



Title: Leasehold Management and Service Charge Policy
Originator: Growth & Development Director
Approval body and date approved: ELT August 2023
Date for review: 3-years from approval date

1. Introduction

- 1.1 Magenta Living is committed to meeting its responsibilities to leaseholders under the terms of their leases and to providing them with quality services in the management and maintenance of their estate.
- 1.2 Magenta Living is committed to leaseholder service charges which are fair and equitable.
- 1.3 Magenta Living is committed to offering the same standards of customer care and the same performance standards to leaseholders as it offers to tenants.
- 1.4 Magenta Living colleagues and contractors will be expected to adhere to the principles laid down in this policy and have an individual and collective responsibility to ensure that this policy is actively applied in practice.

2. Statement of Intent

The objectives of this policy are:

- 2.1 To effectively consult with leaseholders in accordance with the requirements of legislation and on any other proposed changes to policy or practice which will affect the management of their estate.
- 2.2 To consult leaseholders to consider issues such as leaseholder satisfaction with the level and quality of services provided and the way in which charges are determined.
- 2.3 To make best use of resources in maintaining estates and in providing value for money services to leaseholders.

- 2.4 To ensure that leaseholders adhere to the terms in their leases, in particular, to protect the quiet enjoyment of neighbours and promote the harmonious running of the block and/or estate.
- 2.5 To make available to all prospective leasehold purchasers full and factual information relating to their rights and obligations as leaseholders before they purchase their property, subject to data protection and confidentiality issues. This will ensure Magenta Living receives leaseholder contributions that are legally and lawfully due in accordance with their individual lease and current legislation.
- 2.6 To include leasehold properties in future communal improvement contracts as part of the Investment Programme and future schemes.

3 Policy

3.1 The Lease

Inherited leases: Magenta Living recognises where it has inherited the responsibilities of Wirral Council or other previous landlords when it acquired the freehold interest in the housing schemes which include leaseholders and is bound by the conditions of such leases.

Prospective leaseholders: Any prospective leaseholder will be given a summary outlining the main points contained in the lease and will emphasise the need for them to seek independent legal advice before committing themselves to purchasing the lease.

Leasehold purchasers: For leaseholders who purchased through Right to Buy, Preserved Right to Buy, or Right to Acquire, Magenta Living has various responsibilities in relation to the structure and exterior of leasehold homes. Magenta Living has responsibility for some maintenance of front doors and windows where maintenance is linked to the structure of the building. Leaseholders' rights and responsibilities for the maintenance of these items and to pay for such works vary according to particular lease terms.

Magenta Living will ensure that their leases include information concerning:

- Details of both the leaseholder and landlord responsibilities
- The service charges to be paid, when payment is due and how they have been determined
- Details of the arrangements for collecting contributions for additional costs and for refunding overpayments in the case of variable service charges
- Procedures for assigning the lease
- The grounds that could allow the landlord to end the lease

- A summary of the terms of the lease will be given to all prospective leaseholders.

3.2 Consultation and Implementation

Magenta Living will consult leaseholders:

- When carrying out work to either their block or surrounding area for which a charge may be made. Magenta Living only need to carry out this consultation if the work costs over a prescribed amount, but Magenta Living will strive to keep all leaseholders advised about any proposed works that may affect them
- Under the terms of the Landlord and Tenant Act 1985, leaseholders will be provided with a statement of proposed works and an estimate of costs prior to Magenta Living entering into any contract to complete repair works
- About the extent and cost of any services and works which are optional
- Over proposals to change the maintenance, management or service provision which could have a substantial effect on them.

To ensure that leaseholders are aware of, and can exert influence over, the services provided, and the decisions made by Magenta Living, a variety of communication methods will be used. These can be tailored to the needs of individual leaseholders. These methods may include online, face to face, telephone and electronic communication.

In accordance with our commitment to Equality, Diversity and Inclusion, Magenta Living will also provide information in alternative formats (accessible formats or an alternative language).

In addition, leaseholders can access the online engagement platform, Magenta Connect (www.magentaconnect.org.uk), which details our extensive community offer and offers opportunities to participate, interact and give feedback on a variety of topics.

3.3 Repairs

Magenta Living shall keep the exterior and common parts of the building in good repair in accordance with its leasehold obligations.

3.4 Service Charges

Magenta Living will provide a transparent and accountable service to all of its leaseholders regarding the charges they are required to pay.

Magenta Living will provide leaseholders with accurate and timely information about the services they receive, the cost of those services and the amount of service charge payments due.

Magenta Living will recover the full cost of the services provided to leaseholders whilst ensuring that no profit is made in delivering the services. This will also include the management fee as a proportion of the total direct costs for the provision of the services provided to all leaseholders.

The bill will be itemised to allow leaseholders to see what charges are being made and to assure leaseholders that they are only being charged for the services they actually receive. Magenta Living will only apply charges that are identified within the lease and that are lawfully due.

Service charges will become due from the first day in April each year and leaseholders will be offered a range of payment methods.

Service charges will be set to reflect actual costs for each estate as far as possible. Any surpluses or shortfalls will be carried over to the next financial year.

In the case of variable service charges, the initial service charge invoice will be based primarily on the previous year's charges and the budget set for the new financial year. Any necessary adjustments to reflect the actual costs will be made at a later stage when the costs are clear.

Magenta Living will monitor service charge accounts on a regular basis to ensure that leaseholders do not fall into arrears with their service charges. For those leaseholders who fall into arrears, clear procedures will be in place to contact them to arrange an acceptable repayment method. In particular, an end of financial year review of all arrears will be undertaken and leaseholders in arrears will be required to make an acceptable arrangement.

Where appropriate, leaseholders may be offered advice about benefits that may assist them maximise their income and advice regarding debt management will be provided.

Magenta Living will operate a firm but fair approach to any leaseholders who fall behind with their payments. If a leaseholder fails to co-operate to reach an agreement to pay their outstanding service charges within a reasonable period of time, legal action to recover the arrears will be considered. Ultimately this could result in an action for forfeiture, to end the lease.

Leaseholders will receive an annual statement detailing actual service charges before the end of September each year.

3.5 Service Charge Disputes

If a leaseholder disagrees with some part of their service charge and are thinking of withholding payments while we are resolving the matter, they should continue to pay the parts of the charge with which they do not disagree.

To dispute any part of the service charge, leaseholders must go through each stage of the complaints procedure.

3.5.1 Initial enquiry

Leaseholders should first contact the Home Ownership Team with their enquiry if they think:

- their service charge is wrong
- the cost of your service charge is unreasonable
- the service is unsatisfactory.

If the Home Ownership Team can deal with the matter themselves, they will send the leaseholder a reply within five working days. If a reply cannot be sent in that time, the team will escalate the enquiry to a complaint which will be dealt with under Magenta Living's complaints procedure, which includes referral to the Ombudsman.

3.5.2 If the leaseholder remains dissatisfied with the outcome, they may choose to consider taking independent specialist advice from the Leasehold Advisory Service (LEASE) or make an application to the First Tier Tribunal.

3.6 Buildings Insurance

Magenta Living will insure the premises to their full re-instatement value and provide written details to leaseholders on an annual basis of the sums insured, risks covered and premiums.

3.7 Cost of Major Works

Magenta Living will ensure that the costs of major works to be passed on to leaseholders are fair, proportionate and reasonable and are in accordance with the terms of the lease and as required by legislation.

Magenta Living will recover from leaseholders all the monies due from them towards the cost of major works.

Leaseholders will be encouraged to meet the charge in full by making a lump sum payment. However, in certain circumstances (for example in cases of financial hardship) Magenta Living may permit repayment arrangements that clear the charge over a period of time. Magenta Living will explore with the leaseholder a range of alternative repayment

mechanisms for meeting the costs of capital works for which they are liable.

Magenta Living will consider taking an equity loan on a leaseholder's property in appropriate cases.

Magenta Living will consult leaseholders about arrangements for assisting them in planning for their longer-term financial liabilities. This includes exploring the setting up of a sinking fund for any future developments.

3.8 Leaseholder Improvements

Leaseholders can ask to carry out improvements and alterations to their home. They must submit to Magenta Living full details of the proposed work including proof of Planning and Building Control permission, if required. In considering the request, Magenta Living will consider issues such as: the effect the works may have on the stability of the building, whether the improvement would deny other residents light or air, the aesthetics of the proposal and any other relevant matters. Magenta Living will not unreasonably withhold consent or cause undue delay.

3.9 Breaches of the Lease

Appropriate action will be taken whenever Magenta Living becomes aware that a leaseholder is acting in breach of the terms of their lease. Such breaches may include:

- Unapproved works
- Improper use
- Failure to maintain, or damage to premises
- Refusal of access to the Company's officers. Magenta Living has the right of entry – to carry out its duty to keep in repair, to carry out improvements or to inspect (having given 3 days' notice, unless in an emergency)
- Harassment or neighbour nuisance
- Non-payment of service charge bill

In all such cases, Magenta Living will initially serve a notice on a leaseholder requiring them to remedy the breach. Should they fail to do so further action will be taken and ultimately this could result in legal action for forfeiture of their lease.

3.10 Enfranchisement

The Leasehold Reform, Housing and Urban Development Act 1993, as amended by the Housing Act 1996 and the Commonhold and Leasehold Reform Act 2002, gives leaseholders the right to acquire the freehold of their block under certain circumstances, for example it will depend on what proportion of the residents are leaseholders within the block. Enquiries regarding a leaseholder's right to enfranchisement should be made in the first instance to the Home Ownership Team to investigate.

4. Implementation

- 4.1 The policy will be effective from approval.
- 4.2 Colleagues will be made aware of the policy via Insite.
- 4.3 The policy will be uploaded to the Magenta Living website.
- 4.4 This policy should also be read in conjunction with the following associated policies:
 - Complaints Policy

Consultation

- 5.1 The proposed policy was communicated with all leaseholders via post with their Autumn 2022 statements. Their views have been fully considered and incorporated where applicable/appropriate within the body of the policy.

Equality Analysis (EA)

- 6.1 We believe all people should be treated with dignity and respect regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including, nationality, ethnic or national origins), religion, belief or non-belief, sex, or sexuality or by association with someone with any of these characteristics or perception of having any of these characteristics.
- 6.2 The EA was undertaken on 23rd August 2023 by Jamie Martin and the Home Ownership Team and was rated as green. (See the full EA document for further details)

Monitoring Performance

This policy's effectiveness will be measured using the following performance indicators:

- level of service charge arrears
- customer feedback/complaints.

Scheme of Delegation

- 8.1 The responsible authority for approving this policy is ELT and was approved on 24th August 2023.
- 8.2 The Responsible Director for formulating this policy and ensuring its effective implementation is the Growth and Development Director.

Policy Review

The policy will be reviewed every 3 years or earlier if deemed necessary though the performance monitoring process.

Amendment Log

Highlight (in red) any changes to existing policies that have been reviewed to provide effective version control and easy access to reviewed policies with only minor amendments.

Date of revision:	Record of amendments:	Reason for revision:
August 2023	Full policy review	

