

Title:	Leasehold Management Policy
Person responsible:	Housing Services Manager
Customer consultation arrangement:	Consultation required? Yes ☒ Housing & Communities Committee
EIA required:	Yes
EIA completed (date):	September 2023
Approved by:	Senior Leadership Team
Business Strategy Theme	Quality Homes, Quality Services, Quality People
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Links to other key policies:	Customer Experience Strategy Right to Buy Right to Acquire procedures Rents and Service Charges Policy Alterations Policy Income Management Policy
Review date:	September 2026

Document management		
Version	Date amended	Amendments
1		New Policy to Replace previous one.
2	April 2026	Restructure, changes to job titles and responsibilities.

1. Purpose and Scope

- 1.1 This policy sets out our approach to Leasehold Management. This is a general policy covering all leasehold matters, setting out the aims, principles and values that will be followed by South Lakes Housing (SLH).
- 1.2 SLH aims to deliver a leasehold management service which meets its responsibilities to leaseholders under the terms of their lease, associated legislation, regulation and accepted best practice.
- 1.3 The policy covers the management services provided to leaseholders who have purchased their properties through Right to Buy / Right to Acquire Schemes, and to those who have purchased on the open market.
- 1.4 There is a separate Policy for the management of leaseholders who are Shared Owners

2. Regulatory and Legislative Requirements

- 2.1 Key relevant regulation and legislation includes, but is not limited to:-

- Housing Act 1980
 - Housing Act 1985
 - Housing Act 1996
 - Landlord And Tenant Act 1985 (as amended)
 - Landlord and Tenant Act 1987 (as amended)
 - Leasehold Reform and Urban Development Act 1993
 - Commonhold and Leasehold Reform Act 2002
 - Service Charges (Consultation Requirements) (England) Regulations 2003
 - Ground Rents Act 2022
 - o Building Safety Act 2022 (and related regulations and guidance)
 - o Leasehold and Freehold Reform Act 2024 (as commenced, and together with any secondary legislation)
- 2.2 SLH will keep this policy and related procedures under review to reflect changes in legislation, regulatory expectations and statutory guidance as they come into force, including phased commencement and any secondary legislation.

3. Definitions

- 3.1 A **leaseholder** is somebody who has purchased a property on a lease. Typical SLH leases are for a 125 year term. The term decreases year on year.
- 3.2 A **freeholder** is somebody who owns the property (or block of properties) outright, including the land that it is built on. The freeholder is also referred to as the landlord.
- 3.3 A **lease** is a contract between the landlord and the leaseholder which sets out the rights and responsibilities, including financial obligations, of both parties.
- 3.4 A **Variable Service Charge** is an amount payable by a tenant or leaseholder of a property as part of or in addition to the rent, for services, repairs, maintenance, improvements, insurance or the landlord's costs of management; and the whole or part of which varies or may vary according to the relevant costs.
- 3.5 **Ground Rent** is a rent payable by a leaseholder of a property to the freeholder, as required by the lease. SLH ground rents are usually £10 per year for leases created prior to June 2022 and a peppercorn (ie zero financial value) for leases created after that date.
- 3.6 The **First Tier Tribunal (Property Chamber)** is a part of HM Courts and Tribunals Service. The Tribunal deals with residential disputes including Service Charges.

4. The Lease

- 4.1 SLH and its leaseholders are bound by the terms of the lease. Leases differ subject to circumstances, such as the date they were issued, the type of property they relate to and the area or estate on which the property is situated. The lease sets out the rights and responsibilities of the landlord and the leaseholder, including:
- Repairs and maintenance to the property, the structure and the common parts
 - Services to be provided by the landlord
 - Charges to be paid by the leaseholder
 - Procedures for the leaseholder to assign the lease
 - Rights and responsibilities of both parties in relation to day to day living
- 4.2 A Leaseholder Handbook is available on the SLH website. This explains the lease, leaseholder rights and responsibilities and provides useful information about the services SLH provides.

5. Ground Rent

- 5.1 SLH will send an annual ground rent demand using the form prescribed within Section 166 of the Commonhold and Leasehold Reform Act 2002.

6. Service Charges

- 6.1 SLH will provide the services as required under the terms of the lease and will charge each leaseholder for their proportionate share of the costs through the annual service charge.
- 6.2 SLH will ensure service charges and administration charges are lawful, reasonable and supported by clear information about what is being charged for, how costs are apportioned and how leaseholders can query or challenge charges.
- 6.3 SLH will carry out statutory consultation as required by the Landlord and Tenant Act 1985 (as amended) prior to entering into a Qualifying Long-Term Agreement (QLTA). A QLTA is a contract which exceeds 12 months in length and will result in a cost of more than £100 per service charge payer. This gives leaseholders the opportunity to comment on the proposed service contract and the choice of contractor.
- 6.4 SLH will send each leaseholder an invoice at the start of each financial year (usually April) listing the estimated service charges for the following 12 months.
- 6.5 The estimated service charges are payable by the leaseholder on 1st April each year, in accordance with the lease. SLH requires payment to be made within 60 days of the date of the invoice.

- 6.6 SLH will accept a payment agreement for leaseholders to pay their service charge in 12 monthly instalments, so long as the arrangement is made within 30 days of the invoice date.
- 6.7 A range of payment methods is available to leaseholders:
- Direct Debit
 - All-Pay Payment Card
 - Automated 'Touchtone' telephone service
 - Internet payment via SLH website
- 6.8 The payment agreement will be terminated if a payment is missed. The full annual service charge will then become due.
- 6.9 SLH will follow its Income Management Policy in recovering and taking action for the recovery of unpaid charges.
- 6.10 After the end of the financial year SLH will prepare and send each leaseholder a statement detailing the actual expenditure for the year compared with the estimated charge. Any surplus or deficit for the year will be applied to the next year's service charge estimate. Next year's service charge estimate.
- 6.11 SLH will provide further information on the breakdown of service charges and invoices paid for the last financial year, on request within 6 months of the presentation of the accounts.
- 6.12 Service Charge disputes will be dealt with via SLH's Complaints Procedure.
- 6.13 Nothing in this policy removes a leaseholder's statutory rights, including (where applicable) the right to seek a determination from the First-tier Tribunal (Property Chamber).

7. Repairs, Maintenance and Major Works

- 7.1 SLH will maintain, repair and replace the external fabric of the building, shared communal areas and grounds in accordance with lease obligations.
- 7.2 This will include day to day repairs, cyclical maintenance and major works.
- 7.3 Leaseholders are required under the terms of their lease to contribute a proportion of the costs of the works carried out by SLH. This is collected through the service charge.
- 7.4 Where works are required to meet building safety and fire safety obligations, SLH will take a safety-led approach, comply with applicable building safety legislation and seek to ensure that any costs recharged to leaseholders are lawful and supported by clear information.
- 7.5 Major works are large projects of work such as the renewal of the roof, window frames or communal elements within a block such as the lift. In such

cases, where the cost to any one leaseholder will be more than £250, SLH will carry out statutory consultation as required by the Landlord and Tenant Act 1985 (as amended). This gives leaseholders the opportunity to comment on the proposed works and the choice of contractors to carry out the works.

- 7.6 Leaseholders are responsible for the repair and maintenance of the property as specified in the lease. Where this includes the flat entrance door, the door should meet current Fire Safety requirements when applicable, and any works carried out to the property should not impact on the structure or breach the compartmentation of the building. Evidence of full compliance with current legislation at the time of the installation will be required.
- 7.7 Leaseholders are responsible for allowing access to inspect the internal condition of Fire Doors & Frames on an annual basis.
- 7.8 Where a leaseholder has not maintained their property in accordance with their lease, SLH may seek to enforce the terms of the lease by requesting that the repair be completed within 1 month of being notified. In exceptional cases, where there is a serious risk to the health and safety of the leaseholder or others, SLH may carry out the repair and invoice the leaseholder for the cost of the work.
- 7.9 Leaseholders are responsible for the safety and maintenance of self-contained heating, plumbing and electrical systems within their properties. This includes arranging regular gas servicing and electrical condition testing.

8. Buildings Insurance

- 8.1 SLH provides Comprehensive Buildings Insurance Cover for flats and maisonettes. This is a requirement of the lease and is not optional for leaseholders.
- 8.2 SLH will not receive a commission from Insurers; where any commission or benefit is included with the Policy, this will be passed on to Leaseholders.
- 8.3 The contribution to the Buildings Insurance Premium and associated management fee, is included in the annual service charge.
- 8.4 A Summary of the cover for the Buildings Insurance is available on request.
- 8.5 Leaseholders are responsible for insuring the contents within their property.

9. Subletting

- 9.1 SLH will consider requests to sub-let in accordance with the requirements of the lease.
- 9.2 “Airbnb”, “Bookings” or any similar commercial schemes are not an accepted form of sub-letting.

- 9.3 Where a leaseholder has sub-let a property, SLH will require emergency contact details for the leaseholder or their managing agent.
- 9.4 SLH will not engage with the leaseholder's sub tenant.
- 9.5 The leaseholder remains responsible for the payment of charges and the actions of their sub tenant.
- 9.6 SLH will take action against the leaseholder for any breaches of the lease caused by their sub-tenant.

10. Alterations and Improvements

- 10.1 Any leaseholder wishing to carry out alterations and improvements to their home must obtain SLH's written consent and pay the associated fees before carrying out any work.
- 10.2 Leaseholders may make general alterations or improvements to their property providing they do not remove or effect any structural walls or change the appearance of the outside of the building or the shared or communal parts in any way. This includes the boundary walls and fences and garden areas, where these are included within the curtilage of the individual lease.
- 10.3 In considering whether consent may be given, SLH will also assess the impact on neighbours and the environment, the building structure, building safety and the ownership of the land in question. Consent may be given subject to adherence to certain conditions and appropriate evidence/certifications.
- 10.4 Leaseholders should make their own enquiries as to any planning, building regulations or other statutory consents that may be required, and are responsible for obtaining these.

11. Sales

- 11.1 A leaseholder who sells their property within five years of purchasing through the Right to Buy or Right to Acquire will be responsible for repayment of the whole or part of the discount they received dependent on the time that has passed.
- 11.2 SLH will advise on the discount repayment requirement on request.
- 11.3 A leaseholder who sells their property within ten years of purchasing through the Right to Buy or Right to Acquire must give SLH the right of first refusal to purchase the property.
- 11.4 SLH has sole discretion as to whether to repurchase a lease from an existing leaseholder, as well as the terms of any transaction such as value and possession options.

- 11.5 SLH will respond to Leasehold Property Enquiries contained within the statutory LPE1 form in a timely manner. There is a charge for this service as per the published list of fees and charges.
- 11.6 SLH will endeavour to respond to additional enquiries not included within any of the statutory forms, however this may incur an additional charge.
- 11.7 All service charges must be paid up to date, any agreement in relation to apportionment of charges for a year should be agreed between the parties.

12. Breach of Lease

- 12.1 Breaches of the lease can include, but are not limited to:
- Not paying charges due, such as service charges and ground rent
 - Not maintaining the property as required within the lease
 - Causing a nuisance or anti-social behaviour (this could be the shared owner, the leaseholder's family, or visitors to the property)
- 12.2 If SLH suspects a breach of the lease, action will be taken initially to work with the leaseholder to try to remedy the breach. Where this is not possible or a leaseholder is not willing to co-operate then SLH will take legal action.
- 12.3 SLH will always seek to avoid repossession where possible, and will only follow this action as a very last resort.
- 12.4 SLH will seek to recover all legal and administrative costs incurred in taking such action.

13. Forfeiture of Lease

- 13.1 SLH will only seek forfeiture of a lease as a last resort after all available options have been exhausted.

14. Lease Variation

- 14.1 In some instances, it may be necessary to vary (amend) the terms of a lease, for example to expand on service provision or to rectify defective leases.
- 14.2 SLH will always consult those leaseholders affected prior to commencing a process to vary the terms of any leases.
- 14.3 Where a lease variation can be achieved by agreement, SLH will arrange for a Deed of Variation to be signed by both parties and registered at the Land Registry.

- 14.4 Where agreement cannot be achieved, SLH will make an application to the First Tier Tribunal (Property Chamber) for a lease variation under the Landlord and Tenant Act 1987 (as amended).
- 14.5 Each party will pay their own legal costs in relation to lease variations, unless a separate settlement is reached between the parties.
- 14.6 Where a leaseholder requests a change to the lease (and where SLH agrees to that change), then the leaseholder will be responsible for the full costs (including SLH's legal costs) of varying the lease.

15. Lease Extension

- 15.1 Any leaseholder may make a request to extend the term of their lease either by agreement at any time or under the statutory provisions of The Leasehold Reform Housing and Urban Development Act 1993 (as amended) after 2 years ownership.
- 15.2 The premium for a lease extension by agreement will be as determined by a RICS (Royal Institution of Chartered Surveyors) valuer appointed by SLH.
- 15.3 The leaseholder will be required to pay any costs associated with the lease extension, including the premium, and their own legal costs as well as legal, valuation and administration costs incurred by SLH.

16. Enfranchisement

- 16.1 The Leasehold Reform Housing and Urban Development Act 1993 (as amended) gives leaseholders the right to purchase the freehold of their building as long as set criteria is met.
- 16.2 Purchase of the freehold will be at a premium based on a RICS valuation, and any services to and maintenance of the block will become the responsibility of the purchasers.
- 16.3 SLH will seek to recover all reasonable costs associated with the enfranchisement process.
- 16.4 SLH will seek to ensure that their tenants within the block continue to receive a satisfactory service from the new freeholder.
- 16.5 Leaseholders of houses have the right, in most cases, to purchase the freehold of their house. Purchase of the freehold will be at a premium based on a RICS valuation and the leaseholder will be required to pay SLH's associated legal, valuation and administrative fees.

17 Right to Manage

- 17.1 The Commonhold and Leasehold Reform Act 2002 gives Leaseholders the Right to Manage their block so long as certain criteria is met.
- 17.2 SLH will seek to discuss any request for the Right to Manage with leaseholders to explore alternative options.
- 17.3 SLH will recover all administration and legal fees incurred during the process.

18. Administration Charges

- 18.1 A list of SLH administration charges is available on request.
- 18.2 SLH will ensure administration charges are lawful, reasonable and transparent, and will provide clear information about what the charge relates to and any statutory summary of rights and obligations where required.

19. Monitor and Review

- 19.1 This policy will be reviewed every three years, or where there have been significant changes to regulation, legislation, operations or best practice to warrant a further policy review.
- 19.2 If you have any questions about this policy, please contact SLH via email, customerservices@southlakeshousing.co.uk.