



Leasehold Management Policy

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Approved by Committee/Board	N/A
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Introduction

1. Purpose

- 1.1 Connexus provides a wide range of services to leaseholders. This group of customers includes those that have bought their home under the Right to Buy or Right to Acquire, Shared Owners and home-owners who have purchased their leasehold home on the open market.
- 1.2 This policy sets out the framework under which we will provide leasehold management services to our customers. Connexus is focused on meeting our responsibilities to leaseholders under the terms of their lease whilst providing a quality customer service.
- 1.3 Scope: The policy applies to the whole of the Group. This means Connexus Homes Limited, (ultimate parent) and all of its subsidiaries.

2. Problem to Solve

- 2.1 We aim to provide high quality, customer-focused management and maintenance services to leaseholders and will make fair and reasonable charges for such services, in accordance with the terms of the lease and as prescribed by legislation.

3. Method/s

Terms of the Lease

- 3.1 Leases are legally binding contracts between Connexus and leaseholders and, in addition to statutory provisions related to leases, form the basis of the relationship between the two parties.
- 3.2 Leaseholders have a number of rights and responsibilities under the terms of the lease, including:
 - The right to live peacefully in the home without interference from Connexus as long as the terms and conditions of the lease are adhered to;
 - The right to request that Connexus carry out repairs to the structure of the main building and the communal areas (leaseholders may have to pay a share);
 - The statutory right to be consulted about any major works for which they may have to pay a share of (Section 20 legislation);
 - The right to sell the lease or leave it in a will as long as Connexus is made aware;
 - The right to carry out repairs and improvements to the inside of the property;
 - The right to take in lodgers or sub-let the property. Where the property is sub-let, the leaseholder becomes legally responsible for the safety of the tenants in relation to gas safety;

- Responsibility for paying service charges to cover the costs associated with the management and maintenance of the block and communal areas in which the property is located; and
- Responsibility for keeping to the terms and conditions of the lease including any conditions that include not causing a nuisance to neighbours, not leaving rubbish in the communal areas, keeping the interior of the property in a good condition and, where applicable, keeping the garden in proper order.

3.3 As landlord, Connexus has a number of rights and responsibilities including:

- the right to carry out repairs and improvements to the block and the communal areas;
- the right to manage the block;
- the right to charge leaseholders, in accordance with the lease, a proportion of any costs incurred by Connexus in carrying out its responsibilities under the lease;
- the right, in certain circumstances, to enter the property to carry out repairs if there is an emergency, for example if there was a leak from the property causing damage to other properties, Connexus can enter the property to stop the leak;
- responsibility for keeping the structure and shared areas of the block in good repair; and
- responsibility to consult with leaseholders if we are carrying out any major works.

3.4 A lease cannot be amended without the agreement of both Connexus and the leaseholder (and any mortgagee if the leaseholder has a mortgage that is secured on their property) or by an order of the First Tier Tribunal (Property Chamber).

First Tier Tribunal (Property Chamber – Residential Property)

3.5 The First Tier Tribunal (Property Chamber) is an independent and impartial legal body that leaseholders and landlords involved in residential leasehold disputes can make representations to. The First Tier 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.

3.6 We will always seek to resolve any disputes that arise with leaseholders, directly in the first instance but will ensure that all leaseholders are aware of their rights to apply to the First Tier Tribunal. This will include, but not be limited to, signposting leaseholders to the Connexus complaints procedure as an alternative route to dispute resolution and mediation.

Breach of the Lease

3.7 Connexus will take reasonable steps to inform 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 Connexus or its contractors to repair the structure of the building and services;
- Obtaining permission before making any significant alterations,
- Maintaining their home; and

- Not behaving in an anti-social way or causing neighbour nuisance and not allowing their household and visitors to do so.

3.8 Our approach to any breach 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 including forfeiture (ending of a lease and repossession).

Extending the Lease or Purchasing the Freehold

3.9 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 statutory right to extend their lease by purchasing a new lease.

3.10 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 legislation and which Connexus will provide leaseholders with more information about on request.

3.11 If a leaseholder does not qualify under the statutory terms, Connexus 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)

3.12 When permissible under the law, and in all cases where it considers extending a lease at its discretion, Connexus will take the opportunity to determine a new lease if an extension application is made. In these cases Connexus 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.

Information for Leaseholders

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

3.14 We will put in place the necessary systems so we are able to provide information on an annual basis to leaseholders about our intended works programme for the next 5 years. (This 5 year 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.)

3.15 We will provide leaseholders with an information pack in advance of completing works that they will be charged for and ahead of the statutory consultation process so that they know what to expect and what help and advice is available. This pack will include details of payment options.

3.16 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.

- 3.17 Connexus will use a variety of methods to provide leaseholders with information and will periodically seek user feedback on their effectiveness.

Consultation

- 3.18 Connexus 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). This includes the requirement to consult with leaseholders where proposed works will cost in excess of £250 per leaseholder. Connexus will comply with these obligations at all times.
- 3.19 We will go over and above our statutory obligations by Providing leaseholders with additional information ahead of any planned works to allow informal consultation to take place.

Service Charges and Bills for Major Works

- 3.20 Connexus will issue service charge bills each year in line with the terms of the lease. Items billed for typically include ground rent, buildings insurance, grounds maintenance, communal heating, lighting and cleaning, duty of care, responsive repairs, maintenance works and management fees.
- 3.21 Connexus will issue separate bills to leaseholders who have had Qualifying Works (Major Works) completed in the previous financial year.
- 3.22 We will provide support and advice for leaseholders to enable them to pay all charges. Including discounts for payment in full or over 12 months.
- 3.23 Our approach to recovery of sums due from leaseholders will operate on the same principles as those applying to our rented customers:
- We 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 and home visits will be made where there are arrears;
 - Payment agreements will be made wherever possible.
- 3.24 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 and/or First Tier Tribunal order.
- 3.25 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 forfeiting the lease where this is required.
- 3.26 Where leaseholders are unable to pay their charges in full (or by the payment options available under 3.32 'Options to Pay') we will provide advice to maximise their income and refer them to other sources of advice. We will however continue to take appropriate action to secure payment and recover the debt.

- 3.27 We will consider Buy Back, in line with the criteria and provisions set out in this policy, in cases where we can be assured that leaseholders are in genuine financial hardship. 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.
- 3.28 In the event that a leaseholder disputes a service charge, we will provide dispute resolution mechanisms through our complaints policy 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 Connexus or the leaseholder.

Administration and Additional Charges

- 3.29 Administration charges will be made where they are provided for within the lease.
- 3.30 We will also make charges for services we provide the leaseholder that are not specified in the lease. For example:
- Copy of lease
 - Subletting agreement
 - Request for lease extension
 - Pre-sale enquiry pack
 - Transfer of equity
 - Purchase fee
 - Notice of Transfer
 - Arrears letters and any charges incurred through taking legal/enforcement action
- 3.31 Any additional charges we make for such services will cover the costs we have incurred in providing the service and will be made clear to leaseholders before any charges are made.

Options to Pay

- 3.32 Payment of leaseholder charges is due annually in advance, under the terms of the lease. However, Connexus recognises that there are occasions where customers find it difficult to make a payment and we will consider whether it is appropriate to accept payment of annual service charges in instalments via Direct Debit over 12 months.
- 3.33 Where substantial charges are due for repairs or improvements Connexus will consider accepting payments over a longer period, where legally permitted to do so. All instalment arrangements paid via Direct Debit, will be based upon the customer's individual circumstances and will be subject to disclosure of income, expenditure and savings.

Discount for Full Payment

- 3.34 Connexus will offer the discounts below to leaseholders. These discounts are not available for any part of the sum that is disputed.
- 5% discount if payment in full with 28 days of Actual Invoice.

- 2.5% discount if payment within 12 months of Actual Invoice.

Repurchase or 'Buy Back' of Sold Properties

- 3.35 In exceptional cases, Connexus will consider buying back leasehold properties where there are funds available and there is a viable business case to repurchase. Connexus is under no obligation to buy back any leasehold property unless it is a requirement of the lease.
- 3.36 Each case will be considered on its merits, taking into account the circumstances and the property. If, in principle, the Buy Back is a viable option then a detailed financial viability assessment will be undertaken. Final approval for the Buy Back will be granted by the Executive Management Team (EMT).
- 3.37 The price to be paid for any Buy Back will not be at full open market value but will be calculated taking account of the following:
- The full open market value of the property
 - The cost of works required to bring the property up to the Decent Homes Standard for social rented housing and to maintain it at that standard
 - The amount of any outstanding service charge
 - Any outstanding sum owed by the leaseholder under a mortgage
 - The level of rent that the leaseholder can afford, taking account of eligibility for benefits and any capital arising from the sale of the property

Provision of Rented Housing

- 3.38 If we successfully apply to court for forfeiture a lease or buy back a leasehold property we will 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 Connexus.
- 3.39 As is the case with other Connexus lettings, a starter 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 Buy Back self-financing over 30 years, taking account of the level of rent that the leaseholder can afford in the light of their eligibility for benefits.

4. Equality and Diversity

- 4.1 In the implementation of this Policy, Connexus will adhere to its Equality and Diversity Policy and will have regard to the needs of vulnerable customers when managing leasehold properties.

4. Measurement

- 4.1 Connexus welcomes feedback from leaseholders and will actively seek to gather it through:

- A Leaseholder Forum,
- Satisfaction surveys undertaken after the completion of major works schemes, as an integral part of our Section 20 consultation process
- Periodic surveys about satisfaction with Connexus services to leaseholders
- Compliments Complaints and feedback (e.g. via social media)

4.2 Connexus will monitor the service it provides by using the following measures:

- Level of leaseholder service charge arrears
- Level of repair and improvement charge arrears
- % collected as a % of debt owing
- Satisfaction surveys

Appendix 1 – Equality Impact Assessment Form