



LEASEHOLD MANAGEMENT POLICY

1. POLICY STATEMENT

- 1.1 Erimus Housing (The Landlord) is committed to meeting its responsibilities to Leaseholders under the terms of their leases, and to providing them with high quality services in the management and maintenance of their homes.
- 1.2 For the purpose of this policy, Leasehold Management includes:
- Properties originally sold under the Right to Buy or Right to Acquire;
 - Shared ownership properties.
- 1.3 The Landlord is committed to offering the same standards of customer care and the same performance standards to Leaseholders as it offers to tenants.
- 1.4 The Landlord's staff, Board Members and contractors will be expected to adhere to the principles laid down in this policy and have an individual and collective responsibility to ensure that this policy is actively applied in practice.
- 1.5 The objectives of this policy are:
- To ensure that the Landlord honours its lease covenants and obligations;
 - To ensure that Leaseholders honour their lease covenants, in particular with regard to harassment, neighbour nuisance and other actions taken by them likely to affect other residents;
 - To provide Leaseholders with accurate and timely information about the services they receive, the cost of those services and the amount due in service charge payments;
 - To consult with Leaseholders in accordance with the requirements of legislation, and on any other proposed changes to policy or practice, which will affect the management or maintenance of their homes;
 - To work with Leaseholders, Leaseholder representatives and Leaseholder groups to consider issues such as Leaseholder satisfaction with the level and quality of services provided and the way in which charges are determined;
 - Subject to data protection and confidentiality, to make available to all prospective Leaseholders full and factual information relating to their rights and obligations as Leaseholders before they purchase their property;
 - To deal with complaints at first point of contact or resolve via the Landlord's complaints procedure;
 - All Leaseholders will be provided with a Leaseholder handbook and a summary copy of the insurance cover annually as it is renewed.
- 1.6 This policy outlines our principles and approach to dealing with Leasehold Management. Details of the process and practical implementation of the policy are contained within the suite of Leasehold Management procedures. A summary format of this policy is available to customers.

2. REFERENCES

2.1 External

Legislation and regulation:

- Landlord and Tenant Act 1985 as amended by the Landlord & Tenant Act 1987;
- Landlord & Tenant Act 1987;
- Leasehold Reform, Housing and Urban Development Act 1993;
- Housing Act 1980;
- Housing Act 1985;
- Housing Act 1996;
- Housing Act 2004;
- Commonhold and Leasehold Reform Act 2002;
- Property Misdescriptions Act 1991;
- Consumer Protection Act 1987;
- Law of Property Act 1925;
- Arbitration Act 1996.

Guidance:

- Leasehold Management Good Practice Guide – CIH

2.2 Internal

Business plan / Corporate objectives:

- Provide a first class Housing Service;
- Provide excellent service to owners, Leaseholders and those exercising the Right to Buy

Related documents:

- Repairs, maintenance and improvement policy and procedure;
- Asset management strategy;
- Equality and diversity strategy;
- Disability Discrimination Act (DDA) Action Plan.

3. DEFINITIONS

3.1 There are no definitions required for this policy.

4. POLICY CONTENT

4.1 The Lease

4.1.1 The Landlord will be bound by the terms of the lease, whether granted directly by Erimus Housing or originally granted by Middlesbrough Council, and subject to which Erimus Housing acquired the freehold interest.

4.1.2 The Landlord will make available to all prospective Leaseholders who are the Landlord's Tenants full and factual information relating to their rights and obligations as Leaseholders, and emphasise the need for them to seek

independent legal advice before committing themselves to purchasing the lease.

4.1.3 All leases issued by the Landlord will include information regarding:

- The service charge to be paid, how it has been determined and when payment is due. Where it is a variable service charge, the arrangements for collecting contributions;
- The procedures for Leaseholders' to assign the lease;
- The grounds for the Landlord ending the lease by forfeiture or re-entry (taking account of the requirements of the 1996 Housing Act);
- The details of the respective responsibilities of the Leaseholder and of the Landlord for repairs and maintenance to the property, the structure and common parts.

4.1.4 The Landlord will provide a plain English summary of its leases for prospective Leaseholders (which will also be available in translation if required), whilst emphasising the need for them to seek independent legal advice before committing themselves to purchasing the lease.

4.2 Changing the terms of a lease

4.2.1 The lease can only be altered by a 'Deed of Variation' which will have to be approved by a court or a Leasehold Valuation Tribunal.

4.3 Repairs

4.3.1 The Landlord shall put in place appropriate arrangements to maintain buildings in repair in accordance with lease obligations. This shall include day-to-day repairs, cyclical maintenance and major works.

4.3.2 Leaseholders may report repair requests through the Landlords repair line (or out of hours arrangements in the case of an emergency).

4.3.3 Leaseholders of shared ownership properties will be expected to maintain and repair their property in accordance with the terms of their lease.

4.3.4 Periodic maintenance and major works shall be programmed to maintain the condition of assets on which Leaseholders will be consulted.

4.4 Service Charges

4.4.1 The Landlord will prepare timely and accurate information about the cost of services for which service charges are due. It will make available to Leaseholders a copy of the audited annual accounts for management services within six months of the end of the accounting period. Leaseholders will be provided with an estimate of the following year's charges once a budget for that year's expenditure has been agreed, and in accordance with the requirements of Leaseholder's leases.

4.4.2 Service charges will be set to reflect actual costs for each block as far as possible. Where a surplus has been paid over a particular financial year, the Landlord will carry it forward to the following year's accounts. Where there is a deficit, the Landlord will add it to the following year's service charge. A general list of service charge elements is attached at Appendix 1; this is intended as a general guide and not an exhaustive list.

4.5 Ground Rent

4.5.1 All Leaseholders are required to pay ground rent on demand. In the case of properties bought under the Right to Buy/Right to Acquire this is fixed under the terms of the lease at £10 per year. In the case of shared ownership properties, the ground rent is set at a level which takes account of the share of property owned by the Landlord. In all cases the lease controls the ground rent charged by the Landlord.

4.6 Management Fees

4.6.1 The Landlord reserves the right to recover the costs for managing its leasehold properties. Management Fees which may vary from time to time, will cover the costs of providing management and general administration on behalf of Leaseholders.

4.7 Service Charge Collection

4.7.1 Leaseholders will be offered a variety of payment mechanisms for the payment of their service charges in accordance with the Landlords Income Management Policy.

4.8 Service Charge Arrears

4.8.1 Leaseholders will be provided with information, about their service charge accounts at regular intervals. Any Leaseholder falling behind with payments will be advised accordingly, as appropriate action for arrears recovery will be taken.

4.8.2 If arrears occur, the Leaseholders will be contacted and encouraged to either make an immediate payment to clear the full amount, or to make an arrangement with the Landlord to clear the outstanding debt by defined instalments.

4.8.3 Leaseholders may be offered advice about housing and other benefits which may assist them in maximising their income and/or meeting their service charge liabilities.

4.8.4 If the Leaseholder is unable to make sufficient payments to meet the terms of a repayment agreement, consideration may be given, with the lender, to reschedule the debt or undertake other appropriate courses of action.

4.8.5 Where other courses of recovery action have failed, consideration may be given to commence legal proceedings. Legal action may include money judgement orders, or following persistent failure to pay service charges, action for forfeiture (bringing the lease to an end), in accordance with leasehold legislation.

4.9 Insurance

4.9.1 The Landlord will insure the premises to their full reinstatement value and provide to leaseholders details of the sums insured, perils covered and premiums.

- 4.9.2 Leaseholders must inform the Landlord of any changes in circumstances that may impact on the insurance, for example, sub letting.
- 4.9.3 It will be the responsibility of the Leaseholder to complete and submit claim forms to the insurer where damage is the leaseholder's responsibility to repair.
- 4.9.4 In the case of damage to the block or structure where liability is that of the landlord under the lease, the Landlord 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.
- 4.9.5 If requested the Landlord can provide contents insurance.
- 4.10 Cost of Major Works (Including Structural Works)
 - 4.10.1 The Landlord will aim to limit the proportion of the costs of Major Works, which passes on to Leaseholders wherever possible, and as required by legislation.
 - 4.10.2 The Landlord aims to recover from Leaseholders all monies due from them towards costs of major works in accordance with lease terms and legislation.
 - 4.10.3 The Landlord will explore with the Leaseholder a range of alternative repayment mechanisms for meeting the costs of major works for which they are liable.
 - 4.10.4 The Landlord will consult leaseholders about arrangements for assisting them in planning for longer-term financial liabilities.
 - 4.10.5 Where provided for in leases the Landlord will establish sinking funds to provide for future major repairs, and so avoid large one-off service charge demands. We will also seek to establish sinking funds for other buildings on a voluntary basis.
 - 4.10.6 Calculation of sinking fund contributions will be based on a professional assessment of the life expectancy of the building components.
It may be possible to offer internal works to individual Leaseholders which are not covered by the terms of the lease (for example, modernisation schemes offered to rented accommodation). However such schemes will require payment in advance or special conditions or agreed with the Landlord.
- 4.11 Consultation
 - 4.11.1 The Landlord will consult Leaseholders on services provided both individually and by service user forums as appropriate and in accordance with legislation.
 - 4.11.2 The Landlord will consult Leaseholders on any proposed changes to arrangements for maintenance, management or service provision, which could have a substantial effect on them.
 - 4.11.3 The Landlord will promote and recognise any Leaseholder groups established in the area. It will provide such groups with advice, support and assistance as necessary.

4.12 Reserve / sinking fund

4.12.1 Where the lease allows, sinking funds will be established to provide an adequate amount of money for repair and improvement works required to the scheme without large changes year-to-year in the overall service charge to Leaseholders.

4.12.2 The contributions towards the sinking fund will be set at a level to enable the structure to be maintained to acceptable standards and at least that used for rented homes. Calculations of sinking fund contributions may be contained within the terms of the lease but in any case should be sufficient with regard to building components life cycles.

4.13 Leaseholder Improvements

4.13.1 Any Leaseholder wishing to carry out improvement works to their home must first obtain the Landlords consent. The Leaseholder is required to submit full details of the proposed work, including proof of planning permission and building control consent where this is applicable.

4.13.2 The decision to grant or refuse permission will be provided to the Leaseholder in writing detailing the reasons for the decision. Further clarification is detailed in the procedure document.

4.14 Breaches of the Lease

4.14.1 Appropriate action will be taken whenever the Landlord becomes aware that a Leaseholder is acting in breach of the terms of their lease. Such breaches may include:

- Unapproved works;
- Improper use;
- Failure to maintain, or damage to, premises;
- Refusal of access to the Company's officers;
- Harassment or neighbour nuisance – refer to Anti –social behaviour policy;
- Unpaid ground rent or service charges.

4.14.2 In all such cases, the Landlord will first serve notice on the Leaseholder requiring them to remedy the breach. If the breach continues, further action will be taken, which may include seeking an injunction, or as a last resort, taking action against the Leaseholder for the forfeiture of their lease.

4.15 Transfer of Leasehold interests

4.15.1 The Landlord will respect Leaseholders' entitlement to sell their Leasehold interests to third parties and will deal with enquiries relating to such transfers in a prompt and efficient manner.

4.15.2 Leaseholders should notify the Landlord of transfers and sub-letting, providing the Landlord with current correspondence addresses.

4.15.3 The Landlord reserves the right to charge a fee for services and documentation provided.

4.16 Leaseholder enfranchisement

- 4.16.1 Should Leaseholders request to acquire the freehold of the block of flats, the Company will comply as required by the Commonhold and Leasehold Reform Act 2002.
- 4.16.2 The Landlord will make available, information relating to the right to collective enfranchisement to any leaseholder requesting it. For qualification conditions please refer to the procedure document.

4.17 Buy Back

- 4.17.1 The Landlord may buy back leases from Leaseholders in exceptional circumstances. Each case will be assessed on its merits and Buy Back will depend on the money available for this purpose. The Landlord will advise of the decision in accordance with the Buy Back policy in operation at the time.

4.18 Complaints

- 4.18.1 The Landlord will first seek to resolve any complaints at service level. If this cannot be done to the leaseholder's satisfaction complaints may be escalated through the Landlord's formal complaints and appeals process.
- 4.18.2 This does not take away either parties right to formally refer disputes to the Leasehold Valuation Tribunal.

5. EQUALITY AND DIVERSITY

- 5.1 The Landlord recognises that it operates in a community within which there is wide social diversity, and are committed to providing equal opportunities and valuing diversity.
- 5.2 In the delivery of our Leasehold Management service, we aim to treat all customers fairly, and with respect and professionalism regardless of their gender, race, age, disability, religion, sexual orientation and marital status.
- 5.3 To enable all residents to have clear information and equal access to our Leasehold Management Service, the Landlord publishes clear information in a range of appropriate languages and formats and through a range of media. Feedback is also accepted through a variety of different routes to reflect individual customer's preferences or needs.
- 5.4 To help demonstrate that our approach to managing Leaseholders is fully in keeping with our equality and diversity, we will collect equalities information on leaseholders who have accessed different elements of this service. This will feed into our consultation, monitoring and review processes.
- 5.5 Full details of our approach are set out in our Equality and Diversity Strategy.

6. CUSTOMER INVOLVEMENT AND CONSULTATION

- 6.1 The Landlord recognises the importance of working in partnership with our customers to develop and continuously improve our services and raise standards.

6.2 The Landlord actively involves all customers in at the beginning of decision making processes and ensures leaseholders are empowered to play a part in wider consultation and involvement structures, as detailed in full in our Resident Involvement Strategy.

6.3 To demonstrate this commitment, this policy:

- Will be reviewed in consultation with Leaseholders;
- Involves Leaseholders in the monitoring and testing of service delivery standards laid out in this policy and relevant procedures;
- Publishes information in relation to performance against the aims and standards set down by this policy;
- Will be developed and reviewed in light of Leaseholder feedback, comments and complaints.

7. POLICY MONITORING AND REVIEW

7.1 Monitoring

7.1.1 The monitoring of outcomes is essential for the Landlord to track levels of customer service and satisfaction with the delivery of the Leasehold Management Service. Monitoring of the implementation of this policy and the associated procedures will consider:

- The preferred method of consultation for Leaseholders;
- The performance against service standards and targets set out in the procedures;
- The cost of providing the service;
- Leaseholder satisfaction and level of complaints.

7.1.2 The Landlord will provide monitoring information which will be reported to the appropriate committees quarterly, and publicised to Leaseholders on a six monthly basis via the Leasehold Advisory Panel and Leaseholder Forum and in the Leaseholder newsletter.

7.2 Review

7.2.1 Monitoring results will be used by the Landlord to inform future policy review in this area. All reviews will consider whether:

- The current policy adheres to legislative and regulatory requirements, and reflects current good practice;
- The aims and objectives of the policy being met;
- The current policy outcomes meet the needs and aspirations of our leaseholders;
- Leaseholders are aware of and understand the policy and believe it to be consistent and fair;
- The service offers value for money;
- Partnership arrangements are working effectively.

7.2.2 Overall monitoring and review of the policy will be undertaken in consultation with:

- Staff groups;

- Board members;
- Existing and future service users;
- Resident and community groups;
- Partners, local voluntary agencies and other statutory services as relevant.

7.2.3 This policy will be reviewed bi-annually or in line with legislative or regulatory changes.

8. RESPONSIBILITY

8.1 The Group Director of Operations retains the overall responsibility for the implementation of this policy.

8.2 The Home Ownership Manager is responsible for the operational delivery of this policy and the associated procedures. This includes responsibility for monitoring and review, staff awareness and training, policy development and communication to customers.

Appendix 1

Service Charge Elements

- Communal Grounds Maintenance;
- Communal Lighting;
- Communal Heating;
- Communal Electricity;
- Communal Repairs and Maintenance (Day to Day Repairs);
- Communal Cleaning;
- Communal TV Aeria;
- Communal Laundry Costs;
- Communal Telephones;
- Lift Repairs / Maintenance;
- Caretaking;
- Window Cleaning;
- Furniture and Equipment in Communal Areas;
- Audit Fees;
- Management Fees;
- Buildings Insurance;
- Sinking Fund (Long Term Maintenance Fund).