



# Leasehold Management Policy

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## POLICY SUMMARY

**Please note that where we use EPIC within this Policy, we refer to EPIC Limited.**

EPIC provides a range of services to its leaseholders. Leaseholders include shared owners, new buyers who have purchased 100% of the leasehold, and tenants who have exercised their right to purchase their rental property under the Right to Buy (RTB) or Right to Acquire (RTA).

### 1. APPLICABILITY

The Policy applies to

- Relevant staff
- Leaseholders

### 2. INTRODUCTION

2.1. This policy outlines the procedures and responsibilities related to the collection and management of service charges from leaseholders. It aims to ensure transparency, fairness, and compliance with relevant legislation.

### 3. STATEMENT OF INTENT

3.1. EPIC will deliver services in accordance with legislation, lease requirements, policies and internal procedures. Staff responding to leasehold management queries will be sufficiently trained to respond to enquiries on the full range of leasehold matters detailed within this policy.

### 4. MANAGEMENT AND ADMINISTRATION FEES

4.1. We will recover the costs for managing our leasehold properties. Management Fees will cover the cost of providing management services, in accordance with the terms of the lease on behalf of Leaseholders.

4.1.1. Administration charges will be charged where they are provided for within the lease. We will also charge administration charges for services we provide to the leaseholder that are not specified in the lease, for example the cost to EPIC due to re-mortgaging (where applicable). We will notify Leaseholders of the costs of these services before we provide them.

4.2. Service Charges And Accounting

4.2.1. EPIC provide a range of services to our Leaseholders that vary from property to property. We will ensure that our Leaseholders understand their specific service charge obligations when they take on the lease, they will be informed which services will be provided, and the cost of these services.

4.2.2. Services may include cleaning of communal areas, grounds maintenance, communal lighting, communal water supply, and door entry maintenance.

4.2.3. Responsive repairs to communal parts, fire alarm testing, buildings insurance and any other services and responsibility defined in individual leases

4.2.4. Service charges will be estimated and invoiced for in accordance with the individual lease agreement. For RTB/RTA Leaseholders, we send an estimate of the service charges for the current financial year by the end of September, reconcile accounts and send final invoices, or credits once the financial year has ended. Our Shared Owner's will be charged monthly with accounts reconciled once the financial year has ended.

- 4.2.5. Where individual leases refer to third party preparation of service charge reconciliations this will be undertaken.
  - 4.2.6. EPIC will charge Leaseholders for the cost of any services within 18 months of the date from when the cost was incurred. If the work is part of a long-term contract, which means that the service charge may not be charged until after 18 months, then the Leaseholders will be formally notified, allowing us to collect the costs at a later date.
  - 4.2.7. Individual lease agreements set out EPIC's obligations and responsibilities for providing services and our Leaseholders' obligations to pay for them.
- 4.3. Sinking Funds
- 4.3.1. In accordance with the terms of individual leases, some blocks of flats / apartments may have reserve funds in place to cover the future replacement or renewal of key communal facilities such as roof replacement, lift replacement etc. Where the lease allows, sinking funds will be established to contribute towards the cost of such works.
- 4.4. Ground Rent
- 4.4.1. Some leases include the obligation for the Leaseholder to pay ground rent. We will observe the statutory requirements in respect of ground rent demands as provided within the Commonhold and Leasehold Reform Act 2002.
  - 4.4.2. The due date(s) for ground rent may differ from those for service charges. We will ensure that all demands go out within the legal timescales.
  - 4.4.3. Shared owners will not be charged Ground rent.
- 4.5. Leaseholders' Obligations
- 4.5.1. It is a Leaseholders responsibility to pay their rent, ground rent (if any), and service charges, and to observe any other covenants in their lease. Failure to make payments and observe the covenants may lead to a breach of the lease.
- 4.6. Leasehold Arrears
- 4.6.1. We will pursue shared owner and leasehold debt in accordance with the lease.
- 4.7. Advice And Information
- 4.7.1. We will provide clear details about the cost of a new home to potential Leaseholders, so they can make informed decisions before buying a home. We will issue clear, regular statements to all Leaseholders, which include gross rent (if applicable) and service charge details.

## 5. REPAIRS ALTERATIONS AND IMPROVEMENTS

- 5.1. For Leaseholders of flats / apartments EPIC are responsible for maintaining the structure and communal areas of the building and Leaseholders will be charged for their share of the costs of any work repairs carried out as per lease arrangements.
- 5.2. EPIC will put in place appropriate arrangements to maintain buildings/and or parts thereof in accordance with the lease obligations. This shall, where appropriate, include day-to-day repairs, cyclical maintenance and major works.
- 5.3. Leaseholders may report communal repairs through us using varied contact channels e.g. phone, and email etc.
- 5.4. Leaseholders will be expected to maintain and repair their property in accordance with the terms of their lease and allow EPIC to undertake periodic inspections. Some Shared Ownership Leaseholders may have a ten-year period from the start of the lease when they can request to

be reimbursed for certain repairs (as per the Homes England Capital Funding Guide). This right will be explained during the sales process with full information provided at Sale Completion.

- 5.5. Leaseholders of houses are normally responsible for maintaining and repairing the exterior of the property. Depending on the terms of the lease, for Shared Owners we may be responsible for certain external and structural repairs for the first 10 years after the property is built.
- 5.6. Leaseholders require our permission if they wish to carry out any alterations or improvements affecting:
  - The fixtures and fittings of the dwelling
  - The exterior of the building
  - The structure of the building (including the removal of internal walls)
- 5.7. The decision to grant or refuse consent will be confirmed in writing and we may charge for this.

## **6. COST OF CAPITAL / MAJOR WORKS**

- 6.1. Periodic maintenance and capital/major works will be programmed to maintain the communal areas of any properties which are blocks.
- 6.2. We will pass on an appropriate proportion of the costs of capital works to Leaseholders, in accordance with the lease terms and legislation.
- 6.3. We will recover from Leaseholders all monies due from them for the cost of capital works and administration fees. Leaseholders will be expected to meet the charge in full. In exceptional circumstances, following the approval by the Director of Asset Management and Building Compliance – payment arrangements may be offered to Leaseholders, to allow them to spread the cost.

## **7. SECTION 20**

- 7.1. We will observe the statutory requirements for consultation under Section 20 of the Landlord and Tenant Act 1985 (as amended).
- 7.2. This requires EPIC to consult our Leaseholders on:
  - Proposed major works or improvements for which any leaseholder will be required to pay in excess of £250.00.
  - Proposed changes to contracts for long-term maintenance contracts (for more than 12 months) for which any leaseholder will be required to pay in excess of £100.00.
- 7.3. The statutory consultation procedure will comply with leasehold legislation.
- 7.4. In certain circumstances we may request a dispensation from the First Tier Tribunal, to allow us to proceed without the consultation period e.g. urgent safety works.

## **8. DEED OF VARIATION**

- 8.1. We manage leasehold properties occupied under a variety of different leases. On occasions it may be desirable to seek to amend leases:
  - To reduce the number in use.
  - To provide a uniform format.
  - To enable consistency of service to leaseholders.
- 8.2. The terms of leases will only be varied following consultation and with agreement of the Leaseholders involved and, where appropriate, their mortgagees, and where there is provision within the lease to do so.

## **9. PRE-ASSIGNMENT PACK**

- 9.1. On request we will provide a pre-assignment enquiry pack to all Leaseholders planning to assign the lease of their property. The charge for this will be an admin fee based on the amount of 1% based on the property sale price, information requested and must be paid in advance of the pack being provided unless otherwise agreed.

- 9.1.1. A pre-assignment for a leasehold is a package of information sometime known as a “sellers pack” that a leaseholder must provide to the potential buyer when selling their property detailing important aspects of the leasehold ownership like service charges history, planned major works, building insurance details, and other relevant information needed for the buyer to make an informed decision.
- 9.2. For Shared Owners, we must confirm the eligibility of the new owner prior to any assignment taking place.

## **10. ADDING AND TRANSFERRING A LEASE (SHARED OWNERSHIP)**

- 10.1. Leaseholders can add another party to their lease, to share the legal title of the property. For shared ownership Leaseholders, the prospective leaseholder applicant must meet the relevant eligibility requirements and must not take the joint income over the allowed eligible level. The original Leaseholders remain fully liable for any outgoings and all breaches of covenant until the new leaseholder has been formally added to the lease
- 10.2. We will recommend that Leaseholders seek legal advice on the consequences of adding someone to their lease.
- 10.3. Joint Leaseholders of shared ownership properties can also request the transfer of the interest in the property into a sole name. To consider the request, we must be provided with the following information:
- Consent in writing from the person whose name is to be removed from the lease.
  - Confirmation in writing from the mortgagee that they consent to the transfer.
  - Confirmation from the person whose name will remain on the lease that they understand they will be solely liable for the covenants under the lease.
  - All Leaseholders are responsible for rent (if applicable) and service charge payments up until completion of the transfer and the payment of any arrears.
- 10.4. We will consent to the transfer of the lease only once the above requirements have been met. The leaseholder’s solicitors must send a Notice of Transfer and the appropriate fee to us. On receipt of the notice and payment we will confirm transfer completion in writing and update our records to confirm the change of the lease.
- 10.5. We will not object to any re-mortgaging of the property, provided that the remaining leaseholder can afford the additional mortgage payments. The leaseholder’s solicitor must confirm that the additional mortgage funds are solely for the purchase of purchasing the joint leaseholder’s share of the property.
- 10.6. If either party moves out of the premises without providing a forwarding address, the remaining leaseholder must seek legal advice. A lease transfer cannot take place without a court order unless both parties agree.

## **11. LEASE EXTENSION**

- 11.1. Our full Leaseholders can request an extension to the years left on their lease using either a statutory or a voluntary route. If they wish to follow the statutory route, we will start the process on receipt of the Section 42 notice and meet all statutory timescales. If a voluntary route is used, we will start the process on receipt of a written request. Shared owners do not currently have a statutory right to extend their lease so must follow the voluntary route.
- 11.2. If we do not own the freehold of the property, it will depend on the terms and length of our head lease whether we can agree to extend the lease. If the extended lease is longer than our head lease, we will try to agree an extension with the freeholder.
- 11.3. For Voluntary lease extensions a RICS valuation must be carried out. This is also recommended but not required for statutory extensions. In addition to paying for this the Leaseholder will also be responsible for our reasonable legal and administrative costs.

## **12. COLLECTIVE ENFRANCHISEMENT – PURCHASING THE FREEHOLD**

12.1. The Leasehold Reform Housing and Urban Development Act 1993 (as amended by the Commonhold and Leasehold Reform Act 2002) gives Leaseholders the right, upon qualification, to compel the sale of the freehold of the building or part of the building. Where there is any intervening interest, like a Head Lease, this must be acquired as part of the purchase. We will comply with legislation regarding any request submitted.

## **13. RIGHT TO MANAGE**

13.1. The Commonhold and Leasehold Reform Act 2002 provides a right for Leaseholders (of flats, not houses) to force the transfer of the landlord's management function to a company set up by them. The right empowers Leaseholders to take responsibility for the management of their block. We will comply with legislation to any request submitted.

## **14. RE-MORTGAGING, FURTHER ADVANCES AND POSTPONEMENT OF CHARGES**

- 14.1. Any shared owner leaseholder wishing to re-mortgage their home must request our approval in accordance with their lease.
- 14.2. We may refuse an application if the proposed lender is not recognised as an approved lender.
- 14.3. We will only give our consent to further advances for the following reasons.
- To enable the shared owner to staircase.
  - To enable them to buy out another shared owner in the same property.
  - To enable them to change to a different mortgage lender.
- 14.4. To enable them to comply with the covenants in their lease e.g. necessary repairs to the property.
- 14.5. If any lender asks us to agree to postpone our charge in their favour, we will charge for this.

## **15. SUBLETTING**

- 15.1. Any requests by shared owners to sub-let the property will be dealt with in accordance with the provisions of the individual lease. In some circumstances we may give permission for a shared owner to sub-let their home. Applications will be assessed on a case-by-case basis. The Director of Housing Management will make the decision and if approved the maximum period allowed for subletting will not exceed 12 months.
- 15.2. We will investigate all reports of unauthorised subletting of shared ownership and will take legal action for any breach of the lease.
- 15.3. Shared Owners are allowed to sublet a room in their house with our permission.
- 15.4. Leaseholders that own 100% of the equity in their property are permitted to sublet their homes unless otherwise stated in the lease. We must be provided with a mailing address and contact details for the Leaseholder, and they will remain responsible for paying all relevant charges for the property and ensuring that all covenants of the lease are adhered to by their tenants.
- 15.5. Leaseholders that sub-let their property are required under law to have a gas safety check of their property carried out annually.

## **16. STAIRCASING (APPLICABLE TO SHARED OWNERSHIP ONLY)**

- 16.1. Staircasing is the term for when shared owners purchase more shares in their home, there is no requirement for shared owners to do this but if they wish to take up the option we will support them to do so based on the terms of their lease.
- 16.2. Staircasing can be interim, where a bigger share is purchased, or final, where the increased share takes them to 100% ownership and the property converts to Freehold.
- 16.3. Some leases do not allow 100% ownership e.g. Older persons shared ownership only allows a maximum of 75%.

- 16.4. For any Leaseholder staircasing we will require an independent open market valuation report. EPIC will arrange for this, but the Leaseholder must pay us in advance. The report must meet the following requirements:
- The valuer must be Royal Institute of Chartered Surveyors (RICS) qualified.
  - The valuer must be independent.
  - The valuation should include comparable properties and sale prices where possible.
  - The valuer must inspect the interior of the property and provide a full valuation report.
  - The valuer must be informed of any improvements undertaken to the property by the Leaseholder (these improvements must have received prior written approval from us).
  - Valuations carried out for bank or mortgage purposes are not acceptable.
- 16.5. The valuation will be valid for a period of 3 months. If the staircasing does not complete within 3 months a revised valuation report may be required.
- 16.6. Once we have the valuation report we will inform the leaseholder in writing of the sale price for the remaining equity/share to be purchased. They must confirm in writing their acceptance, details of their solicitors and proof of the funds to pay for the share. This can be a mortgage offer, a bank statement showing the necessary funds or if the money is coming from a third party, a signed gifting form and evidence of funds. Leaseholders are responsible for their own legal costs, and we will pay for ours.
- 16.7. Any Shared Ownership homes funded from the Affordable Homes Programme (AHP) 2021-2026 include the right to staircase by 1% each year for the first 15 years. Those customers will also have the right to staircase by a minimum of 5% throughout the life of the lease.
- 16.8. The value of the 1% share will be based on the original price of the home as valued by a RICS surveyor as the baseline valuation. Each year, we will use the latest available House Price Index (HPI) data for the appropriate Local Authority area and property type to adjust the valuation upwards or downwards and produce an up-to-date valuation for shared owners who wish to purchase an additional 1% of their home via gradual staircasing. We must provide these Leaseholders with an updated valuation (for the purposes of 1% gradual staircasing only) at least once per year, and at any other point the shared owner requests to purchase an additional 1% using the same formula. There will be no right to appeal an estimated valuation, but the Leaseholder can opt to use a RICS valuation at their own cost.
- 16.9. On completion of the staircasing transaction we will amend all internal records to reflect the current ownership position.
- 16.10. In exceptional circumstances, and where viable. We may allow customers to downward staircase. At our discretion, we may buy back some equity, to allow the customer to stay in their home. This will be dealt with on a case-by-case basis and will require Director of Resources approval. We will look to utilise RCGF in doing this and will liaise with Homes England. The same principles as upwards staircasing will apply in relation to charges, RICS valuations etc.

## 17. DISPUTES

- 17.1. We are committed to resolving all leaseholder enquiries in line with this policy and the terms of the individual lease. We will inform Leaseholders how to appeal a decision and how we will consider it. A manager who has not been part of the decision process will consider the appeal. Where EPIC or the Leaseholder are not in agreement with any decision made, either party reserves the right to apply to the First Tier Tribunal for the dispute to be heard.
- 17.2. The First Tier Tribunal is the formal name given to the body appointed to make decisions on various types of dispute relating to residential leasehold properties. It is an independent decision-making body which is completely unconnected to the parties or any other public agency. Following an application to the First Tier Tribunal by a leaseholder, the tribunal will look at the dispute and can:

- Decide the price to be paid when a leaseholder want to buy (enfranchise), extend or renew the lease of their home and the value cannot be agreed with the leaseholder.
  - Vary estate management schemes under the Leasehold Reform, Housing and Urban Development Act 1993.
  - Adjudicate in disputes about the right of first refusal procedure (which gives Leaseholders the right of first refusal to buy the freehold when the landlord wishes to sell it) and the compulsory acquisition of the landlord’s interest in blocks of flats, decide liability for payment of service charges and can settle disputes about the landlord’s choice of insurer.
  - Decide applications on dispensation of service charge consultation requirements, administration charges, the right to manage, the appointment of managers, the variation of leases and estate charges.
- 17.3. Leaseholders have the right to refer any of the issues above without reference to the landlord. We may also look to refer longstanding disputes to the First Tier Tribunal, where we have been unable to resolve them. Some applications may require the payment of application and hearing fees.

## 18. RESPONSIBILITIES

The roles and responsibilities for key stakeholders across EPIC are detailed below.

**Director of Housing Management** is responsible for the overall implementation of this policy.

**Director of Resources** is responsible for any decision in relations to the RCGF or any financial implications arising as a consequence of this policy.

**Executive Team** is responsible for the final approval of this policy.

**Leaseholders** to understand and adhere to the policy.

## 19. TRAINING

19.1. Staff involved in the management of leases will receive the appropriate training.

## 20. EQUALITY AND DIVERSITY IMPLICATIONS

- 20.1. We are committed to ensuring and promoting equality of opportunity for all. We are opposed to discrimination on any grounds, including race, religion, gender, marital status, sexual orientation, disability, age, or any unjustifiable criteria. We are committed to developing a culture that values people from all sections of society and the contribution which each individual can make. We will ensure our approach to accessing properties is considerate to people’s individual needs. We also adhere to the Equality Act 2010.
- 20.2. EPIC recognises that some people experience disadvantage due to their socio-economic circumstances and will strive to ensure no person or groups of persons is treated with injustice due to their personal circumstances. EPIC will also ensure that all services and actions are delivered within the context of current Human Rights legislation and will make sure the central principles of the Human Rights Act (1998) will be adhered to.
- 20.3. An Equality Impact Assessment has been completed.

## 21. MONITORING / REVIEW

21.1. This Policy will be reviewed every three years. A review may be conducted earlier if there are significant changes to either regulation, legislation, or EPIC’s operating practices.

## 22. ASSOCIATED DOCUMENTS

- EPIC’s Rent Setting and Service Charge Policy



### Version Control

Date of Review	Reviewer	Version Number	Changes	Date of Next Review	Approved By
April 2025	Director of Housing Management	1.0	New Policy	April 2028	Executive Team