
REPORT TO:	Housing & Community Services Committee	AGENDA ITEM: 7
DATE OF MEETING:	16th March 2014	CATEGORY: DELEGATED
REPORT FROM:	Director of Housing and Environmental Services	OPEN
MEMBERS' CONTACT POINT:	Martin Guest, Performance and Policy Manager (ext 5940)	DOC:
SUBJECT:	LEASEHOLDER MANAGEMENT POLICY	REF:
WARD(S) AFFECTED:	All	TERMS OF REFERENCE: HCS01

1. Recommendations

- 1.1 That Members approve in principle the new South Derbyshire DC Leaseholder Management Policy ahead of a 4 week consultation programme with leaseholders and other stakeholders.
- 1.2 That if no material changes are proposed following the consultation process, as assessed by the Chairman of the Committee, the Leaseholder Management Policy is adopted and implemented immediately. Any proposed material changes arising out of the consultation to be the subject of a further Committee report.

2. Purpose of Report

- 2.1 To inform and seek members' approval of the new South Derbyshire Leaseholder Management Policy which brings together current practice and legal duties into one summary document for leaseholders.
- 2.2 This policy outlines the responsibilities of both the leaseholder and the Council regarding the property.
- 2.3 To seek members approval of the policy and to open wider consultation across South Derbyshire with leaseholders, the South Derbyshire Tenants' and Residents' Forum and other stakeholders.

3. Detail

- 3.1 This Leaseholder Management Policy sets out the aims, principles and values that will be followed by the Council in its dealings with leaseholders and brings together current practice and legal duties into one document for the leaseholder.

- 3.2 There are currently 34 property leaseholders and these are all in the situation of having bought a flat lease under the Right to Buy Policy and the Council remains the owner and landlord of the building structure and communal parts.
- 3.3 The policy explains how the Council will deliver a value for money leasehold management service that meets its landlord responsibilities to leaseholders under the terms of their leases in line with legislation. It also contains a summary of the respective rights and responsibilities of the Council and its leaseholders.
- 3.4 The new policy sets out how the Council sets charges in line with legislation for the leaseholder and details the methods by which the leaseholder can pay these charges. The policy that is proposed, and has been the practice for many years, is that leaseholders pay a nominal ground rent, insurance contribution and a modest service charge on an annual basis to reflect the costs of maintenance and minor repair of communal areas. They are expected to pay their contribution towards larger works on a one-off basis based on actual quotations e.g. roof replacement.
- 3.5 Both the Council and the leaseholder have certain responsibilities under the terms of the lease to repair and decorate their respective parts of the property which are detailed in the policy.
- 3.6 The consultation with leaseholders and other stakeholders will commence from the 20th March 2014 and will take up to 4 weeks. Any material changes identified through this will be included in an updated report to members. If there are no material changes, as assessed by the Chairman of the Committee, the policy will be adopted and implemented immediately.

4. Financial Implications

- 4.1 Once the policy has been approved in principle there will be no changes to the current collection of the service charges and any financial costs will be met within existing budgets.

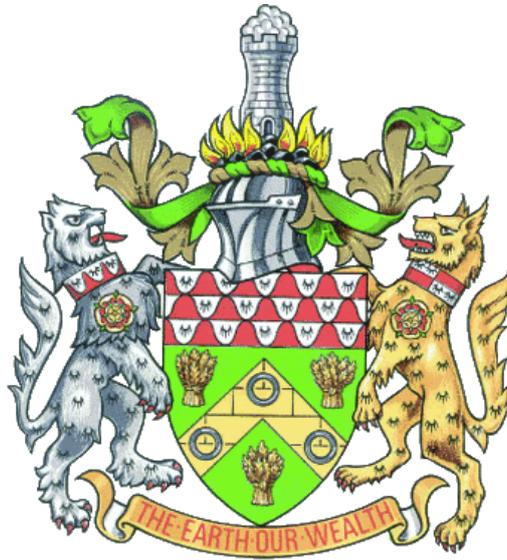
5. Community Implications

- 5.1 There will be a full and open 4 week consultation process if the draft policy is approved by this committee. Leaseholders, tenants' groups and other stakeholders will be able to make comment on the proposed policy.

6. Background Papers

- 6.1 The proposed Leaseholder Management Policy is attached at Appendix A.

HOUSING SERVICES



South Derbyshire District Council

Leaseholder Management Policy

CONTENTS

Page

1.	Introduction	3
2.	Consultation	3
3.	Account Charges	3
4.	Performance Monitoring	3
5.	Anti-social behaviour, neighbour nuisance and harassment	3
6.	Equality and Fairness	4
7.	Confidentiality	4
8.	The Lease	4
9.	Leaseholders Obligations	4
10.	The Council's Obligations	5
11.	Breach of the Terms	5
12.	Rent	5
13.	Service Charges	5
14.	Building Insurance	6
15.	Payments	7
16.	Problems Paying	7
17.	Repairs and Improvements	7
18.	Alterations to Property	8

1. Introduction

- 1.1 This Leaseholder Management Policy sets out the aims, principles and values that will be followed by the Council in its dealings with leaseholders. It explains how the Council will deliver a value for money leasehold management service that meets its landlord responsibilities to leaseholders under the terms of their leases in line with legislation. It also contains a summary of the respective rights and responsibilities of the Council and its leaseholders.
- 1.2 In this Council's area, leaseholders are occupiers who have long-term leases of flats.

2. Consultation

- 2.1 Housing Services is committed to consulting with both tenants and leaseholders on issues material to their homes and we have a number of processes which facilitate this openness:
 - a. All new leaseholders will receive details of the leaseholder charges within 2 weeks of their lease commencing.
 - b. Any amendments or alterations to this policy will be fully consulted on via the South Derbyshire Tenants' and Residents' Forum (SDTRF) and with all leaseholders.

3. Account Charges

- 3.1 Housing Services is committed to making all charges as transparent as possible. All charges will be notified to the leaseholder as soon as they are available and in accordance with the relevant legislation including the Landlord and Tenant Acts 1985, 1987, Housing Act 1996 and the Commonhold and Leasehold Reform Act 2002.

4. Performance Monitoring

- 4.1 Housing Services is committed to ensuring the highest level of service is provided to both tenants and leaseholders. This is monitored by specific site inspections by housing officers, customer satisfaction surveys and consultation events that are held from time to time in conjunction with the South Derbyshire Tenants' Forum (SDTRF).
- 4.2 Performance is also scrutinised more formally via the Council's committee structure.

5. Anti-social behaviour, neighbour nuisance and harassment.

- 5.1 Housing Services is committed to tackling all forms of anti-social behaviour whether it is nuisance caused by music, domestic arguments, car repairs, pets or other behaviour that renders it impossible for someone to experience quiet enjoyment within their home or the wider community. Housing Services has an anti-social behaviour policy which dictates clearly how the Council will respond to any such behaviour.

6. Equality and Fairness

- 6.1 South Derbyshire District Council is committed to providing high quality services to all of its customers regardless of age, ethnicity, sexual orientation and religion.
- 6.2 Housing Services will;
- a. Ensure services are available to all.
 - b. Provide sufficient information about all services and ensure that translation facilities are available.
 - c. Undertake consultation with all of its customers.
 - d. Work with other agencies and community organisations to promote a fully inclusive service to all.
 - e. Recognise that staff, tenants and leaseholders all share a responsibility to ensure fairness in all that we do.

7. Confidentiality

- 7.1 Housing Services will treat all information given or held in its trust about all of its customers with the highest level of integrity.

8. The Lease

8.1 The Leaseholder

- 8.1.1 Flats within buildings owned by the Council are occupied either by weekly tenants who pay a weekly rent to the Council, or by long-term tenants called leaseholders who have purchased a 125-year lease (or subsequent part) of the flat. In both cases, the Council remains the owner of the building in which the flat is situated, and the land upon which it is built and is therefore the landlord of the tenant or leaseholder. This policy relates only to leaseholders.
- 8.1.2 A leaseholder may have acquired the property as the original purchaser under the Right to Buy scheme, or by purchasing it from an existing leaseholder. The lease gives the leaseholder a right to live in the property in accordance with the terms and conditions of the signed lease agreement.

8.2 The Lease

- 8.2.1 The lease is the legal document that sets out the terms of the leaseholder's occupation of the property. Some properties may have their own garden and their own access, but many leaseholders have shared or communal gardens, facilities or accesses. The lease describes the extent of the parties' ownership and details the rights and responsibilities of the parties.

9. Leaseholder's Obligations

- 9.1 The lease sets out the detailed obligations of the leaseholder and these include:
- The extent of the lease.
 - Paying the yearly ground rent, the insurance premium and the service charges on time.
 - Keeping the inside of the property in repair.
 - Notifying the Council of any change in ownership.

- Allowing the Council all reasonable access to the property to check on its condition, and to carry out repairs and improvements to the parts of the building for which it is responsible.
- Using the property for residential purposes and not for any type of business which would affect the quality of life of adjacent other residents.
- Not causing nuisance to adjoining property or residents.

10. The Council's Obligations

10.1 The lease also sets out the Council's obligations. These include:

- Repairing and maintaining the structure of the building and any communal areas, subject to the payment by the leaseholder of a reasonable service charge.
- Delivering all other services as set out in the lease and recharging as appropriate.

11. Breach of the Terms

11.1 The Council may forfeit (terminate) the lease if the leaseholder is in breach of the terms of the lease. Similarly the leaseholder may challenge the Council if it is in breach of its obligations under the lease. The right to forfeit is strictly controlled by law to give the leaseholder a chance to resolve any breaches of the lease terms before the Council can repossess the property.

12. Rent

12.1 A leaseholder is no longer a weekly tenant so does not pay a weekly rent to the Council. Instead, the leaseholder has to pay the Council a yearly ground rent of £10 on 1st April each year. The Council's Finance department issues a yearly invoice to the leaseholder for the ground rent.

13. Service Charge

13.1 General

13.1.1 The service charge is levied in two ways. The first is an annual payment required from the leaseholder as a contribution towards the cost of maintaining the structure of the building in which the flat is situated and any communal areas and services. The cost is spread fairly between the properties that benefit from the particular services. If the leaseholder lives in a building that is also occupied by weekly tenants, the weekly tenants do not normally pay a service charge but their contribution to the cost is included in their weekly rent. Where the leaseholder buys the property under the Right to Buy scheme, the Council provides an estimate of the service charge for the first five years at valuation stage, and may not ask the leaseholder to contribute more than that estimate for those years.

13.1.2 The service charge is calculated on an individual site basis and the services for which a charge may be made are listed in the lease. Examples include:

- Communal Cleaning – cleaning of communal hallways and stairwells
- Decoration – pre-paint repairs and painting of communal hallways, stairwells and external painting including facia and drainpipes

- Door entry systems – maintenance of door entry systems that serve the properties
- Grounds Maintenance – maintaining communal areas of land, including cutting grass, pruning shrubbery and weed killing on communal paths and drying areas
- Communal Electricity - lighting to communal hallways and stairs
- Repairs and Maintenance - general repairs and maintenance of the building and the communal areas including emergency works

13.1.3 Management charges to cover the administration of:

- Keeping financial accounts.
- Processing invoice and service charge payments.
- Office overheads.
- Dealing with leaseholder queries.

13.2 Paying the annual Service Charge

13.2.1 The service charge year runs from 1st April to 31st March and service charges are payable in advance. At the beginning of each service charge year the Council raises an invoice for the estimated service charge for the coming year. The service charge is payable quarterly but, as many invoices are modest, leaseholders often pay in one lump sum. In cases of hardship, it may be possible to set up a monthly direct debit to pay the invoice. Details of this scheme, together with any other service charge queries, are dealt with by the Business Support team in Housing Services.

13.2.2 At the end of the service charge year the Council reconciles the estimated service charge against the actual cost of the services and produces a reconciliation statement. The statement is sent to the leaseholders. If they have over-paid then (depending on the procedure set out in the lease) a refund may be made, or the balance may be carried forward to the next year. If they have under-paid then they will receive an invoice for the balance.

13.3 Planned Maintenance and Improvements

13.3.1 The second element to the service charge is levied only when major works are required to the structure of the whole building. In these circumstances the leaseholder will need to contribute their proportionate share of the actual cost of the works. The Council does accept that such expenditure may mean that leaseholders are faced with unforeseen large invoices but the Council may make arrangements with leaseholders to spread the cost.

13.3.2 The Council undertakes planned improvement works and these may affect leaseholder properties. Where the service charge contribution for these works from the leaseholders is expected to exceed £250 per property then the Council is required by s.20 of the Landlord & Tenant Act 1985 (as amended by s.151 of the Commonhold & Leasehold Reform Act 2002) to undertake consultation with all the parties affected before the work commences. If it fails to comply with the consultation procedure, it will not be able to recover the full cost of the works.

14. Buildings Insurance

14.1 The Council insures the building structure on behalf of the leaseholders and its other tenants. This is undertaken as the ownership of the structure, its upkeep and maintenance remains the responsibility of the Council. The leaseholders pay a proportionate part of the cost of the insurance. The Council's Finance department issues a separate invoice to leaseholders for the insurance each year.

14.2 The insurance does not cover the contents of the leaseholders' property.

15. Payments

15.1 There are a variety of options for making payments including:

- By phone: payment over the phone using an automated credit/debit card. Call 01283 595865.
- Standing order: make monthly payments direct from a bank account. Call 01283 595795.
- In person at the Civic Offices: payment in cash, by credit/debit card or by cheque
- By post: cheques made payable to 'South Derbyshire District Council'. Include the invoice remittance slip at the bottom of the invoice. DO NOT send cash via the postal system.

16. Problems Paying

16.1 The Housing Service provides advice and assistance to leaseholders who have problems paying their leasehold charges.

16.2 If the leaseholder fails to work with the Council in attempting to pay any charges in full, or in accordance with an agreed payment plan, the Council will take further action to recover its debt. The Council may pursue the debt through civil debt recovery action or begin the forfeiture procedure, which could eventually result in repossession of the property.

17. Repairs and Improvements

17.1 Leaseholders have certain responsibilities under the terms of the lease to repair and redecorate the property. A summary of responsibilities are listed below and further details are contained within the actual lease agreement.

Council Responsibility	Leaseholder Responsibility
All issues relating the structure and communal areas of the building.	Internal decoration of own flat.
All communal areas both internal and external.	Internal floor coverings and floorboards.
All communal fixtures and fittings including rainwater pipes, gutters and fascia boards.	Internal fixtures and fittings which include internal pipes, taps, sinks, and sanitary fittings.
The provision of any communal TV aerial, electricity supply and cleaning service.	The maintenance of any heating system which serves the leaseholder's property including the annual gas servicing and any repairs.

Council Responsibility	Leaseholder Responsibility
The repair and maintenance of any shared pathways, boundary walls and car parking areas, as well as communal gardens and grassed areas.	Fuses, light fittings and other electrical and gas appliances.
The provision of an adequate buildings insurance policy.	Fences and boundary walls that have been sold to the leaseholder as indicated in the lease agreement.
Outside drainage.	Any additions to the original structure that you have made with our consent including conservatories, porches and sheds.
	The freezing or bursting of internal pipes.
	Internal wall coverings as well as internal doors, tiles and skirting boards and the like.
	Windows.

17.2 The leaseholder should report repairs for which the Council is responsible either by phone, e-mail, or in person. Contact details are contained on the Housing Services web pages. Emergencies may also be reported at any time to Careline, the Council's 24-hour emergency contact centre.

18. Leaseholder Alterations to the Property

18.1 The Council will only allow structural alterations to the property where these will not damage the structure or stability of the building. Prior to any alterations or additions being undertaken to the structure the leaseholder will require written permission from the Council. Failure to obtain prior written permission may result in the works being removed and the property being reinstated to the original condition at the leaseholder's expense.

18.2 If consent is given, the leaseholder will also be required to obtain planning consent, building regulations approval and any other relevant consent before starting the works.