



PEAKS & PLAINS
Housing Trust

The Trust

Leasehold
Management
Policy

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1. INTRODUCTION

- 1.1. Peaks & Plains Housing Trust (the Trust) has a number of residential leaseholders in different property types across its housing stock.
- 1.2. They have been created when existing tenants have taken out their statutory Right to Buy or Right to Acquire. Some of these leases have since been sold on, meaning that the leaseholder may not be the original tenant, however the lease and associated responsibilities remain.
- 1.3. The leases issued are standard 125 year lease or for a lesser term to dovetail with previous sales in any block, the earliest lease dating from 1983. Some leaseholders have since extended their lease term under relevant legislation which is mentioned later in this Policy.

2. SCOPE & CUSTOMER CARE

- 2.1. The objective of this policy is to set out how the Trust will treat its leaseholder customers and manage the services it provides to them.
- 2.2. We aim to provide high standards of customer care to leaseholders at all times:

- New leaseholders will be sent the link to the Leaseholder Handbook on our website.

Existing leaseholders will also have access to the handbook.

- We will meet our responsibilities to leaseholders under the terms of their lease and in line with current legislation.
 - We will ensure that leaseholders abide by and uphold their responsibilities under the terms of the lease.
 - We will provide good quality services and management.
 - Service Charges will be fair, reasonable and clear.
 - We will be clear and transparent about charges and repayment options.
 - We will listen, engage and consult.
 - We will ask for feedback at least once every 3 years via formal survey.
- 2.3. Leaseholders and recognised Tenants Associations will be able to participate in all structures for consultation and involvement that are set up by the Trust.
 - 2.4. This policy does not to cover how we manage Shared Owners. A separate policy is to be issued.

3. LEGAL & REGULATORY REQUIREMENTS

- 3.1. The lease is the contract between a Landlord and a Leaseholder. It sets out the roles and responsibilities of each party.

- 3.1.1. The Trust's leases vary depending on when they were issued. Shared Ownership leases are different to leases issued following the Right to Buy.
- 3.2. The following are the key pieces of legislation applicable to the management of leaseholder services:
- 3.2.1.
- Landlord and Tenant Act 1985
 - Landlord and Tenant Act 1987
 - Leasehold Reform, Housing and Urban Development Act 1993
 - Commonhold and Leasehold Reform Act 2002
 - Leasehold Reform (Ground Rent) Act 2022
- 3.3. The Regulatory Standards do not directly or specifically relate to leaseholders, however as a social landlord providing services, we must be aware of how our management of leaseholders impacts on our wider business.

4. DEFINITIONS

- 4.1. **Lease** - the contract between the landlord and leaseholder setting out the rights and responsibilities of each party
- 4.2. **Ground Rent** - A rent paid by owners of residential long leases to their landlords. Trust leaseholders who have purchased through the Right to Buy or Right to Acquire have a ground rent of £10 per year. Any new leases issued after 30 June 2022 will no longer have a ground rent in accordance with the Leasehold Reform (Ground Rent) Act 2022.
- 4.3. **Service Charge** - An amount payable in addition to or as part of a rent, for services, repairs, maintenance, improvements, insurance and landlord's cost of management, the whole of which varies or may vary according to the relevant costs.
- 4.4. **Sinking Funds** - A fund of money set aside to pay towards future major works of a building. Sinking Funds are built up through annual contributions within leaseholders' service charges.
- 4.5. **Major Works** - Large scale or substantial building works, repairs and replacements as required to keep a building in good condition.
- 4.6. **Administration Charges** - Charges for one off / additional services outside of the regular services provided to all leaseholders.
- 4.7. **Leasehold Enfranchisement / Lease Extension** - Leaseholders' rights under the Leasehold Reform, Housing and Urban Development Act 1993 to come together to purchase the freehold of their building, so long as set criteria are met
and
Leaseholders' rights under the same legislation to require their Landlord to provide a new lease with a further 90 years added to the term remaining on the existing lease.

- 4.8. **Right to Manage** - Leaseholders' rights under the Commonhold and Leasehold Reform Act to form a Right to Manage Company and to take over the management of the building. This is a "no fault" right, the Landlord does not need to be proven to be at fault. Certain criteria apply.

5. OUR POLICY

5.1. The Lease

- 5.1.1. The lease sets out the responsibilities and rights that the landlord and leaseholder must adhere to, subject to overriding legislation.
- 5.1.2. The Trust will produce a digital Leaseholder Handbook and all leaseholders will have access to this.
- 5.1.3. Leaseholders should ensure that The Trust is kept informed of up to date contact details.

5.2. Ground Rent

- 5.2.1. The Trust will issue Ground Rent demands at the same time as it issues its annual service charge demand; details of the landlord will be included on the demand.
- 5.2.2. Unless the leaseholder objects, the Ground Rent will be collected as part of the service charge.
- 5.2.3. Where the ground rent is unpaid The Trust will follow its arrears recovery procedure as for service charges.
- 5.2.4. Where the ground rent remains unpaid for 3 years or the ground rent plus arrears of administration charges and service charge is more than £350, the Trust reserves the right to commence action to seek forfeiture of the lease.
- 5.2.5. Any legal costs incurred will be added to the debt and recovered from the leaseholder.

5.3. Service Charges

- 5.3.1. Leaseholders have a contractual duty to pay the variable service charges under the terms of their lease.
- 5.3.2. The Trust will send a statement (demand) at the start of each financial year listing the estimated service charges for the following 12 months, to each leaseholder. This will include the landlord's name and address and a summary of leaseholders' rights and obligations.
- 5.3.3. The estimated charge will include allowances for any future expected major items of expenditure.

5.3.4. A reconciliation statement detailing actual expenditure for the financial year will be issued within 6 months of the financial year end.

5.3.5. Further information on the breakdown of service charges and invoices paid for the last financial year can be provided on request.

5.4. **Service Charge Collection**

5.4.1. Service charge payments are due quarterly by advance payments on 1 April, 1 July, 1 October, and 1 January each year.

5.4.2. The Trust will, by agreement, allow payment on a monthly basis.

5.4.3. Direct Debit is the preferred payment method though payments by standing order or by bank card will be accepted but not cheque or cash.

5.5. **Service Charge Arrears**

5.5.1. The Trust will always attempt to recover outstanding service charges due by making a repayment agreement with the leaseholder, but reserves the right to take legal action including a County Court application for debt recovery and/or forfeiture of the lease. The Trust will approach the mortgage provider [if applicable] to clear the debt. Recovery of the associated legal and administrative costs will be sought.

5.5.2. Where no monthly payment arrangement has been agreed and the service charge has not been paid within 14 days of issue, or where monthly payment has been agreed but is 14 days in arrears, the following procedure will be implemented:

- Initial call to the leaseholder to discuss and obtain payment or make payment arrangement
- Step 1 – First Reminder to make payment of arrears or come to an arrangement
- Step 2 – Final Reminder to make payment of arrears or come to an arrangement with warning that next step will be application to Court
- Step 3 – Contact with mortgage lender requesting payment of debt (if applicable)
- Step 4 – Application to County Court for Money Judgement Order

5.6. **Sinking Fund Contributions**

5.6.1. Service Charge contributions for future expected major items of expenditure may be collected as part of the annual service charge in line with the terms of the Lease.

5.6.2. Sinking Funds are held in a separate interest-bearing account and are shown in annual accounts statements.

5.6.3. Sinking Funds are applicable to each individual property and that property's apportioned contribution to major works.

5.6.4. Sinking Funds remain with the property on sale and are transferred to a new owner.

- 5.6.5. Sinking Funds are not refundable at any time, they remain with the property.
- 5.6.6. The funds available in any relevant Sinking Fund will be applied in relation to the major expenditure carried out in any given year.
- 5.6.7. Contributions to Sinking Funds will be reviewed every five years, or following completion of any major works.

5.7. **Major Works**

- 5.7.1. When proposing major works which impact on a leaseholder's service charge, i.e., any major repairs to the property, building, block, or estate, The Trust will comply with the necessary statutory consultation requirements of s.20 Landlord & Tenant Act 1985 (as amended).
- 5.7.2. In certain cases, The Trust may apply for dispensation from consultation.
- 5.7.3. The Trust will invoice leaseholders for the full amount of any major works, subject to statutory provisions which may include a fee of up to 15% of the costs to cover all additional administration and management.

5.8. **Major Works Payment**

- 5.8.1. Any funds held in a property's Sinking Fund will be applied to cover the cost of any major works.
- 5.8.2. If there are not sufficient funds to cover the leaseholder's share of any major works, they will be expected to pay the remainder on demand. The same applies in cases where there is no Sinking Fund in place.
- 5.8.3. Demands will be sent with the annual account's statements, within 6 months of the end of the financial year and the amount added to the leaseholder's payment account.
- 5.8.4. If a leaseholder can prove that they are unable to raise the funds to repay the major works then an arrears repayment plan of up to 12 months will be agreed with the leaseholder. (Longer Term plans may be considered in specific circumstances, however this is purely at the Trust's discretion and subject to licensing arrangements).
- 5.8.5. The Leaseholder must:
- Set up a Direct Debit for the duration of the agreed repayment period.
 - Pay the debt within the agreed time.
 - Ensure that any outstanding balance is cleared on sale or transfer of their property.
 - The Trust may agree to a legal charge for the debt being added to the property title. If applicable, then the leaseholder must agree to a Legal Charge for the amount of the debt being added to their property title.
 - Provide details of their existing mortgages, secure their consent, and pay any fees they may request.

- Pay The Trust legal fees for creating and registering the charge.
- 5.8.6. The Trust will take legal proceedings for recovery of the debt on failure to repay major works when demanded or on breach of the terms of an agreed repayment plan.
- 5.9. **Repairs & Maintenance**
- 5.9.1. The Trust will maintain and repair its properties including the shared communal areas, access, retained boundary structures and estate grounds in line with statutory and building control requirements.
- 5.9.2. The Trust will charge leaseholders for their share of such repair and maintenance, subject to any consultation requirements, and as the lease allows.
- 5.9.3. Leaseholders are obliged under the terms of their lease to give access to their property in order for The Trust to carry out necessary repairs and maintenance.
- 5.9.4. 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 the current Fire Safety requirements, and any works to the property should not impact on the structure or breach the compartmentation of the buildings.
- 5.9.5. Leaseholders are responsible for the safety and maintenance of self-contained heating, plumbing and electrical systems within their properties. This includes arranging annual gas servicing and 5 yearly electrical condition testing.
- 5.9.6. If leaseholders are sub-letting their properties, then they become a landlord and are responsible for all the Health and Safety aspects of being a landlord including providing an annual Gas Safe certificate to their tenants as required for the purposes of Gas Safety Regulations (where applicable). The Trust does not and will not assume any liability for such matters where sub-letting takes place.
- 5.9.7. The Trust may offer all its leaseholders an annual gas safe inspection at an agreed cost.
- 5.9.8. The Trust will actively promote environmentally and eco-friendly measures which contribute to recycling and energy conservation.
- 5.10. **Leaseholder Alterations**
- 5.10.1. Some leases require that a leaseholder obtains the Trust's written consent prior to carrying out alterations to their home, other than internal decoration or furnishing. Where consent is required, the Trust will not unreasonably withhold this, but may provide terms to be adhered to.
- 5.11. **Administration Charges**
- 5.11.1. The Trust will impose administrative charges for the following items, (unless the lease expressly prohibits a charge):

- Leasehold sale information documents
- Consent to re-mortgage, further advance, or Deed of Postponement
- Deed of Covenant
- Improvement or alteration consent
- Additional copies of accounts or any previous correspondence
- Copy of lease
- Copy of full Insurance Policy (Summary of Cover is available free of charge)
- Lease Extension

5.12. **Formal Notices**

5.12.1. Unless the lease states otherwise, the Trust will assume formal notice has been served when it has been posted by Royal Mail first or second class post, or delivered by hand by an Officer of the Trust, to the property address or the last known address of the leaseholder.

5.13. **Breaches of the Lease**

5.13.1. Appropriate action will be taken whenever The Trust becomes aware that a leaseholder is acting in breach of the terms of their Lease, such as confirmed reports of anti-social behaviour, alterations without consent or non-payment of charges, and any legal costs will be recharged to the leaseholder.

5.14. **Sub-Letting**

5.14.1. Most of The Trust leases allow leaseholders to sub-let (with the clear exception of shared owners).

5.14.2. Airbnb, Bookings or any similar scheme is not an accepted form of subletting.

5.14.3. Where a leaseholder is sub-letting, The Trust will require emergency contact details for the leaseholder or the managing agent.

5.14.4. The Trust will not engage with the sub tenant.

5.14.5. The leaseholder remains responsible for the payment of the charges and for the actions of their sub tenant.

5.14.1. The Trust will take action directly against the leaseholder for any breaches of the lease by their sub tenant.

5.15. **Insurance**

5.15.1. The Trust procures a block buildings insurance policy that covers all its property including leasehold and shared ownership property. This is reviewed and renewed annually to ensure it is fit for purpose and provides best value.

5.15.2. The sum for buildings insurance is included in the annual service charge.

5.15.3. A summary of the building's insurance cover including the compulsory excess is available to leaseholders on request. Any Leaseholder can contact the Trust if they wish to discuss the level of cover or to make a claim.

5.15.4. Leaseholders are responsible for insuring the contents within their property.

5.16. **Lease Extension**

5.16.1. 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

5.16.2. The premium for a lease extension by agreement will be as determined by a RICS (Royal Institution of Chartered Surveyors) valuer appointed by The Trust.

5.16.3. 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 The Trust.

5.17. **Selling Your Property**

5.17.1. 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.

The Trust will advise on the discount repayment requirement on request.

Some leases also require that, should the leaseholder sell within ten years of purchasing, the Trust is given the opportunity to re-purchase the lease.

5.17.2. The Trust retains 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.

5.17.3. The Trust will respond to Leasehold Property Enquiries contained within the statutory LPE 1 form in a timely manner. There is a charge for this service as per the published list of fees and charges.

5.17.4. The Trust will endeavour to respond to additional enquiries not included within any of the statutory forms, however this may incur an additional charge.

5.17.5. The Trust expects a seller's solicitor to ensure that a Deed of Covenant is entered into by the purchaser during the process of the sale, and that it is informed of the completion of sale.

5.18. **Involvement & Participation**

5.18.1. Leaseholders and recognised Tenants Associations will be able to participate in all structures for consultation and involvement that are set up by the Trust.

5.19. **Complaints & Disputes**

- 5.19.1. The Trust has a comprehensive Complaints procedure, which is made available on our website and is referenced in the Leaseholder Handbook.
- 5.19.2. Where the complaints procedure has been exhausted or the leaseholder does not wish to use this procedure, they can apply to the First Tier Property Tribunal for a decision on validity and reasonableness of service charges administration charges or lease extension/enfranchisement valuations.

6. **EQUALITY, DIVERSITY & INCLUSION**

- 6.1. The Trust will monitor the effects of its leaseholder policy to ensure that it does not adversely affect minority groups.
- 6.2. Equality Impact Assessment has been carried out.

7. **RESPONSIBILITIES**

- 7.1. **The Executive Team** are responsible for the review and implementation of this policy.
- 7.2. **Head of Customers** is to ensure:
 - All staff are aware of and trained on this policy.
 - Monitoring records are collected in accordance with The Trust policies and procedures.
 - To oversee complaints.
- 7.3. **Homeownership** to ensure:
 - General enquiries are responded to in a timely manner.
 - General administration.
 - To deal with initial complaints of dissatisfaction.
- 7.4. **Head of Assets** to ensure that statutory consultation is carried out where required.
- 7.5. **Head of Finance** to ensure that invoices are issued, and charges collected.
- 7.5.1. **Rents and Service Charge Manager** to sure:
 - Setting and reviewing sinking funds charges.
 - Responding to service charge disputes.

8. **MONITORING AND REPORTING**

- 8.1. The Trust will review this policy, procedures, and staff training needs at regular intervals to ensure that it continues to operate best practice, achieve measurable results, and aim for continuous service improvement.
- 8.2. The Head of Customers will be responsible for ensuring that policy reviews are undertaken.

8.3. Leasehold Charge performance is reported on a monthly basis to the Trust's Performance Management Group

9. CONSULTATION

9.1. The Trust's Leasehold Forum has been consulted about this policy.

9.2. The Trust's Challenge Group has been consulted about this policy.

10. REVIEW

10.1. This policy will be reviewed every three years, unless there are any regulatory or legislative changes that have taken place which require immediate amendment.

11. ASSOCIATED DOCUMENTS

- Complaints Policy
- Equality, Diversity & Inclusion Policy
- Anti-Social Behaviour Policy
- Gas Servicing Policy
- Fire Safety Policy
- Health & Safety Policy
- Leaseholder Charges Recovery Policy
- Section 20 Consultation Policy
- Customer Voice Strategy Policy
- Environmental Strategy Policy
- Unacceptable Behaviour Policy
- Leaseholder Handbook

POLICY INFORMATION

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