10. Service Charge and Major Works Charge Debt Recovery Action

LGSS Recovery through their agreement with Northampton Borough Council are responsible for the recovery of service charge arrears. NPH will work in partnership with LGSS Recovery to support the maximization of service charge income in seeking clearance of debts as soon as possible, whilst considering the specific needs of the individual leaseholder.

If leaseholders do not pay within the specified time, miss payments despite reminders or are not maintaining a payment agreement, LGSS Recovery will progress recovery using the most appropriate method in order to maximize income.

Charges and fees may apply as set out in the Leaseholder Handbook, in order to offset recovery costs.

11. Consultation with Leaseholders

Northampton Partnership Homes will ensure that leaseholders are fully consulted in compliance with section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002. This requires the Council to consult leaseholders on:

- Any proposed major works and improvements where the amount payable by any one contributing leaseholder within a building exceeds £250
- Any proposed works or services carried out under a qualifying long-term agreement where the amount payable by any one contributing leaseholder within a building exceeds £100

The consultation procedure will comply with the Service Charges (Consultation Requirements) (England) Regulations 2003 issued under the Commonhold and Leasehold Reform Act 2002 and will give leaseholders the opportunity to comment on the choice of contractors and the proposed works.

12. Sub-Letting

Leaseholders are permitted to sub-let their property in accordance with the terms of their lease. The leaseholder must inform Northampton Partnership Homes of their new correspondence address and contact details. If a leaseholder has a mortgage, they must also obtain the lender's permission.

NPH will provide advice to leaseholders regarding their responsibility, under the terms of their lease, for the actions and behaviour of their tenants.

13. Selling a Leasehold Property

Repayment of Discounts and Fees

Leaseholders who purchased their home under the Right to Buy are required to pay back some or all of the discount received if they sell within 5 years of purchase.

All the discount is repayable if the property is sold within the first year. After that, the total to pay back reduces to:

- 80% of the discount in the second year
- 60% of the discount in the third year
- 40% of the discount in the fourth year
- 20% of the discount in the fifth year

The actual amount to pay back depends on the value of the property when sold.

The Leaseholder is required to seek consent through NPH before the lease is assigned. Fees for work associated with the transfer of a lease will apply as detailed in section 15.

Right of First Refusal

Under section 156A of the Housing Act 1985 as amended by section 188 of the Housing Act 2004, Northampton Borough Council has a right of first refusal, to buy-back a property previously sold under the Right to Buy.

This right applies to the original leaseholder from the Council within 10 years from the date of the lease.

Northampton Borough Councils policy is to treat each potential re-purchase on a case by case basis. Northampton Partnership Homes will provide advice as appropriate and within the scope of NPH's responsibility.

14. Requests to Undertake Improvements

NPH is supportive of leaseholders wishing to improve their homes. Leaseholders are required under the terms of their lease to obtain consent to make alterations or improvements. Permission to carry out improvements must be obtained in advance in writing and will not be unreasonably refused.

The following fees will be applied for alterations.

- Licence of Alteration (Standard licence of alteration, for changes in running of pipes (water and gas) when installing kitchens, bathrooms and boilers, including any electrical installations, includes visit) £100.00
- Consent for Front Door (If the leaseholder would like to replace the front door themselves, when the responsibility is of the landlord, includes post inspection) £100.00
- Consent for Windows (If the leaseholder would like to replace the windows themselves, when the responsibility is of the landlord, includes post inspection) £100.00

Where the leaseholder has not gained prior permission for alterations and improvements, NPH will endeavor to work with the leaseholder, including providing appropriate advice and information, to achieve a position where retrospective permission can be provided.

The following fees will apply for retrospective permission.

- Retrospective Licence (When permission was not sought by leaseholder and works have already been completed (includes visit) £150.00

If it is not possible to provide retrospective permission NPH will seek to enforce the terms of the lease which may include action for breach of lease.

Where any works carried out by the leaseholder present an immediate health and safety risk to other persons or endanger other parts of the building, NPH may undertake works to make safe. Any costs incurred will be recharged to the Leaseholder in addition to action for breach of lease.

15. Other Leasehold Service Fees

NPH will apply fees to administer specific leaseholder requests, as follows:

Solicitor Enquiries Pack £90.00

When selling your leasehold property, this is the information solicitors require.

Solicitors Additional Enquiries £30.00

Any additional solicitor enquiries.

Notice of Transfer £30.00

Transfer notice served by the buyer's solicitors to notify us officially that the lease has been assigned.

Duplicate Lease £30.00

If you require a duplicate copy of the lease.

16. Complaints

All complaints will initially be dealt with through NPH's Complaints Procedure.

Should resolution not be achieved through the complaint's procedure NPH will advise the leaseholder of their options to refer their complaint to the Housing Ombudsman or First Tier Tribunal.

17. Legal Framework

Key pieces of legislation include:

- The Landlord and Tenant Acts of 1985 and 1987

- The Leasehold Reform, Housing and Urban Development Act 1993
- The Housing Act 1996
- The Commonhold and Leasehold Reform Act 2002 (which introduced significant amendments to the above Acts)

Other relevant legislation includes:

- Housing and Regeneration Act 2008
- Housing Act 2004
- The Housing Act 1985
- The Data Protection Act 1998
- The Law of Property Act 1925

Landlord and Tenant law and accompanying regulations and Codes of Practice is a complex area and subject to frequent change. NPH's Leasehold team will work closely with NBC Legal Services to ensure that NPH complies fully with the legislation.

18. Review

The policy will be subject to review one year from approval or at any point where changes in legislation or working practice require a review to be completed.

DOCUMENT MANAGEMENT	
<i>Approved by: NPH Executive Management Team 8th July 2020</i>	<i>Next Review Date: July 2021</i>
<i>To be read in conjunction with:</i> <ol style="list-style-type: none"> 1. <i>NBC Lease Document</i> 2. <i>Leasehold Handbook</i> 	<i>Contact Officer:</i> <i>Head of Income and Leasehold Services</i>