

LEASEHOLD MAJOR WORKS POLICY

Responsible Officer

Director of Customer Services

Aim of the Policy

Phoenix is committed to providing high quality management and maintenance services to leaseholders and meeting its responsibilities to leaseholders under the terms of the leases and the Leasehold Charter. This document sets out Phoenix's policy in relation to leaseholders affected by major works.

Policy Scope

This policy shall apply to service charges which are payable by a lessee in respect of a dwelling in England for the costs of repair, maintenance or improvement.

The Policy

As a freeholder, Phoenix is responsible for maintenance of the communal and structural parts of the building and communal parts of estates such as roads, communal gardens and parking areas in the Phoenix area. Under the terms of the lease, leaseholders are required to pay a proportion of the cost of these works. The cost of the works will include professional fees such as consultants, surveyors, engineers or architects and an administration fee.

Phoenix will, in accordance with its legal obligations, and its consultation and communication strategy, fully consult with all leaseholders about proposed major works to their property, building and the estate where the cost is above the prescribed amount.

Phoenix will aim to recover all the monies due from leaseholders towards the cost of major works.

Consultation

Phoenix is committed to full and open consultation with all residents, including leaseholders.

Leaseholders will be consulted in accordance with The Service Charges (Consultation Requirements) (England) Regulations 2003 and will be fully consulted about any proposed refurbishment works to be undertaken to their homes in accordance with statutory requirements.

Phoenix will provide leaseholders with a notice of intention of the work proposed and a statement of estimates before entering into a contract for the work. Phoenix will seek to ensure that the work proposed is reasonable under the terms of the lease.

Where public notice is not required, Phoenix will invite leaseholders to nominate a contractor and comment formally on the proposed works in accordance with the aforementioned legislation.

Leaseholders will have details of the proposed works, including estimates for the total cost of the works and the individual leasehold contributions for those costs before the works commence.

Leaseholders will not be able to opt out of works such as window replacements, unless Phoenix is satisfied that such works have already been done to a satisfactory standard and in keeping with the building. However, leaseholders will be required, under the terms of their lease, to make a contribution towards the overall costs of the structural works to their building as incurred by Phoenix.

Phoenix will seek to ensure that the work is completed within the contract, or timescales set out in any consultation material that is sent to leaseholders. Phoenix will inform the leaseholder of any delay to work and the cause of the delay.

Emergency Works

If emergency works are required that would meet the threshold for Section 20 consultation but consultation is not possible due the urgent nature of the works we will make an application to the First-tier Tribunal (FtT) for dispensation of the Section 20 consultation requirements and will notify Lessees of the works to be carried out and their estimated costs.

Billing

Phoenix will provide leaseholders with the cost of proposed works, including estimates for the total cost of the works and the individual leaseholder contribution of that cost before works commence. Leaseholder contributions to work costs will be apportioned in accordance with the lease.

Phoenix will issue estimated major works service charge invoices to leaseholders in March, ahead of the financial year within which works will take place, in accordance with the terms of the lease. The final accounts ('actual') will be issued to leaseholders within 18 months (30 September) of the start of the financial year. Where this is not possible a notice will be given under Section 20(b) of the Landlord and Tenant Act 1985 as amended, and the final account will be issued at the earliest opportunity.

Collection

In accordance with the terms of the lease, payment will be required within 21 days of invoice date. Estimated major works service charge invoices will issued with the annual estimated service charge invoices in accordance with lease terms.

Leaseholders will be able to make their major works service charge payment by: Cheque; Direct Debit; Standing Order and Bank transfer.

If a leaseholder cannot afford to pay the bill in one lump sum, repayment arrangements will be offered to allow them to pay, interest free, by equal instalments over up to 36 months, by Direct Debit, and where agreed in advance with Phoenix, over a longer period (dependent on residential status).

Residential leaseholders (subject to meeting criteria) will also be able to apply to Phoenix for a Voluntary Charge to be placed on the property (by Board approval) and an administration fee will be payable.

Overpayments

If the final account shows that there has been an overpayment of service charges and all service charge accounts for the property are in credit, the overpayment if less than £850 will be held on the

service charge account for future charges. Any amount in excess of the £850 value will be refunded to the Lessee's nominated account within 28 days of a written request.

Arrears

Any leaseholder who falls behind with payments will be contacted promptly by Phoenix staff and appropriate action for arrears recovery will be taken, in accordance with the Home Ownership Management Policy. Phoenix will also take recovery action if a leaseholder fails to pay the major works service charge invoice and does not contact Phoenix. Leaseholders will be offered advice about their housing and other benefits, to assist them to maximise their income and meet their service charge liabilities.

Phoenix staff can arrange a repayment plan. If the leaseholder does not make the payments as agreed then Phoenix will review the available options. These options include writing to the mortgage lender where it has still not been possible to reach an agreement acceptable to both the leaseholder and Phoenix. An arrears admin fee may be payable.

Where Phoenix is satisfied that appropriate courses of recovery action have been taken by staff and service charges remain unpaid, legal proceedings will be considered. Legal action may include money judgement orders, or, following persistent failure to pay service charges, action for forfeiture taking account of the requirements of the Housing Act 1996 and Commonhold and Leasehold Reform Act 2002.

Payment difficulties

Phoenix will take an empathetic approach to leaseholders in genuine financial difficulties and can provide access to debt counselling. If leaseholders are unable to pay the service charges through instalments, Phoenix will explore alternative payment options available to the leaseholder and provide advice to maximise their income and prioritise 'priority' and 'non-priority' debts and may include referrals to specialist debt advice agencies.

Phoenix will assess each case individually and depending on the circumstances may consider extending the repayment period, offering a discretionary loan or placing a charge on the property so that the debt is repaid when the property is sold (subject to Board approval), interest of 8% would be required to be paid annually.

Disputes

In the event that a leaseholder disputes a major works service charge, Phoenix provide a dispute resolution mechanism for the service charge to be reviewed and the leaseholder's case to be considered. The aim of this process will be to try and resolve the matter without the need for any legal action either by Phoenix or the leaseholder. This does not affect a leaseholder's right to make an application to a First-tier Tribunal (Property Chamber).

Monitoring and review

This policy will be monitored through annual performance reports and Key Performance Indicators and will be reviewed every three years, or following a legislative change, whichever is soonest.

Legislation

- Landlord and Tenant Act 1985
- The Service Charges (Consultation Requirements) (England) Regulations 2003
- Housing Act 1996
- Commonhold and Leasehold Reform Act 2002
- County Courts Act 1984 (Section 69)
- Coronavirus Act 2020

Reference to other documents and associated policies and procedures

Including:

- Customer Access Strategy
- Home Ownership Management Policy
- Right to Buy Policy
- Equality and Diversity Charter
- Community Empowerment Strategy
- The Lease
- Home Ownership Handbook
- Home Ownership Charter
- Discretionary Reduction in Service Charge Policy
- Buy Back Policy

Definitions

Term/acronym	Description
Resident	Includes tenants, freeholders and leaseholders.
Phoenix	Phoenix Community Housing.
Leaseholder	Includes leaseholders and lessees
Freeholders	Includes freeholders, lessors and Phoenix Community Housing.
First-tier Tribunal	A court/tribunal service where leaseholders can dispute their service charges.
Demised Premises	The areas that are the sole responsibility of the lessee defined within the terms of the lease.

Reserved Property	The areas that are the responsibility of the freeholder to maintain as defined within the terms of the lease. The costs of maintaining these areas are apportionable to lessees.
Forfeiture	The ability to forfeit the lease (and therefore recover the property) for failure to comply with the terms of the lease. Such as service charge arrears or not meeting the repairing obligations.

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