



Leasehold Management

Reference	HM23
Purpose	This policy sets out Colne's approach to leasehold management.
Owner	Operations Director
Related documents	Income Management policy Service Charge policy Responsive repairs policy Fire safety policy Gas safety policy Procurement policy Anti-social behaviour policy
Approved by	Executive Team
Date approved	9 th May 2018
Review frequency	Every 3 years
Last review	May 2018
Next review	May 2021
Version	FINAL
Author	Leigh Tate – Business Assurance Manager

Contents

1. Policy statement.....	3
2. Scope.....	3
3. Aims and outcomes.....	3
4. Definitions	7
5. Statutory and regulatory requirements	8
6. Equality and diversity	9
7. Performance monitoring	9
8. Review	9
9. Date of policy	9
Appendix A – Schedule of charges	10
Appendix B – Major or minor improvements definitions	11

1. POLICY STATEMENT

- 1.1. Colne has a responsibility for managing leasehold properties bought under the preserved Right to Buy, the Right to Acquire or bought privately where those who have purchased the first lease from Colne have moved on. Additionally Colne is the Freeholder for a number of purpose built housing schemes for older persons.
- 1.2. This policy explains how Colne will meet its responsibilities to leaseholders under the terms of their lease agreement and how it will provide them with a good standard of service relating to the management and maintenance of their home.
- 1.3. Colne is committed to providing a consistent standard of customer care and performance to leaseholders as to tenants.

2. SCOPE

- 2.1 This policy covers the way in which Colne deals with income, service charges and day to day management. It sets out the approach to delivering the service and the collection of associated charges. It relates to all leaseholders who are contracted to pay service charges to Colne.
- 2.2 This policy covers both consultation for major works and long term agreements as defined in section 20 of the Landlord and Tenant Act 1985 and ensures compliance with the Act.
- 2.2 This policy should be read in conjunction with the Leasehold Management procedure guide.

3. AIMS AND OUTCOMES

- 3.1 The responsibilities of both Colne and the leaseholder will be determined by the lease. Both Colne and the leaseholder are bound by its terms.

Colne will actively work with leaseholders to understand their needs and preferences, and to provide services that reflect this.
- 3.2 **The lease** - Colne expect that leaseholders will be provided with a copy of their lease by the solicitor acting on their behalf in the purchase of the property. Should a copy be required, Colne will make a charge for this service.
- 3.3 **Service Charges** - Leaseholders are responsible for paying their share of Colne's costs for repairing and maintaining the exterior and communal areas relating to their home. Colne will collect all monies due for services provided to leaseholders under the terms of their lease.

Such charges may include, but are not limited to:

- Communal cleaning and grounds maintenance
- Window cleaning
- Servicing of laundry equipment
- Servicing of fire safety equipment
- Communal lighting
- Lift maintenance
- TV aerial system
- Door entry system maintenance
- Provision for future maintenance including decoration
- Removal of fly-tipped items

Colne has a statutory duty to ensure that service charge costs must be reasonably incurred and the services or works to which they apply are of a reasonable standard. Service charges are set in line with Colne's Service Charging policy which is reviewed annually.

Leaseholders will receive a statement of their account annually. Additionally, they will be provided with a Service Charge statement which provides details of the service charge payable for the coming year and how this sum is calculated. This will also include a sum in respect of management fees.

Any leaseholder who falls behind with their payments will be notified of this and advised what actions shall be taken, in line with Colne's Income Management policy.

Should a leaseholder experience financial hardship, Colne will signpost them to the appropriate agencies to find financial advice and support.

Leaseholders have a statutory right to request a Service Charge Summary of Rights and Obligations. Should such a request be received, Colne will provide this within 28 days.

3.4 Insurance – Colne will arrange a buildings insurance policy that provides cover for the full reinstatement value of the building. Colne will ensure Value for Money when procuring such insurance.

Colne will provide a written summary of buildings insurance cover within 21 days should a leaseholder request this.

Leaseholders are permitted to inspect the full policy documentation without first having requested a written summary. Colne will make this available to leaseholders within 21 days and will make a charge for this.

Leaseholders are responsible for arranging their own contents insurance. Where requested, Colne can provide details of a company that offers contents insurance for Leaseholders.

3.5 Repairs and maintenance – Colne will maintain the external fabric of the building and shared communal areas in accordance with lease obligations. This will include day to day repairs, cyclical maintenance and major works. Under the terms of the lease Colne will charge leaseholders for their share of the costs.

Colne will ensure appropriate arrangements are in place to maintain the building and keep the common parts of the building in good repair. Repairs and maintenance are executed in line with Colne’s Responsive Repairs policy.

3.6 Major works – Colne will ensure that leaseholders are fully consulted in compliance with section 20 of the Landlord and Tenant Act 1985 (as amended). This obligates landlords to consult with leaseholders on proposed major repairs or improvements for which they are required to pay.

Colne will consult affected leaseholders before entering into contracts or commencing works.

3.7 Long Term Agreements - Colne will ensure that leaseholders are fully consulted about proposed changes to contracts for qualifying long term works, goods or services.

Procurement of works goods and services will be undertaken in line with Colne’s Procurement policy.

3.8 Leaseholder improvements – Under the terms of their lease, Leaseholders are required to obtain written consent from Colne to make any alterations or improvements to their property.

Colne will make a charge for granting consent for improvement works. Works will be determined minor or major using the criteria set out in appendix B.

Work must not begin until consent has been granted. Should Colne be requested to give retrospective consent, a charge will be made.

Any consent given is on the condition that the leaseholder has provided full details of the proposed works and subject to meeting conditions such as obtaining planning permission, building regulations, or other statutory requirements.

Leaseholders will not be given permission for any alteration or improvement that:

- Makes the property or part of the property dangerous or unstable
- Creates a risk to the health and safety of others
- Encroaches upon land not defined in the lease
- Affects the legal rights of other residents
- Prevents light or air reaching other residents
- Makes maintaining neighbouring properties more difficult or expensive
- Invalidates Colne’s Buildings Insurance

Where permission is refused, Colne will provide the reason for its decision in writing.

3.9 Sub-letting – Dependent on the terms of the individual lease, leaseholders may be able to sublet their property subject to written consent from Colne.

If a leaseholder chooses to sublet their property, they will become a landlord and will be subject to the statutory and regulatory conditions imposed on landlords.

Should any legal action be taken in respect of any breach of lease conditions, the action will be taken against the leaseholder not the sub-tenant.

3.10 Breaches of lease – Colne will take appropriate action, which may include legal action, whenever it is made aware that a leaseholder is in breach of the terms of their lease.

Such breaches may include:

- Unapproved alteration or improvement works
- Improper use of the property/illegal activities
- Failure to pay service charges
- Causing anti-social behaviour
- Failure to maintain the property

If a leaseholder does not remedy the breach, Colne may consider, as a last resort, applying for forfeiture of the lease.

3.11 Gas and Fire safety – All leaseholders with a gas supply will be reminded annually of the importance of carrying out a gas safety check and having a carbon monoxide alarm installed.

Colne recognises that living in a block of flats, where residents may share a communal entrance, stairwell, corridors and bin stores, poses a higher risk in relation to fire safety.

Colne will take prompt and appropriate action to resolve any risks caused by leaseholders or their sub-tenants in line with its Fire Safety policy.

3.12 Right to Manage – The Commonhold and Leasehold Reform Act 2002 provides a right for leaseholders to force the transfer of the landlord's management function to a company set up by them, subject to certain criteria.

Colne endeavours to provide an excellent management service to leaseholders, both in terms of standard of service and value for money. By doing so Colne aims to deter challenges by leaseholders under the Right to Manage.

3.13 Enfranchisement – Subject to certain conditions, leaseholders of flats may have the right to collective enfranchisement, if they (and the building in which they live) qualifies.

Leaseholders are advised to seek independent legal advice in this respect.

3.14 Varying lease covenants/extending the lease – The lease covenants can only be varied through specific agreement between the parties to the lease, and where appropriate, their mortgagees or through an order by the First-Tier Tribunal (see section 3.16).

Leaseholders have a statutory right to apply for an extension to the lease at any time provided they have owned the property for the last two years and have over 21 years remaining on their lease.

Colne will issue a new lease for 90 years plus the balance of the existing lease. Colne will make a charge for varying covenants or extending a lease.

- 3.15 **Selling the property** – Should a leasehold property be sold, Colne will provide on request to the current and/or prospective leaseholder and their advisors, all the necessary information regarding service charges and any planned major works.

Colne must be notified of any sale within one month following completion. This will be executed via a Notice of Assignment served by the purchaser's solicitors. If a notice is not received, the original leaseholder will be liable for any charges made against the property.

Colne will assist with the re-sale of leasehold properties, making a reasonable charge for provision of information to the purchaser's solicitors. A schedule of commonly charged fees is given as appendix A.

- 3.16 **First- Tier Tribunal (Property Chamber)** – If a leaseholder is dissatisfied with a service or the charge levied for that service, and they cannot resolve the matter directly with Colne through its complaints process, they can go to the First-Tier Tribunal (Property Chamber).

There are certain restrictions where a leaseholder cannot make an application to the First-Tier Tribunal (Property Chamber) and leaseholders are advised to seek guidance at www.gov.uk.

4. DEFINITIONS

- 4.1. **Covenants** – Legally binding obligations and responsibilities.

Enfranchisement – The legal right, subject to qualification, for the leaseholders in a building to join together and collectively buy the freehold of that building.

First -Tier Tribunal (Property Chamber) – Legal body that has jurisdiction over applications, appeals and references relating to disputes over property and land.

Forfeiture – Ending of the lease and repossession by the landlord because the lease conditions have not been met.

Freehold – A form of tenure giving full ownership of land for all time.

Lease – A legal and binding contract between Colne Housing and the leaseholder which outlines the rights and duties of both parties. The terms of the lease have been established in accordance with legislative requirement and cannot be altered without the express agreement and permission of Colne, the leaseholder and where applicable their mortgage provider.

Leaseholder – A tenant who has purchased a long lease, usually lasting up to 125 years.

Leasehold management – The range of services provided by Colne to those who own their property on a leasehold basis.

Major works – Usually cyclical works to the fabric or structure of the building. This may include external painting or replacement windows, where the lease allows a recharge to be made to the leaseholder to recover the cost of the works.

Management fees – The fee charged by Colne in accordance with the terms of the lease to cover its costs of management, as distinct from the costs of particular services such as cleaning, repairs etc.

Long Term Agreement – A contract between Colne and a company or individual to supply goods, services or works to a building or estate for a period of 12 months or more AND where any affected leaseholders will be required to pay a service charge of £100 or more per 12 month period towards the cost of these.

Repairing obligations – The repairs, which under the terms of the lease, the leaseholder and Colne each agree to undertake. There are therefore leaseholders' repairing obligations and Colne's repairing obligations.

Section 20 notice – A notice served under section 20 of the Landlord and Tenant Act 1985 in respect of proposed major works.

Service charges – Defined under section 18 of the Landlord and Tenant Act 1985 as "an amount payable by a tenant of a dwelling as part of or in addition to the rent (a) which is payable directly or indirectly for services, repairs, maintenance, improvements or insurance or the landlord's cost of management (b) and the whole or part of which varies or may vary according to the relevant costs".

5. STATUTORY AND REGULATORY REQUIREMENTS

5.1. In managing leasehold responsibilities, Colne will follow and comply with all relevant legislation and regulation that is applicable at the time of implementing its policy.

5.2. This may include but is not limited to:

- Leasehold Reform, Housing and Urban Development Act 1993
<http://www.legislation.gov.uk/ukpga/1993/28/contents>
- Commonhold and Leasehold Reform Act 2002
<https://www.legislation.gov.uk/ukpga/2002/15/contents>
- Landlord and Tenant Act (1985 <https://www.legislation.gov.uk/ukpga/1985/70> and 1987 <https://www.legislation.gov.uk/ukpga/1987/31/contents>)
- Housing Act (1985 <https://www.legislation.gov.uk/ukpga/1985/68/contents> and 1996 <https://www.legislation.gov.uk/ukpga/1996/52/contents>)

5.3 Best practice guidance, such as that provided through LEASE (Leasehold Advisory Service) or RICS code of practice will inform the enforcement of Colne's policy

6. EQUALITY AND DIVERSITY

- 6.1. Colne recognises that its leaseholders may belong to groups with diverse needs, beliefs and cultures and could be subject to inequalities and prejudice. Colne will respect and take account of differences when making reasoned decisions.
- 6.2. Colne will strive to achieve equality and opportunity whilst promoting positive actions by its people to overcome disadvantage and discrimination.
- 6.3. Colne has a duty to ensure leaseholders are treated fairly and consistently and will consider individual needs and requirements when making decisions.

7. PERFORMANCE MONITORING

- 7.1. Colne will monitor performance regularly to drive high leasehold management standards and customer satisfaction levels.
- 7.2. Colne will ensure that procedures are in place and that staff are proficiently trained to ensure that they are aware of and work effectively to its policy.

8. REVIEW

- 8.1. This policy will be reviewed every 3 years or upon the introduction of new legislation or best practice guidance.

9. DATE OF POLICY

- 9.1. May 2018

Schedule of Leasehold charges

Service	Charge £
Deed of covenant*	200
Notice of Transfer*	50
Notice of Charge*	50
Leasehold pack (LPE1)	360
Further legal questions (per question)	25
Processing Right to Buy application	50
Processing Right to Acquire application	50
Copy of lease from Land Registry	25
Copy of Lease from own records	25
Copy of Insurance documents	25
Copy of associated documents (NHBC, PRC cert etc.)	25
Copy of Service Charge account	25
Lease extension (excluding enfranchisement)	120
Lease extension (under enfranchisement)	180
Mortgage consents – remortgage/further advance	60
Certificate of Compliance*	50
Sale/Assignment shared ownership resale*	765
Consent to minor improvements	50
Consent to major improvements	200
Retrospective Consent to improvements	500
Subletting request	25

* Charged by Colne's solicitors directly

Please note charges are inclusive of VAT

Minor/major leasehold improvement definitions

Improvement	Major	Minor
Renewing banisters		✓
Putting in central heating	✓	
Fitting a new bathroom suite	✓	
Fitting new kitchen units	✓	
External painting of woodwork		✓
External painting of render		✓
Fitting new windows	✓	
External door / storm doors / patio doors		✓
Rewiring	✓	
New sockets / wall lights		✓
Additional electric sockets / cooker panel		✓
Wall lights / external lighting / intruder alarm		✓
Extractor fan		✓
Plumbing in a washing machine		✓
Parking space for a car (designated WDH plot or site only will be considered)	✓	
Building a garage (designated WDH plot or site only will be considered)	✓	
Building ground floor extensions or erecting a conservatory	✓	
Fencing off open plan / communal areas / erecting a garden shed / greenhouse	✓	
Parking vehicles, creating a hard standing or building a garage within the curtilage	✓	
Installations within loft area	✓	

This list is not exhaustive, improvements not listed here will be considered on a case by case basis.