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# Leasehold Management Policy

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## **1.0 Introduction**

Bron Afon provides a wide range of services to leaseholders. This group of customers includes leaseholders who were previously tenants and bought their home under the Right to Buy, shared owners and homeowners who purchased their leasehold home in a block of our flats on the open market. It also includes leaseholders who have chosen to sublet their home and others who have purchased portfolios of properties on a 'buy to let' basis.

This policy sets out the broad framework under which Bron Afon's Leasehold Team will provide an efficient, customer focused leasehold management service that offers value for money. The policy operates within a wider set of policies that relate to Bron Afon's principal activities and purpose, some of which are referenced later in this document. This policy will be delivered through a set of quality assured processes and procedures. Leaseholders will receive other services within Bron Afon and the responsibility for these services will be with those teams e.g. Caretaking & Block Cleaning Service, Responsive Repairs Service, Compliance Service and the Investment Team (major works delivery).

This policy applies to everyone regardless of age, disability, sex and gender identity (including same and different gender partners), marital status, pregnancy and maternity, race, sexual orientation, religion or belief.

## **2.0 Policy Aim**

The aim of this policy is to ensure that Bron Afon effectively fulfils its legal, contractual obligations and that our services are accessible, appropriate and fair to leaseholders in ways that:

- Provide value for money,
- Protect Bron Afon's property, assets & income,
- Provide leaseholders with an excellent service, and
- Enable leaseholders to become involved in the development of Bron Afon and our services.

The policy will be reviewed periodically and in light of any future legal ruling or new legislation that has a direct impact on its content and application.

## **3.0 Terms of the Lease**

The lease is a private contract between Bron Afon and the leaseholder. It sets out the responsibilities and obligations of both Bron Afon and the leaseholder. The lease and the statutory provisions related to leases form the basis for most of our work with leaseholders. Both Bron Afon and the leaseholder have responsibility for compliance with the terms of the lease. A lease cannot be amended without the agreement of both Bron Afon and the leaseholder (and any mortgagee if the leaseholder has a

mortgage that is secured on their property) or by an order of the Leasehold Valuation Tribunal / Residential Property Tribunal.

The lease will include information about:

- Details of the responsibilities of both the leaseholder (lessee) and Bron Afon (lessor) to the property, the structure and the common parts;
- The items included in any service charge, how it is calculated and when payment is due;
- Who is responsible for insuring the property and making payment for insurance.

Bron Afon will provide information to all leaseholders about their responsibilities and its own responsibilities under the terms of the lease.

#### **4.0 Leasehold Valuation Tribunal / Residential Property Tribunal**

The Leasehold Valuation Tribunal / Residential Property Tribunal is an independent and impartial legal body that leaseholders and landlords involved in residential leasehold disputes can make representations to. The Tribunal can, for example, consider whether the terms of a lease should be varied and disputes about the liability to pay, and the reasonableness of, a service charge.

Bron Afon will endeavour to ensure that all leaseholders are aware of their rights to apply to the Tribunal and will always seek to resolve any disputes that arise with its leaseholders, directly with the leaseholder(s) concerned in the first instance. This will include, but not be limited to, using the Leasehold Review Panel (senior management quality assurance mechanism) as an alternative route to dispute resolution and mediation.

Bron Afon may consider appealing Leasehold Valuation Tribunal / Residential Property Tribunal decisions where we materially disagree with them, and we believe they expose Bron Afon to unreasonable expense.

#### **5.0 Extending the Lease or Purchasing the Freehold**

Under the Leasehold Reform, Housing and Urban Development Act 1993 (as amended by the Commonhold and Leasehold Reform Act 2002) a leaseholder may have the right to extend their lease by purchasing a new lease. This legislation also gives groups of leaseholders living in the same block the right to purchase the freehold. Both of these rights are subject to some specific conditions which are set out in law and which Bron Afon will provide leaseholders with more information about on request.

If a leaseholder does not qualify under the statutory terms Bron Afon will consider extending the lease at its discretion, provided the following conditions are met:

- The leaseholder has owned the property for at least 2 years
- The leaseholder has a 'long lease' (over 21 years)

When permissible under the law and in all cases where it considers extending a lease at its discretion, Bron Afon will take the opportunity to determine a new lease if an extension application is made. In these cases, Bron Afon will inform the leaseholder of the proposed terms of the new lease and how they differ from those for their existing lease, before any extension takes effect.

## **6.0 Information for Leaseholders**

Bron Afon will provide a range of information to leaseholders about rights and responsibilities under the lease, statute and works that we plan or intend to carry out to the blocks in which their homes are situated.

We will provide information on our intended works programme for the next 2 years and aim to build up to provide a 5-year programme before the next review of this policy. This information will be indicative as the final content of work programmes may be subject to validation through surveys and is contingent on the necessary budget being available. When available these will be reviewed annually.

We will make every effort to ensure that leaseholders have a clear understanding of the services for which we are responsible and the charges they must pay for those services, including buildings insurance and management fees.

Bron Afon will use a variety of methods to provide leaseholders with information and will periodically seek user feedback on their effectiveness:

- Bron Afon website
- My Bron Afon (portal)
- Your Voice (involvement opportunities for all customers)
- Rant & Rave (voice of the customer platform)
- Bron Afon community & residents' events
- Leaseholder Information packs
- Rights and Obligations fact sheet (sent with annual service charges)
- Social Media messages & campaigns
- Responsively, either verbally or in writing, at the reasonable request of a leaseholder

Leaseholders can communicate with us in the following ways:

- In writing (letter or email)
- By telephone (we operate an out of hours service for emergency repairs)
- By text message
- Through social media (using applications listed on the Bron Afon website)
- In person (meetings can be arranged at our offices and we can visit leaseholders at their home or alternative venue – if no restrictions in place)

- Through our website and any other electronic platforms developed

Our timescales for responding to leaseholder enquiries will be:

- 10 working days (to reply to letters and emails)
- 10 working days (to meet or visit)
- 3 working days (to return telephone calls and acknowledge social media enquiries)

## **7.0 Getting Involved and Inviting Feedback**

Community involvement lies at the heart of everything Bron Afon does. It is important to us that leaseholders have their say in how their services are run and what happens in their community.

Membership of Bron Afon is open to all leaseholders living in Torfaen and there are many different ways in which they can get involved and influence the decisions we make.

Bron Afon are very open to leaseholders being involved in ways that suit themselves and we will always consider suggestions for new approaches. The options available to leaseholders may include:

- Participating in Task and Finish Groups or focus groups (one off or time limited sessions that allow people to give opinions on specific topics e.g. a policy review)
- Participating in an Online Leaseholder Forum (open to all Bron Afon leaseholders)
- Membership involvement
- Your Voice
- Rant & Rave
- Any platforms developed to give customers feedback opportunities
- Taking part in discussions on social media
- To receive periodic information from us (e.g. details of service changes we are proposing, details of topics we are seeking feedback about)

We welcome feedback from our leaseholders and we will actively seek to gather it through:

- Satisfaction surveys undertaken after the completion of major works schemes, as an integral part of our Section 20 consultation process
- Transactional satisfaction surveys about services
- Our system for recording Compliments and Complaints
- Conversations we have and surveys we carry out at Bron Afon events held for leaseholders, tenants and residents
- Conversations we have with leaseholders on social media

- Bron Afon customer satisfaction survey

## **8.0 Statutory Consultation**

Bron Afon has statutory obligations to consult leaseholders in relation to service charges and other matters under Section 20 of the Landlord and Tenant Act 1985 (as amended). We will comply with these obligations at all times.

We will go over and above our statutory obligations by:

- Aiming to provide leaseholders with a future plan of works, as shown above, to allow informal consultation to take place;
- Operating a system of senior management checks (Leasehold Review Panel or equivalent) that runs alongside the statutory Section 20 process, to quality assure and review the proposed scope and validity of all schemes of 'Qualifying Works' (major works) before we raise any charges.

## **9.0 Applying Service Charges**

Bron Afon will comply fully with the terms of the individual leases when raising & calculating charges each year. Bron Afon will provide a clear explanation of the charges raised. Items billed for typically include ground rent, buildings insurance, grounds maintenance, communal electricity, lighting, cleaning, safety checks, responsive repairs, maintenance works and the management fee.

We will charge for the cost of works we can demonstrate has been reasonably incurred. We may contract with individual leaseholders to carry out a higher specification of work than required in return for an agreed charge. We will not charge for works we cannot demonstrate are reasonably incurred or fall outside the scope of the lease or if we have not followed the required Section 20 consultation process, unless we have separately contracted with a leaseholder at an agreed price.

Bron Afon will issue separate bills to leaseholders who have had Qualifying Works (Major Works) completed in the previous financial year.

We will provide support and advice for leaseholders to enable them to pay all charges. This will include information about different ways of arranging payments as detailed later in this policy.

Our approach to recovery of sums due from leaseholders will operate on the same principles as those applying to our tenants:

- Our Leasehold Team will liaise with leaseholders over the payment of sums due and the recovery of any arrears
- We will provide support and advice on available methods of payment

- Warning letters will be issued (possibly with an additional charge) and home visits will be made where there are arrears
- Payment agreements will be made wherever possible
- Comply with prescribed court protocols

We will respond to queries about the accuracy of figures or liability for service charges within a reasonable time and will seek to find a resolution where possible. Where resolution is not possible, and payment remains outstanding we will take enforcement action to recover the debt which will include seeking an appropriate court or Leasehold Valuation Tribunal judgment.

Where leaseholders are able but unwilling to pay their charges or decline to discuss their financial position enforcement action will be taken to recover the sums due. We will use the full range of enforcement mechanisms available to us including forfeiture of the lease where this is required.

Where leaseholders are unable to pay their charges in full (even with the payment options available) we will signpost them to maximise their income and refer them to other sources for advice. We will however continue to take appropriate action to secure payment and recover the debt.

We may consider buy back in exceptional circumstances; this will take into account any provisions set out in the Acquisitions & Disposal Policy. If buy back is not possible and leaseholders remain unable to pay their charges, we will take action to recover the charges due, which may include us applying to court for forfeiture of the lease.

In the event that a leaseholder disputes a service charge we will provide dispute resolution mechanisms, through our published complaints procedure and our leasehold review panel, for the charge to be reviewed and the leaseholder's case to be considered. The aim of these processes will be to try and resolve the matter without the need for any legal action either by Bron Afon or the leaseholder. We may also engage in independent mediation and/or seek expert advice to assist our decision making about charges and also proactively decide to test the basis of charging in complex cases through the Leasehold Valuation Tribunal / Residential Property Tribunal.

## **10.0 Administration and Additional Charges**

Administration charges will be made where they are provided for within the lease.

We may also make charges for services we provide the leaseholders that are not specified in the lease. For example:

- Copy of lease
- Subletting agreement
- Request for lease extension



- Pre-sale enquiry pack (LPE1)
- Transfer of equity
- Valuation fee
- Notice of Transfer
- Arrears letters and any charges incurred through taking legal/enforcement action.

Any additional charges we make for such services will cover the costs we have incurred in providing the service

## **11.0 Options to pay for Major Works**

In the case of bills for major works Bron Afon recognises that some leaseholders may have difficulty in paying a large sum in one payment. In addition to providing advice and support we will offer a range of options to help leaseholders manage their repayments, with a wider range being available to resident leaseholders. These payment options are not available for any part of the sum due that is disputed, and arrangements differ for resident and non-resident leaseholders:

- Discount for prompt payment – a 5% refund for full payment within 30 days of the invoice, when the payment is for £1,000 or more;
- Interest free payment (Residential) – A maximum of 5 years, from the invoice date, for leaseholders who reside in their property to repay major their works bill in full. If a leaseholder who resides in the property receives more than one bill for charges for major works within any 5-year period, we will re-set their interest free period for the total balance outstanding on their account for a full 5 years from the date of the most recent bill. This will only apply where:
  - The total payment due exceeds £10,000, and
  - The leaseholder has adhered to their repayment agreement with us for previous charges;
- Interest free payment (Non-residential) – An extended maximum period from the invoice date, will be available for non-resident leaseholders to repay their major works bill in full, on the following basis:
  - 12 months for amounts up to £3,000
  - 24 months for amounts £3,001 to £6,000
  - 36 months for amounts over £6,000

To use these payment arrangements, leaseholders must confirm their agreement of the sum due and enter into a written agreement with Bron Afon on the terms of delayed payment. They will also have a fixed period of not more than 1 month from the date of invoicing to agree the repayment terms after which time the terms will cease to be available unless there are exceptional reasons why the Service Charge

& Leasehold Manager considers that this time limit should be extended. Repayments **must** be made on a monthly basis by **direct debit**.

The deferred payment arrangements on offer cease to be available in the case of any transfer of ownership (including any transfer of ownership because of the death of the leaseholder) at which point Bron Afon will require that any balance due is paid in full.

## **12.0 Breaches of the Lease**

Bron Afon will take reasonable steps, which will include providing details of sources of independent advice, to inform all Leaseholders of their obligations under the lease including responsibilities such as:

- Payment of service charges and charges for repair and improvement work
- Granting access to enable Bron Afon to repair the structure of the building and services
- Obtaining permission before making any significant alterations
- Maintaining their home
- Not behaving in an anti-social way or causing neighbour nuisance and not allowing their household and visitors to do so.

Our approach to any breaches of the lease will mirror our approach to breaches of tenancies. We will seek to resolve any breaches without recourse to legal action where possible but if necessary and proportionate we will use all the legal remedies at our disposal to deal with breaches of the lease; this will include forfeiture (ending of a lease and repossession).

## **13.0 Home Improvements**

The leaseholder is responsible for maintaining and repairing the internal parts of their property. The leaseholder is also responsible for the maintenance of fixtures and fittings in the property. Under the terms of their lease leaseholders wishing make alterations or improvements to their home must first request Bron Afon's consent and provide details of the proposed works. Consent may be granted subject to conditions such as:

- Providing us with plans and diagrams of the proposed work for approval.
- Seeking building regulation and/or planning permission for the proposed work from Torfaen County Borough Council where necessary
- Providing us with details of who will be carrying out the work

We will not withhold consent unreasonably. If consent is refused, we will advise the leaseholder of our reasons in writing.

Leaseholders may be required to pay administrative charges and Bron Afon's legal costs, whether or not the matter proceeds and the improvement or alteration takes place.

If it is found alterations have been carried out without written consent from Bron Afon, the leaseholder may be instructed to return the property to its original state.

#### **14.0 Repurchase or 'Buy Back' of Sold Properties**

In exceptional circumstances Bron Afon may consider buying back leasehold properties where there are funds available and there is a viable business case to repurchase. This will be covered in the 'Acquisitions & Disposals' section of the Asset Management Policy.

#### **15.0 Provision of Rented Housing**

If we successfully apply to court for forfeiture of a lease or buy back a leasehold property we may be willing to enter into a new tenancy whereby the former leaseholder can continue to occupy the property as a rented home unless there are other factors such as anti-social behaviour or immigration status which would disqualify them from having a tenancy with Bron Afon. As is the case with other Bron Afon lettings an introductory tenancy will initially be granted.

In such cases we may set the rent at a higher level than other tenancies as part of the financial package to make the buyback self-financing over 30 years, taking account of the level of rent that the leaseholder can afford. Bron Afon will also be willing to explore the option of granting a tenancy exceeding 7 years where the tenant remains responsible for repairs, where this is an appropriate approach to develop a financially workable package to allow buy back.

#### **16.1 Document History**

Version number	5.0
Date approved	16 <sup>th</sup> June 2022
Approved by	Senior Management Team (SMT)
Next review due	June 2025
Review Committee	
Who this policy applies to	All employees
Who is responsible for the policy	Service Charge & Leasehold Manager
Reporting arrangements	None

Risks of not having this policy	Failure to have a policy could result in Bron Afon not complying with its legal & contractual obligations to leaseholders. It could also result in leaseholders being put at risk of losing their properties and/or Bron Afon not recovering debts owed by leaseholders
Links with legislation	Leasehold Reform, Housing and Urban Development Act 1993
	Commonhold and Leasehold Reform Act 2002 Landlord and Tenant Act 1985
Links with other policies	Complaints Policy Estate Management Policy Asset Management Policy Acquisitions & Disposal Policy Debt Recovery Policy Community Safety Policy
Who has been consulted	This policy has been developed following consultation with leaseholders, staff, and SMT. Suggestions also made by BARCUD Internal Audit.

## 16.2 Document Control

All enquires with regard to this document should be addressed to the Governance Section
Expired issues of this document will be retained by Corporate Services

## 16.3 Revision History

Version 1.0	19/6/2006	Approved by Board	Approved Version
Version 2.0	23/9/2010	Approved by Board	Approved Version
Version 3.0	3/12/2015	Updated to include new legislation and procedures from 1/1/2016	Approved Version
Version 4.0	22/01/2019	Update has included the amalgamation of the Leasehold Management & Leaseholder Charging Policies	Approved Version
Version 5.0	16/06/2022	Update has included new payment options, EIA statement, roles & responsibilities and removed payments options with interest	Approved Version