



LEASEHOLD POLICY

Policy Control

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1.0 INTRODUCTION

Derby City Council and Derby Homes Ltd are committed to fulfilling their respective responsibilities to leaseholders in accordance with the terms of individual leases, applicable legislation, and recognised best practice, while delivering a high-quality service.

The Leasehold Policy outlines how we manage our leased homes and buildings and how we provide services to customers living in them. This includes customers who are leaseholders, and those who have purchased their properties through the Right to Buy Scheme.

2.0 Aims and Obligations

Leases are legally binding contracts which are governed in statute. The terms of the Lease set out the responsibilities (such as repairs, issuing and paying service charges) that both the leaseholder and Derby City Council are bound to.

Derby Homes will make appropriate arrangements to maintain buildings in accordance with its lease obligations. Leaseholders will be expected to carry out their responsibilities to maintain and repair their properties in accordance with the terms of their lease.

Derby Homes is committed to providing a transparent service to all its leaseholder customers, ensuring that demands for service charges relating to costs have been reasonably incurred.

Individual lease agreements set out our obligations and responsibilities for providing services and our leasehold customers' obligations to pay for them.

We provide a range of services to our leasehold customers that vary from property to property. We will ensure that our leasehold customers know when the lease starts, which services will be provided, and the cost of these services.

Service charges will be set in advance of the "service charge year" as defined in the lease. They will be sent to leaseholders in advance of the service charge year.

Derby Homes will aim to ensure that leaseholders are provided with timely and accurate information regarding responsibilities and services, as well as information about their service charges and ground rent.

We will aim to ensure that all leaseholders are treated in a fair, respectful, and consistent way, and will meet all applicable statutory and regulatory requirements in relation to the terms outline within their individual lease.

3.0 Service Charges

3.1 Estimated Charges

We will provide leaseholder with their estimated annual charge by the 1 of April each year. The leaseholder will have a statement detailing the service for their block and any insurance specific to their property. The total estimated service charge will be added to leaseholder's service charge account in four equal instalments on 1 April, 1 July, 1 October and 1 January of each financial year.

3.2 Actual Charges

We will provide leaseholders with their actual annual charges by the 1 October each year. The statement will show the actual charge against estimated charge including any major works that have been carried out along with a list of all day-to-day repairs carried out to their block, plus any other eligible charges.

3.3 Ground Rent

Some of our 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. We will ensure that all demands for Ground Rent go out within the legal timescales.

3.4 Major Works and Long-Term Agreements

We will consult with leaseholders on both planned work and long-term agreements as per the terms of their leases and current legislation.

The Section 20 process allows leaseholders to make observations about our proposals and to nominate contractors to be invited to tender for the work or service.

Derby Homes will regard all observations made by the due date and will respond to any leaseholder within 21 days of receipt of any observations.

Upon completion, Derby Homes will write to leaseholders advising of the actual cost of the work and their proportional contribution. These costs will be finalised and applied on leaseholders account along with the actual service charges 1 October the following financial year.

3.5 Major /Planned Work – No Recharge

Approval must be sought and signed off by both the Head of Finance & Income and the Finance Director & Company Secretary for any planned or major work carried out to blocks with Leasehold properties where a decision has been taken not to recharge / apply a reduced charge to individual leaseholders for their proportion of the cost. This discretion is most likely to apply when works are of a health & safety and / or environmental benefit for the whole block.

3.6 Quarterly Repairs Statements

The statement will give details of any communal repair carried out within the block. The statement is not a request for payment but is aimed at reducing the number of queries for both leaseholders and Derby Home when the actual charges are issued.

4.0 Management and Administration Fees

We will recover the costs for managing our leasehold properties. Where the lease states that a management fee can be collected, usually as part of the service charges, we will collect a fair and reasonable fee. Management fees will cover the cost of providing management services, in accordance with the terms of the lease on behalf of leasehold customers. Administration charges will be charged where they are provided for within the lease.

5.0 Repairs

5.1 The leaseholder is responsible for all internal repair and maintenance of their property. This can include the following:

- The internal decoration, including the flooring, interior doors, carpets and paintwork.
- The fixtures and fittings on all the windows and doors that serve their individual property, including their flat front door. Fixtures and fittings can be broken down to glass, locks, latches, hinges, fasteners, pipes, wires, cables.
- Leaseholders are completely responsible for the glass within the windows.
- Furniture and appliances.
- Interior faces of external walls, internal walls and the internal ceiling including plasterwork.
- Any pathways, gardens and fences which have been designated to the leaseholder in their Lease.
- Internal plumbing and wiring.
- All walls, drains, pipes, cables and wires belonging solely to the property.

5.2 Derby Homes are not responsible for repairs within leasehold properties. If a situation arises where Derby Homes do have to complete repairs internal to a leasehold property, the leaseholder will be recharged for these works. This charge will be applied to the leaseholder's service charge account.

5.3 As the freeholder of the block, Derby Homes on behalf of Derby City Council is responsible for repairing and maintaining the structure and any common parts. Communal repairs can be broken down into categories such as roofs including leaks, broken tiles, blocked gutters, downpipes, external pipes, loadbearing walls.

5.4 Derby Homes 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.

5.5 Leaseholds can report communal repairs through our Contact Centre using varied contact channels e.g. phone and email etc.

5.6 Although Derby Homes is responsible for carrying out or arranging repairs and maintenance work to the block/ common areas, the leaseholder is required as outlined within their lease, to pay a contribution towards these works.

5.7 In instances where emergency repairs have been completed and the cost of the repair per leaseholder is over £250, this charge will be capped at £250, to comply with the terms set within the lease.

6.0 Recovering Service Charge Arrears

We will monitor service charge arrears and deficits on accounts closely and will pursue all debts. Payment agreement will be discussed with leaseholder, where they are unable to pay the outstanding balance in full. Where there is no engagement or payment plan in place, Derby Homes will endeavour to recover these arrears through services such as debt collection agencies or putting arrears onto the mortgages. Appropriate legal action will follow, where required. Any recommendation for action will be taken by the Head of Service and Derby City Council.

7.0 Leasehold Repayment Policy – Major Works

The Council is considering the introduction of a Major Works Repayment Policy for Leaseholders. This would enable major works costs to be repaid over a longer period of time. Assuming that this policy is introduced by the Council, it would be a Council policy to be administered by Derby Homes.

8.0 Lease Transfer- Sales

The leaseholder must inform the Council if they wish to sell their leasehold property. Under section 156A of the Housing Act 1985, if a leaseholder wishes to sell their property within the first ten years of purchase, they are required to give the Council the right of first refusal to purchase the property before it is placed on the open market.

If they wish to sell the property within the first five years of purchase, the leaseholder may have to pay back to the Council a proportion of the Right to Buy discount they received at the time of purchase.

Upon request, we will provide information required under current legislation to either the sellers or buyer's solicitor once our fees have been paid.

9.0 Lease Extensions

Leaseholders have the right to extend the term of the lease. Request to extend the lease can be sent to the leasehold team, which will in turn be passed to Derby City Council. Derby City Council will contact leaseholder to advise on the lease extension process, and any associated costs.

10.0 Leaseholder Obligations

10.1 The leaseholder's obligations and responsibilities are defined within their Lease. The leaseholder is expected to adhere to a particular standard of behaviour and conduct whilst residing at the leasehold property. Leaseholders are responsible for the actions of visitors to their home and if applicable their tenants. The leaseholder should refer to their original Lease for a full description of their responsibilities.

10.2 It is a leasehold's responsibility to pay their service charges, ground rent (if any), and to observe any other covenants within their lease. Failure to make payments and observe the covenants may lead to a breach of the lease.

10.3 Appropriate action will be taken whenever we become aware that a leaseholder is acting in breach of the terms of their lease. In all such cases we will first draw the breach to the leaseholder's attention in writing and request they remedy it. We will ensure the leaseholder obligations as required by the lease are met. Any failures will be dealt with by either current policies or referring to the Head of Service or Derby City Council.

10.4 If the breach continues, further action may be taken, which may include seeking an injunction or as a last resort, forfeiture of their lease.

11.0 Subletting

11.1 Leaseholders wishing to sublet must first seek Derby Homes approval. If given, in addition to Derby Homes explaining to the leaseholder the responsibilities around subletting, we will also advise the leaseholder to seek independent guidance on their responsibilities as a 'Landlord'. Information can be found on the Leasehold Advisory Service (LEASE) website <https://lease-advice.org> or from the government website, <https://www.gov.uk/renting-out-a-property> .

11.2 If the leaseholder does move out of their premises, it is their responsibility to provide Derby Homes with a forwarding address, to which all future correspondence should be sent.

11.3 The leaseholder must ensure that their tenant complies with all provisions contained within the leaseholder's Lease. The leaseholder will be responsible for how the tenant conducts their tenancy.

11.4 Leaseholders who sublet will be required to ensure that their tenants are able to evacuate from their property unaided in an emergency prior to letting the property.

12.0 Potential / New Leaseholders

12.1 Tenants Exploring RTB

Any tenant who submits a RTB request will be sent an information sheet which also contains a link to the government's website <https://righttobuy.gov.uk/can-i-afford-it/buying-a-leasehold-property/>

This is not a replacement for legal advice but outlines the some of the things a leaseholder can expect to be charged for, information on the purple line and where to look in their Lease for information.

12.2 New Leaseholder

For a private individual buying the property from an existing leaseholder, the new buyer's solicitors must send a Notice of Transfer and the appropriate fee to Derby City Council. On receipt of the notice and payment we will confirm transfer completion in writing and update our records to confirm the change of Lease.

Once we receive notification that a sale is completed, we will contact the new leaseholder in writing to offer an appointment. Again, this is not to replace legal advice but to go over what the leaseholder can expect from Derby Homes and what Derby Homes expects from a leaseholder. This initial contact aims to reduce any problems that may arise, and to give the leaseholder an opportunity to set up payment plans.

13.0 Communications Forum

We will have two leasehold forums per year with the option for additional meetings should the need arise or there is a specific issue that needs addressing. The meetings will be a hybrid meeting, enabling leaseholders wishing to attend, to choose depending on their preferences.

14.0 Right to Manage

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

15.0 Complaints

Complaints from leaseholders will be dealt with under Derby Homes Complaints policy.

16.0 Independent Advice

Leaseholders can contact the Leasehold Advisory Service (LEASE) <https://lease-advice.org> for free legal advice on the law affecting residential leasehold in England and Wales, seek their own legal advice and obtain guidance from the government website, <https://www.gov.uk>.

17.0 Discretionary Works to Leasehold Properties

Derby Homes currently does not offer a general repairs service to leaseholders. However, there may be safety or environmental reasons for future major works to be offered to leaseholders whilst wider programmed works are ongoing at the location. Examples of such works include (but are not limited to):

- Fire precaution related installations / upgrades
- Heating, insulation, external cladding, roofing, window replacement works

These will be considered on a case-by-case basis to consider if rechargeable works will be offered to leaseholders at that time.

18.0 Improvements and Alterations

The leaseholder is responsible for maintaining and repairing the internal parts of their property. Under the terms of the Lease the leaseholder will require the Council's permission to carry out any alterations and improvements within the interior of their property, including outbuildings within their boundary.

Leaseholders wishing to carry out any improvement or alteration work to their home, must complete a permit request and sent this to Derby Homes for consent, as required by the Lease and provide details of the proposed works. This should be done in writing, and a permit request can be provided by Derby Homes upon request.

Consent may be granted subject to conditions, such as obtaining planning permission and/or appropriate buildings regulations consent, where this is required. Leaseholders should not carry out any works until consent has been given.

19.0 Equality, Diversity and Inclusion

Derby Homes is committed to Equity, Diversity and Inclusion. This policy aligns with Derby Homes Equity, Diversity and Inclusion Strategy and an Equality Impact Assessment has been conducted. Derby Homes is dedicated to fostering an

inclusive environment that reflects the diversity of our community. By adhering to relevant legislation, engaging with our leaseholders, and aligning with best practices in the housing sector, we aim to create a culture of equity, diversity, and inclusion that enhances the quality of life for all our residents.