



LEASEHOLD MANAGEMENT POLICY

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1.0 Scope

This policy applies to services provided by the Council to those who own their property on a leasehold basis.

2.0 Purpose

The purpose of this Policy is to provide clarity and consistency by outlining clearly the responsibilities and obligations of leaseholders and Broxtowe Borough Council's approach to delivering our contractual obligations.

3.0 Aims and Objectives

The aim of the policy is to set out how Broxtowe Borough Council will:

- Meet its responsibilities to leaseholders under the terms of their lease
- Provide a good quality service to all leaseholders
- Ensure all leaseholders are given information about their rights and responsibilities
- Ensure that leaseholders are consulted in accordance with the requirements of legislation
- Work with leaseholders to maintain high levels of satisfaction

4.0 Regulatory Code and Legal Framework

- Commonhold and Leasehold Reform Act 2002 – Including the Right to Manage and jurisdiction First Tier Tribunal (Property Chamber)
- Housing Act 1985 – Secure Tenancy Administration & Right of First Refusal
- Landlord and Tenant Act 1985 - Service Charges & Consultation
- Landlord and Tenant Act 1987 - Variation of leases
- Law of Property Act 1925 and the Housing Act 1996 - Forfeiture for breach of a covenant or condition of a lease
- Leasehold Reform Housing and Urban Development Act 1993 - Collective enfranchisement and lease renewals
- Leasehold Reform Act 1967 - Right to enfranchise

5.0 Responsibilities as the Freeholder

The Council will ensure that it meets its responsibilities as a Freeholder including:

- Repairing and maintaining the structure, exterior and any common parts of the building and property
- Providing adequate building insurance cover for the structure and common parts
- Ensuring the provision of services to common parts such as landlord lighting, grounds maintenance and communal repairs
- Providing a management service

5.1 Lease

The standard lease used by Broxtowe Borough Council has been amended over time. Therefore, the terms of the lease may differ between leaseholders. The Council will ensure that the terms of each lease are met.

All Leaseholders will be provided with a copy of their lease from the solicitor acting on their behalf when they purchase the property. If a leaseholder requires a copy this can be obtained from the Land Registry or the Council. The Council will charge £10.00 for a copy of the lease.

The Council will collect all monies due to them under the terms of the lease. If a leaseholder is experiencing financial hardship, the Council will ensure that appropriate advice is given, including signposting to an agency that can assist.

The ground rent for all leaseholders is set at £10.00 per year, this is collected annually on the anniversary of the lease.

5.2 Leaseholder improvements

Leaseholders are responsible for maintaining and repairing the internal parts of their property including maintenance of fixtures and fittings. Leaseholders are required under the terms of their leases to obtain written consent to make any alterations or improvements, this is called a Licence to Alter and will be subject to a fee **£250.00**. Where permission is given this is subject to obtaining the necessary planning permission and building regulations. Where permission is refused, we will set out the reasons in writing for our decision.

Leaseholders will not be given permission for any alterations or improvements that: -

- Makes the property or part of the property dangerous or unstable;
- Encroaches upon land not defined in the lease;
- Impacts on the structure or changes to the appearance of the building or the shared or communal parts in any way;
- Affects the legal rights of other residents, for example a right of way;
- Invalidates the Council's building insurance;
- Makes maintaining neighbouring properties more difficult or expensive.

Where alterations to the property fall outside of the responsibility of the leaseholder and remain with the Council as the freeholder as outlined in the lease, a Deed of Variation is required. This will amend the lease so that the works can be undertaken by the leaseholder and will remain the responsibility of the leaseholder. There is a fee for a Deed of Variation, which will be reviewed annually. The current fee is **from £400.00** plus the relevant court fee. Where there is a failure to obtain the permission from the Council in relation to any relevant works, this amounts to a breach of the lease and this permission will be addressed retrospectively.

An application must be submitted to the Council giving full details of the works being requested and where applicable a plan. This will be considered by the Housing Repair and Compliance Manager and where necessary a site visit may be required.

Once a decision is made the leaseholder will be notified, full reason for refusal will be outlined and where relevant Legal will be instructed to progress the matter.

5.3 Major Works

The Council may undertake major works to the structure or fabric of the building. Major works may be planned, such as external painting and re-roofing. In these cases, the Council will provide the Leaseholder with prior notice of the cyclical plan.

The Council will ensure that leaseholders are fully consulted in compliance with s20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002. This requires the Council to consult leaseholders on proposed major repairs or improvements for which they will be required to pay and proposed changes to contracts for long term maintenance services **and the Section 20 Consultation procedure must be followed.**

There will be some occasions where major works are undertaken without the prior notice of leaseholders. This could include where there has been substantial damage to the fabric of the building which could not have been foreseen. In these circumstance the Council may negotiate a payment plan with the Leaseholder. The Council will aim for full payment within 12 months but this will be considered on a case-by-case basis.

The Council does not operate a 'sinking fund' for major works. This will be reviewed annually, taking account of the long term cyclical programme.

5.4 Routine Repairs

Repairs which are the responsibility of the Council as the Freeholder, as mentioned at 5.0 should be reported to the Council using the same methods as tenants of the Council, as outlined in the Repairs Policy. Repairs will be given the same level of priority as that which is offered to tenants.

5.5 Service Charges

Service charges will be calculated to reflect the actual costs incurred for each block and will be levied to the leaseholder in accordance with their lease. Leaseholders will receive an annual invoice detailing their apportionment of charges for the previous financial year. The Council will make reasonable management and administration charges in accordance with the provision of the lease. The service charge will be broken down into the following; management fee, **building insurance**, repairs, communal lighting and grounds maintenance. Not all these charges will be applicable to every leasehold property every year.

The Council will prepare timely and accurate information about the cost of services for which service charges are due. The information will be posted to Leaseholders within six months of the end of the accounting period.

At least once a year, the Council will provide an opportunity for Leaseholders to discuss their service charges with the officers responsible for each service area. This may take the form of a meeting or marketplace event.

5.6 Subletting

Under the terms of the lease Leaseholders can sublet their property. Leaseholders should inform the Council when they sublet and must provide the relevant correspondence address for the Council's records **and the contact details of the tenants they have sub-let to for health and safety purposes**. Where a Leaseholder does not provide a relevant correspondence address all correspondence will be sent to the leasehold property as the last known address.

As good practice, The Council will request copies of current gas and electrical certificates (as applicable) on an annual basis from Leaseholders.

When a property is sublet it is the responsibility of the leaseholder to manage their tenant and ensure that there are no breaches of the lease. The leaseholder is liable for any breaches of the lease or any anti-social behaviour caused by their tenant.

5.7 Right to extend the lease

The Leaseholder has the right to extend the term of their lease. The terms of a lease can be varied only by specific agreement between the parties to the lease and, where appropriate, their mortgagees or through an order by the First- Tier Tribunal (Property Chamber).

The Leaseholder can apply for a new lease at any time as long as they have held the lease for two years or more.

5.8 Enfranchisement

Enfranchisement is a group right for leaseholders to buy the freehold of the building they live in subject to meeting certain conditions. Broxtowe Borough Council is the freeholder of all leasehold properties. Should Leaseholders seek to acquire the freehold of a block of flats, the Council will comply as required by the Commonhold and Leasehold Reform Act 2002.

5.9 Selling the lease

When a leasehold property is being sold, the Council will provide on request to the current and/or prospective leaseholder and their solicitor, all the necessary information regarding service charges and any planned major works. There will be a fee for this, which will be reviewed annually. The current fee is **£175.00**.

Leaseholders are not required to seek permission from us if they wish to sell their home. However, they are required to offer to sell their home back to the Council, if the sale is within ten years of initial purchase. This process is called the Right of First Refusal and full details can be found within the separate policy on this.

If a lease is sold within the first five years of the initial sale and is not an exempt disposal then a certain percentage of the sale price, depending on when it is sold, is to be paid back to the Council.

Where a sale of a lease takes place the new leaseholder must notify the Council within one calendar month of the transfer taking place. There is a fee for the processing of the Notice of Assignment, which will be reviewed annually. The current fee is **£65.00**.

5.10 Forfeiture of lease

This would only be considered in exceptional circumstances and on a case-by-case basis. The Council would only forfeit a lease where there is a breach of the terms of the lease.

5.11 Support Available

If Leaseholders report financial hardship, a number of options may be available to them:

- The Leasehold Officer can make a referral to the Council's Financial Inclusion Officer for support with money management and welfare benefits.
- Consideration on a case by case basis can be explored for setting up a repayment plan for outstanding monies owed to the Council.
- The Leaseholder may consider offering the property back to the Council via the Acquisitions Policy, independent legal advice must be sought by the Leaseholder

6.0 Related Policies, Procedures and Guidelines

This policy should be read in conjunction with the:

- Repairs Policy
- Section 20 Consultation Procedure
- Leaseholder Handbook
- Right of First Refusal and Discount Repayable Policy
- Pets Policy
- Anti-Social Behaviour Policy
- Acquisitions Policy
- Leasehold Extensions Procedure

7.0 Review

The policy will be reviewed every 3 years, unless there is a change to legislation.

8.0 Document History and Approval

Date	Version	Committee Name
14/3/18	1	Housing Committee
26/5/21	2	Housing Committee