



Leasehold Management Policy

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| Policy: | Leasehold Management Policy |
| Version number: | 4.0 |
| Date effective from: | March 2025 |
| Policy Owner: | Leasehold Manager |
| Policy Author(s): | Leasehold Manager |
| Approved by: | Executive Team |
| Equality Assessment: | Yes |
| Next review of policy due: | March 2028 |
| Policy Grade: | 2 |
| For the full version history of this policy, see the back page | |

Please avoid referring to printed versions of this policy.

Printed versions may quickly go out of date – the latest version will be on the Policy Hub, or contact the Governance Team. For support and advice regarding the Policy, please contact the Policy Owner.

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1.0 Introduction and scope

- 1.1 This document covers our Policy on Leasehold Management and how we meet our responsibilities to leaseholders under the terms of their leases. It outlines our commitment to providing leaseholders with a high-quality service in the management and maintenance of the communal areas and main fabric of the building they occupy.
- 1.2 Our Leasehold Management functions cover the following types of properties:
- Properties formally acquired under the Right to Buy, the Preserved Right to buy and the Right to Acquire Legislation.
 - New build and renovated apartments which are made available for rent and sale on the open market.
 - Shared ownership properties
 - Rent to buy houses
- 1.3 Leaseholders buy the rights to live in a property for a fixed period of time. They do not own the external structure of the building or communal areas, these remain under the ownership of the landlord.
- 1.4 The leaseholder pays Gentoo a ground rent and an annual service charge which covers the cost of providing management and maintenance services. A contribution towards future major works and improvements will also be payable where there is provision within the lease, this is known as a sinking fund.
- 1.5 This Policy and procedure will ensure effective co-ordination of our Leasehold Management functions in line with the Group's overarching Vision and Values.
- 1.6 The scope of this Policy covers:

| | |
|-------------------------|---|
| Gentoo Group | X |
| Gentoo Homes | |
| Gentoo Developments Ltd | |
| Gentoo Genie | |

It applies to:

| | |
|---|---|
| General Needs rented properties | |
| Supported Housing | |
| Sheltered Housing | |
| Leasehold/Shared ownership | X |
| Rent to Buy properties | |
| Market rented properties (domestic) | |
| Temporary Accommodation | |
| Stock owned but not managed by the Group | |
| Communal Areas, including those relating to Leasehold/Shared Ownership properties | X |
| Commercial Property (offices, depots etc) | |
| Stock managed by Gentoo on behalf of a third party | |
| Garages and outbuildings | |
| Remote plant (district heating, electrical pumps etc) | |
| Curtilage | |

2.0 Links to Strategy and the Business Plan

- 2.1 Our core purpose is to provide safe and decent homes for our customers of today and tomorrow.
- 2.2 Our vision is to provide great homes, strong communities, and inspired people for Sunderland.
- 2.3 The safety of our customers and colleagues will always be our number one priority.
- 2.4 We have identified six further priorities which will guide the delivery of our services.
- 2.5 We live our values in everything we do from the boardroom to the front room, to deliver our priorities for our customers.
 - We know our customers.
 - We provide great homes.
 - We help communities to thrive.
 - We are a great place to work.
 - We spend our money wisely.
 - We are well governed.
- 2.6 Our values are what we stand for and what we want to be known for. They are what makes us, us.

- We care about people.
- We take accountability.
- We shape the future.
- We bring leadership.
- We deliver.

2.7 This Policy operates within our Vision and Values and links to the Safeguarding Adults at Risk Policy and Toolkit, Hoarding Toolkit, Data Protection Policy, Domestic Abuse Policy and Community Safety Policy and Toolkit.

3.0 Regulation and legislation

3.1 This Policy helps to fulfil the following legislation:

- Commonhold and Leasehold Reform Act 2002.
- Law of Property Act 1925.
- The Housing Act 1996.
- The Leasehold Reform, Housing & Urban Development Act 1993.
- The Landlord & Tenants Act 1985 & 1987.

3.2 We cover all statutory requirements in line with Group policies including these seven key areas; gas safety, electrical safety, lift safety, water safety, solid fuel safety, asbestos safety and fire safety.

3.3 This Policy has been cross referenced with good practice.

4.0 Our Policy statement

4.1 We will deliver a Leasehold Management service which will not only meet its responsibilities to leaseholders under the terms of their leases, but will provide an excellent quality of service which:

- Understands who our customers are and values their diversity.
- Succeeds in achieving customer satisfaction.
- Is flexible and responsive to changing needs.

4.2 Leaseholders will have access to a comprehensive and responsive Leasehold

Management service. They will be provided with clear and understandable customer information on the quality, cost and performance of the service they receive.

4.3 We are committed to the principles of diversity and inclusion throughout the organisation and aim to:

- Meet the needs and choice of people from all backgrounds.
- Ensure that our services are relevant, responsive, and sensitive to the needs of our existing and future customers.
- Ensure that all sections of the community in which we work have equal access to our services.

Our Leasehold Management Policy will ensure that customers will be treated as individuals and with fairness and respect. An Equality Assessment has been completed with regard to this Policy and is attached in Appendix 1.

5.0 Roles and responsibilities

5.1

| Roles | Responsibilities |
|---------------------------------------|---|
| Company Secretary and General Counsel | Is accountable for ensuring effective implementation of this Policy |
| Leasehold Manager | Is responsible for adequate resourcing and having effective processes in place to implement this Policy |
| Leasehold Manager | Is responsible for ensuring that this Policy is adhered to and that all staff are appropriately trained |
| All Leasehold Management staff | Should be trained in relation to this Policy and act accordingly |

5.2 Leaseholder Responsibilities

Leaseholders will:

- Pay service charge and ground rent as specified in the lease
- Obtain written permission for any improvement works which may affect the rest of the building
- Repair, maintain and decorate the property, particularly the inside. This includes gas fires, gas boilers and other gas appliances within the property which should be inspected annually by a fully qualified Gas Safe Register accredited engineer
- Provide notice of any transfer, underlet, mortgage or legal change of the property to the landlord
- Pay the registration fees for such notices to the landlord
- Provide a means of contacting them or their representative should their tenant breach the terms of the lease
- Complete any Fire Safety work to the property in a timely manner, where it is the responsibility of the Leaseholder

5.2.1 Sinking or Reserve Fund

Some leases allow for a sinking fund to be created, to build up sums to finance large or infrequent items of expenditure, such as replacing a lift or refurbishing a roof.

These funds are designed to spread the cost between successive residents, to avoid the risk of work being neglected due to lack of funds, or of current residents being faced with large bills for infrequent works.

Funds are accumulated collectively, so that even if a resident lives at the property for a short period, the value of their property is enhanced by the extent of provision for future maintenance.

Contributions to sinking funds will be reasonable and be calculated based upon current data about property condition and the life cycle of building components using information provided by the provider or RICS guidelines.

Sinking fund contributions form part of the service charge and will be held in a

separate Trust Fund for each individual geographical area. Gentoo seek to ensure that this Fund earns interest for the benefit of leaseholder customers. A record of the contribution held for each individual property is held by the Finance Team.

5.3 Gentoo covenants and responsibilities

This is not an exhaustive list but some typical requirements imposed on Gentoo include;

- an obligation to give the leaseholder quiet enjoyment of the premises, i.e. not to interfere with their occupation,
- an obligation to insure the building and to provide the leaseholder with copies of any insurance policy when requested,
- repairing obligations for the structure of the building and common parts,
- an obligation to provide certain services (though this may be subject to qualifications, e.g. the right to change or modify services),
- an obligation to use a similar or identical form of lease for other leaseholders in the same building. This ensures that leaseholders can guarantee that other leaseholders will have similar obligations.

There are some mandatory obligations that must be included in leases granted under the Right to Buy and Right to Acquire.

The list above is typical; however, Gentoo and the leaseholder customer should refer to each specific lease for any further covenants and responsibilities. Contact the Leasehold Team for further information.

5.3.1 Consultation

Consultation of major work and services with leaseholders is a requirement of Section 20 of the Commonhold and Leasehold Reform Act 2002.

Leaseholders should be consulted when works or services are planned and the proposed service charge expenditure exceeds £250 for works and £100 and exceeds a 12 month contractor for services for any one leaseholder in the block. Any formally recognised residents' associations should also be formally consulted

on the works.

Relevant Section 20 notices should be sent to all leaseholders paying for the proposed works or services through their service charge.

5.4 Right to manage and leasehold enfranchisement

The Commonhold and Leasehold Reform Act 2002 gives leaseholders the Right to Manage. This involves leaseholders taking over the collective management duties for the building and enables them to appoint their own managing agent.

6.0 Monitoring and review

- 6.1 This Leasehold Management Policy will be reviewed a maximum of every 3 years, or in line with business need.
- 6.2 The accountability for this Policy lies with the Company Secretary and General Counsel and responsibility for this Policy lies with the Leasehold Manager.
- 6.3 This policy may be subject to an audit in line with the internal audit plan.
- 6.4 This Policy is a grade 3 and changes will need the approval of the Company Secretary and General Counsel

7.0 Policy outcomes

- 7.1 Our Leasehold Management Policy aims to achieve the following outcomes:
 - Meet the responsibilities of leaseholders under the terms of their leases, and to provide them with excellent quality management and maintenance services.
 - Treat our leaseholders, as highly valued customers.
 - Raise awareness of the Leasehold Management services across the Group and provide clear guidance to promote understanding between customers and staff.

- Provide up to date information in customer friendly publications.
- Service charges should be comparable with the rest of the leasehold sector and provide value for money.
- Leaseholders will feel empowered, offered more choice and given the opportunity to shape the services we provide.
- Ensure that leaseholders uphold the covenants in their leases, ensuring that neighbourhoods are safe and enjoyable places to live.
- Collect all monies due from leaseholders under the terms of their lease, and offer support, advice and information to anyone having difficulty in making payments.
- Provide a fully transparent and sustainable service.

8.0 Records

- 8.1 Records concerning leasehold management including customer details, copies of leases, repair records and correspondence are kept in the appropriate system. Examples of the systems used include MRI Housing, Salesfoce, open accounts plus electronic and paper files.
- 8.2 Maintenance and inspection records are held electronically and are available in the relevant building as a hard copy, for example the fire alarm testing or emergency lighting.

Version Control

| Version | Reason | Issuer | Date |
|---------|--|-----------------|------------|
| 2.0 | Amended format | Sarah Treadwell | 16/3/18 |
| 2.1 | Amended due to audit recommendations | Sarah Treadwell | 22/10/18 |
| 2.2 | Amended names to job titles, added accountable Exec Director and amended review period from 4 to 3 years | Sarah Treadwell | 02/9/19 |
| 2.3 | Amended covenant consent payments to £125 and £250 for retrospective | Brett Nicholson | 11/12/19 |
| 3.0 | Full 3 yearly review carried out | Vicky Gamblin | 23/06/21 |
| 3.1 | Full 3 yearly review carried out | Helen Coldron | 04/03/2025 |
| 4.0 | Approved by Executive Team | Chloe Appleby | 14/03/2025 |