

HOMEOWNERSHIP MANAGEMENT POLICY

Date of policy	19 th October 2020
Date for review	19 th October 2022
Policy author	Richard Parker, Leasehold Management Senior Specialist
Policy owner	John Holman, Assistant Director Housing
Approved by	
Risk register rating	

Revision history			
Version	Date	Revision description	Policy author
0.1	October 2020	Draft policy	Richard Parker
0.2	December 2020	Editorial changes	Jonathan Hicks

NEW POLICY / POLICY REVIEW	
New policy	Yes
Early review – change in legislation	
Early review – significant changes in practice	
Review due – significant changes	
Review due – cosmetic changes or unchanged	
Other reason	

Reason for new policy / summary of changes
To provide a high quality homeownership management service to the leaseholders and shared owners of Folkestone and Hythe District Council in line with legislative and best practise guidelines.

CONSULTATION	
List of people/roles who have been consulted	Date
N/A	

EQUALITY IMPACT ASSESSMENT	Completed	Date
	RP	19/10/20

DISSEMINATION		
Role	Awareness	Essential
Leasehold services	High	Yes

TRAINING		
Role	Trainer	Date completed
N/A		

MONITORING AND COMPLIANCE		
Method	Responsibility	Frequency
Regulations specialist to review following Council procedure.	Regulations specialist	In line with Council procedure

1 Purpose of the Policy

- 1.1 To provide a high quality homeownership management service to the leaseholders and shared owners of Folkestone and Hythe District Council in line with legislative and best practise guidelines.

2 Policy objectives and scope

- 2.1 To ensure accuracy of service charges and ensure that income from tenants rent payments does not subsidise services provided to its leaseholders.
- 2.2 Keep the level of service charge arrears to a minimum. Ensure that a consistent approach is taken to service charge arrears collection and that where necessary individual circumstances are taken into account.
- 2.3 To set out how Folkestone and Hythe District Council consults with leaseholders and other shared owners with regards to Section 20 of the Landlord and Tenant Act 1985, as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002.

3 Legal/Regulatory Framework

3.1 Internal:

- The property leases and title plans.

3.2 External:

- Landlord and Tenant Acts 1985 (as amended)
- Housing and Urban Development Act 1993
- The Commonhold and Leasehold Reform Act 2002
- RICS Service charge residential management code
- The Service Charges (Consultation Requirements) (England) Regulations 2003.
- LEASE (The leasehold advisory service).

4 Responsibility

- 4.1 The Leasehold Management Senior Specialist retains the overall responsibility for the implementation of this policy.
- 4.2 The Leasehold Management Senior Specialist is responsible for the operational delivery of this policy and the associated procedures. This includes responsibility for monitoring and review, staff awareness and training, policy development and communication to customers.

5 The Policy

5.1 Service Charges

- 5.1.1 FHDC will provide accurate information to the homeowners about the services they receive, the costs of those services and any amounts due in payment.

The information provided will be clear and transparent and conform to legislation and current best practises.

- 5.1.2 The day to day service charges are raised to cover a proportion of the expenditure in connection with maintaining and managing the properties and/or estates accordingly.

- 5.1.3 The service charges are variable and cover all elements of expenditure incurred by FHDC in maintaining and managing the properties and/or estates. Elements of expenditure can include (but not limited to):

- costs for repairs to reserved parts of the building and/or estate
- lighting, electricity, grounds maintenance and cleaning
- major works, insurance and ground rent; or
- Management by FHDC or their appointed agent/s.

The service charges are variable and will differ from year to year.

5.2 Ground rent

- 5.2.1 Ground rent is a fixed £10 charge that is payable annually and is separate from general service charges. Ground rent is a condition of the lease. FHDC must issue a separate formal written demand for payment. This demand will be included within the service charge invoicing pack.

5.3 Service charge invoicing and payments

- 5.3.1 The service charge year runs from April to March. Homeowners will receive 2 service charge demands in any given service charge year.
- 5.3.2 An invoice will be issued to homeowners within 30 days before the start of the service charge year. The invoice will be issued providing a clear breakdown of the charges estimated to be incurred during the coming service charge year (April to March) for which the estimate is issued.
- 5.3.3 In September of each year the homeowners will receive a reconciliation of balances to reflect the actual charges from the previous leasehold financial year (April to March). This will be the actual service charge invoice for the period.

- 5.3.4 Terms of payment for both estimated and actual service charges require them to be paid in full within 21 days of the due date of the invoice. Payment in full may also mean that a payment agreement is to be made within the 21 day period.
- 5.3.5 In some instances, the actual service charge invoice may be less than the estimated charges for the service charge year. Where this happens Folkestone and Hythe District Council leasehold services will keep the credit/account adjustment on the leaseholders service charges account.
- 5.3.6 If the leaseholder requests a refund to be paid to them then FHDC leasehold services will refund the money within 30 days. If however a debt is owed by the leaseholder for service charges or other charges, then any credit will offset the debt before any credit note is issued.

5.4 ***Section 20b***

- 5.4.1 Where the actual expenditure for a given service charge year is not known within 6 months of the end of the financial year. A Landlord and Tenant Act Section 20b notice will be sent to all leaseholders who are affected.
- 5.4.2 The Section 20b notice will inform the leaseholders of the costs incurred to date and all anticipated expenditure yet to be accounted for. This will allow FHDC leasehold services to send the leaseholders an invoice for the actual costs for a specific year at a later date.

5.5 ***Ground Rent Billing and Payments***

- 5.5.1 The formal demand for ground rent will be made no less than 30 days, and no greater than 60 days before the ground rent is due for payment.
- 5.5.2 The due date for ground rent is from the 1st April every year and must be paid in accordance with the terms contained within the demand. If ground rent is not paid under these terms we will take legal action to recover the monies owing.

5.6 ***Payment Methods***

- 5.6.1 Folkestone and Hythe District Council leasehold services currently accepts payments for service charges by the following methods:

- Cheque
- Direct Debit
- Standing Order
- Cash at a handy till in one of the councils contact points
- Debit / Credit card
- Service charge loans

5.6.2 Leaseholders may be eligible for a loan to pay for service charges or repairs that have been carried out. This loan will be at the discretion of FHDC with all the necessary conditions and criteria needing to be met before the loan is granted.

5.7 *Service charge arrears*

5.7.1 Service charge arrears collection process will be in the form of four staged letters, County Court claim and/or First Tier Tribunal property chamber. The Folkestone and Hythe District Council leasehold service charges arrears procedure will set out in greater detail the stages mentioned within this policy.

5.7.2 FHDC will aim to collect 100% of the service charges demanded.

5.8 *Section 20 consultation*

5.8.1 The policy is to ensure that the leaseholders are consulted with accurately and fairly accordingly with the current legislation (Section 20 Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002) and current best practice.

5.8.2 It will also allow FHDC to reclaim the full cost of works through the service charges as all parties must adhere to the terms set out within the lease and relevant legal provisions.

5.8.3 The major works procedure will establish;

- When consultation is required.
- How consultation will be sent to leaseholders
- How to address emergency works

6 *Key controls and reporting*

6.1 This policy applies to all Folkestone and Hythe District Council leasehold services employees, affiliated employees and services.

6.2 The policy also applies to all Folkestone and Hythe District Councils' leaseholders and RTAs.

6.3 The Leasehold Management Senior Specialist retains the overall responsibility for the implementation of this policy and is responsible for the operational delivery of this policy and the associated procedures. Responsibilities include:

- Monitoring and review of this policy including changes in legislation
- Staff awareness and training
- Policy development and communication to customers.

7 Associated Documents

7.1 The associated internal documents relating to this policy include:

(Internal):

- Major works procedure
- Service charge calculation procedure
- S20 Consultation procedure

8 Equality and Diversity

- 8.1 FHDC recognise that different people and communities may have specific needs which may require flexible approaches. We also appreciate that some groups or individuals may experience discrimination and disadvantage. This may be due to their protected characteristics under the Equality Act 2010. We believe that everyone should be treated with dignity, respect and fairness, regardless of their characteristics.
- 8.2 An Equality Impact Assessment has been carried out on this policy which will be updated in line with policy reviews (see below,) to ensure there is no discrimination and opportunities to improve equality and access are maximised.

9 Review

- 9.1 This Policy will be reviewed every 3 years by the person who is in the job role of the author. If necessary, this Policy will be reviewed sooner to incorporate legislative, regulatory, best practice developments, or address operational issues.