

LEASEHOLD - Service Charge Policy

▲ The Purpose of the Policy

- ◆ The purpose of the policy is to set out the levying of service charges for Leaseholders of long leases.
- ◆ To acknowledge the requirements on the Council through various pieces of legislation and government regulation in respect of levying service charges and consultation requirements.
- ◆ This policy relates to all leaseholders on long leases.

▲ The Policy Statement

1. Equality and Diversity

- 1.1 The Council operates a policy of equality and diversity. This means that no person will be treated less favourably than any other person because of their race, religion or belief, age, gender, sexual orientation, disability or any other matter that would cause a person to be treated with injustice.
- 1.2 An Equality Impact Assessment has been carried out on this policy to ensure it is fair and equitable to all leaseholders regardless of their race, religion, age, gender, sexual orientation, disability or any other matter that would cause a person to be treated with injustice.
- 1.3 Communication and consultation with all leaseholders will be in a form and type to accommodate the specific needs of leaseholders.

2. Service Charges

- 2.1 The Council levies services charges on leaseholders in accordance with the Landlord and Tenant Act 1985 in respect of services, repairs and improvements provided by, or on behalf, the Council. These charges are required to be paid by leaseholders in accordance with the terms of the Lease.
- 2.2 The Councils Arms Length Management Organisation, A1 Housing carry out the management of Leaseholders on behalf of the Council.
- 2.3 A1 Housing will advise Leaseholders of any changes in legislation that may affect the levying of service charges.
- 2.4 A1 Housing will have regard to affordability when setting charges in that we will aim to keep the level of service charges as low as possible. This aim is, however, within the context of providing necessary levels of service as

contracted with, or agreed by, leaseholders and tenants and also within broad principles of giving the best possible value for money.

- 2.5 As well as ensuring that the service charges represent value for money, all services will be provided to reasonable standards as specified in our service level agreement. On request, or as a matter of course in respect of consultations, A1 Housing will provide leaseholders with information about individual service contracts in order that they may be aware of the levels, frequency and quality of services to expect.

3. Consultation

- 3.1 Service charges and consultation over works or contracts will be made in accordance with legislation, (in particular the Landlord and Tenant Acts 1985 and 1987 and the Commonhold and Leasehold Reform Act 2002), case law, and the content of the lease.
- 3.2 New service charges will not be introduced unless these are agreed by a majority of leaseholders to which the services will be provided, unless we are required to do so by the government or other statutory agency.
- 3.3 An annual consultation meeting will be held between leaseholders and A1 Housing to review budget proposals for the following year.
- 3.4 Leaseholders will be advised annually, in writing, the level of the services charges for the year prior to the invoices being sent.
- 3.5 Leaseholders will be advised and/or consulted on any new government legislation.
- 3.6 All methods of consultation and communication will take account of the specific diversity needs of leaseholders

4. Level of Service Charges

- 4.1 The costs of providing service charges will be apportioned fairly between leaseholders. For example the cost for cleaning common areas of a block of flats will be divided equally among the properties within that block.
- 4.2 Where blocks are mixed tenure we will ensure costs of services are apportioned fairly between leaseholders and tenants.
- 4.3 Service charges will not be increased more than once a year without consultation with Leaseholders.
- 4.4 Service charges may be fixed or variable. They will be levied in arrears with the exception of Ground Rent and Building Insurance, which will be levied in advance.

- 4.5 A1 Housing will maintain a comprehensive monitoring system to ensure that only costs reasonably incurred as a direct result of providing services are attributed to services and recharged to leaseholders.

5. Service Charges in Respect of Repairs / Improvements

- 5.1 With the agreement of Leaseholders we will levy the charges in respect of any repairs or improvements within 3 months of the works being completed.
- 5.2 Leaseholders who are unable to meet the cost of service charges in respect of repairs or improvements will be encouraged to seek independent financial assistance. If a leaseholder is unable to secure a loan by these means the Council, acting as Lender of Last Resort, and can offer the following:
- ◆ Interest-free Instalments over 12 months on Direct Debit
 - ◆ Discretionary Loans – terms depend on level of service charges and leaseholders circumstances
 - ◆ Discretionary Loan Repayable on Assignment – the debt is registered as a charge on the property and repaid when the property is sold or transferred