



MANAGEMENT ARRANGEMENTS

Looking after our Council homes and estates

DARTFORD
BOROUGH COUNCIL

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Management arrangements

The first five years

If you buy a property under the Right to Buy Scheme, we have to tell you how much the service charges are likely to be in each of the first five years. This is done by issuing you with an offer letter (Section 125 Notice, (Housing Act 1985)). We can only do this accurately by planning ahead for any maintenance that is likely to be needed to your block during that time and by estimating how much that work is likely to cost.

Once we've decided how much the repair and improvement costs are likely to be during the first five years, other than making an allowance for inflation each year we cannot charge you more during this period than the amount it states on the Notice. If the costs are over-estimated for maintenance and improvements, you will only be charged what the actual costs are.

The initial five-year period applies to repairs and improvements from the date the first buyer buys the lease. If the lease is sold within this time, the new owner is entitled to what is left of the five-year protection period. There is not a new five-year period each time the lease is sold on.

However, we review planned maintenance and improvements on an annual basis to ensure that expenditure is kept to a minimum for all our leaseholders wherever possible. When the initial five year period is up, we will continue to review planned maintenance and improvements on an annual basis to ensure any contributions you are asked to make towards the future liabilities are fair and accurate.

Living in a leasehold property

When you live in a flat or maisonette, it is important to think about some of the things you do which could affect your neighbours, so please remember:

- Not to make too much noise, especially at night or early in the morning;
- Don't install wooden or laminate floors to your flat as these can cause a noise nuisance to your neighbours;
- To help keep the shared areas clean and tidy;
- To take special care to keep pets under control in accordance with the permission granted;
- To try to be a good neighbour.

Under the terms of your lease, you have a duty not to cause a nuisance or annoyance to your neighbours and to make sure that your family and visitors to your home do not upset or annoy your neighbours.

Shared areas and services

We're responsible for maintaining the shared areas in your block, but everyone living in the block has a duty to keep them clean and use them properly.

If you see someone causing damage to, or misusing, stairways, landings, parking areas, drying areas, bin stores, security doors or any other shared facilities, you should contact us on 01322 343368 as soon as possible. You have to pay a share of the costs of maintaining shared areas, so it will benefit you to let us know.

If you have evidence of who caused the damage, we can charge that person alone so that the cost of the repair will not appear in your service charges.

We clean the windows in some of the shared parts and if you have shared grounds and drying areas around your block, we will usually maintain these through the year. Where we maintain communal grounds, we will include the grassed areas, borders, paths, trees and drying areas. Not all blocks and estates are maintained, so if you are in any doubt about the services provided to your block, please call us on 01322 343368.

Grounds maintenance

The council is responsible for maintaining all grounds work within the Borough.

Leaseholders and tenants will usually pay specific fixed service charges in respect of grounds maintenance for their estate and block, but it is worth remembering that each lease is individual and some older leases may have charges that are calculated in a different way.

Buildings insurance

This insurance is always arranged by us, as we have a duty to protect our freehold interest in the block.

The service charges you pay each year include a premium for buildings insurance. This insurance generally covers you for problems with the structure of your home, for instance the outer walls and the roof. It will also cover you for damage to fixtures and fittings (if they are your property) and any common parts as defined in the title deeds.

The policy covers accidental damage to inspection covers, cables and pipes serving the building your property forms part of as well as repair of the pipe between the main sewer and your home in the event of a blockage.

However, some circumstances would adversely affect your insurance cover, for instance if you left your property unoccupied for more than 30 consecutive days or if you had not paid your service charges on time. Sub-letting your property could also lead to an increase in your premium. Your Insurance Policy Cover Booklet gives a complete list of what is covered and what circumstances would affect your level of cover.

Buildings insurance does not cover the contents (furniture and personal belongings) of your home and you should therefore arrange your own home contents insurance to

cover these items. The Council has arranged an affordable home contents insurance scheme for its tenants and leaseholders - call 0845 601 7007 for more information about this scheme.

Service Charges explained

Provisional estimated service charge invoices are issued quarterly in advance, in accordance with your lease, on the first day of each quarter (1 April, 1 July, 1 October and 1 January), the quarter days.

These invoices are payable quarterly in advance in accordance with your lease.

There are different payment terms for the actual service charge accounts, which are issued annually between June and September, or any other adjustments that are made during the year. These must be paid within 21 days from the date of the invoice or credit note.

Why am I responsible?

A considerable amount of money is spent every year to ensure that our properties are maintained to a high standard. This means that residents have a pleasant place to live and ensures properties don't prematurely deteriorate and lose value.

The costs involved in keeping properties in good working order have to be charged to both tenants and leaseholders, each paying their share for the place in which they live. In order to keep these costs as low as possible, without compromising on quality, we negotiate competitive contracts with our tenants and leaseholders in mind. Government regulations also ensure that our contractors give excellent value for money.

When you purchase your property, you become a 'shareholder' of the physical building in which your property is located. This means that you are responsible for a proportion of the costs your landlord incurs in maintaining and managing the building.

If you have not owned a home before, then sometimes the costs involved can come as a bit of a shock.

As your landlord, we have a legal duty to maintain the building and can recoup your share of the cost from you. We have to pay our own share of these costs, where flats within the block are still occupied by our tenants. Communal repair costs are shared equally amongst all the properties in the block unless a cost belongs only to one property or to part of a block. Tenants also pay service charges for the same items as you do, with their rent. Shared services such as communal aerials will be charged for even if you do not use the facility.

Service charges from a previous leaseholder's ownership

Under the terms of the lease, the current leaseholder is responsible to pay service charges that become due for payment while he or she is the legal leaseholder.

If you are buying or selling your leasehold property, you should ensure that your solicitor checks that all service charge and ground rent payments are up to date, as service charges are property based charges. This means they are attributable to whoever is the legal owner of the property when the charges become due.

Solicitors acting for both parties should therefore account for any outstanding debt when calculating the final completion statement.

If you are in any doubt about who is responsible for paying service charge arrears, you should in the first instance contact the solicitor who dealt with your purchase. We will usually collect service charge arrears from the current leaseholder.

How your charges are calculated

There are two types of service charges.

1. Variable means the cost is not fixed in advance but could go up or down dependant upon the amount of work undertaken (e.g. repairs and maintenance)
2. Fixed means the charge is set at the start of the year and will usually not change for the whole of that year (e.g. insurance).

Some or all of the following charges will usually apply:

- Repairs and maintenance to all of the communal areas inside and outside your block (a variable charge)
- Grounds maintenance for shared garden areas (a variable charge, usually fixed at the start of each year according to the contract costs)
- Buildings insurance (a variable charge, usually fixed at the start of each year, but subject to changes in circumstances)
- Communal cleaning costs (including windows) for the common part areas inside and outside your block (a variable charge, usually fixed at the start of each year according to the contract costs)
- Electricity costs for communal lighting areas for your block (a variable charge that is reviewed annually)
- Future Liabilities Fund (a variable charge for planned improvements or future major works for your specific property or block)
- Management fees (the Council's costs for administration - a variable amount usually calculated as a percentage of the total costs involved)
- Ground rent, charged annually in arrears, payable immediately it is received in

January each year, as the charge relates to the previous calendar year (a fixed charge)

Most repairs, improvements, communal cleaning, grounds maintenance and insurance items are shared equally between all properties in the block.

However, in some cases costs are shared only between properties in part of a block (such as repairs to a stairway serving just a few properties in a large block).

Costs that apply only to one particular property (such as a special repair or a charge for damage) are chargeable to that property only.

Arrears procedure

We're committed to recovering all service charge debts and keeping arrears levels to a minimum. We take this issue very seriously, as we have a duty to protect the interests of other leaseholders in the borough, as well as to keep the service charges as low as possible.

One consequence of leaseholders not paying their service charges on time is higher administration costs, which affect all leaseholders and tenants.

The arrears procedure is generous in that it gives leaseholders many opportunities to contact the leasehold services team to discuss financial arrangements for paying off service charges arrears, before further recovery action is taken. Further action the Council is able to take includes:

- Referral of the debt to a debt collection agency
- An application for a County Court Judgement (which will affect credit rating and status)
- Forfeiture.

Should it become necessary for us to take the above actions, you would usually be liable for the additional costs incurred.

In extreme cases, we can apply to the courts for Forfeiture of the Lease, which has serious consequences for both the leaseholder and the mortgage lender. More information is contained in the *About your lease* leaflet.

Statements

We work hard to ensure that leaseholders are accurately charged only for their own costs, as detailed in the lease. However, as there are many thousands of repairs carried out each year it can be very complicated to analyse and identify accurately which repair was carried out to which property or block. This means that there could be occasions when charges are wrongly applied.

All the costs incurred by us that are allocated to your block will be listed on the Service Charge Statement, which we will send you by the end of September each year. You

usually get one statement each year, but sometimes you may get a special one-off invoice, for example, where repair or improvement work has been carried out specifically to your property, or you are being recharged for damage you are responsible for.

The account relates to any **actual** service charges incurred during the year that ended on the previous 31 March. It compares the actual costs of maintaining your block against the estimated costs that you have already paid. The balance showing at the bottom of the statement will either be added or subtracted from your account balance, depending on whether it is a debit or credit figure.

You'll receive a breakdown of all of the repairs we have carried out to your block and estate, if there are any. Your proportion of the total cost of those repairs will be shown on the Actuals statement.

You'll also receive an invoice or credit note for the final actual amount that is due from or to you. This invoice is payable immediately. If you receive a credit note, you may deduct the amount of the credit from your next quarterly payment.

You will have been consulted about any planned major works or external decoration charges and these may be considered suitable to be paid for from your Future Liabilities fund (see separate sections 'Your right to consultation' and 'Future Liabilities explained').

Disputing Service Charges

What to do if you think your charges are wrong

We'll always try to work out your charges properly and fairly, but if you think there is a mistake or you have been charged wrongly for something, please tell us straight away. We'll be happy to look at your account again to make sure it is correct. Our telephone number is 01322 343368. Alternatively you can write to us at Dartford Borough Council, Civic Centre, Home Gardens, Dartford, Kent DA1 1DR.

If you're not happy with our response, or you don't receive a response to your enquiry within 10 working days (one calendar month for accounts), you can write to the Housing Scheme & Finance Manager at the above address. Please state clearly what charges you disagree with and why.

If you are unhappy with the Manager's response, there are some other things you can do:

- You have the right to ask for a summary of the information we used when we set the service charge. The summary should show all of the costs that you have been asked to contribute towards. It must also say whether we have been charged for the items already or whether we expect to be charged for them soon. If we have already been charged, the summary must say whether we have paid the bill. If you prefer, the request can be made by the secretary of a recognised tenant and resident association.
- You also have the right to inspect our accounts supporting the summary, to see the evidence of its costs. You cannot be charged for inspecting the documents, but you

may be asked to pay for the cost of producing any copies you want. If you want to inspect supporting documents in this way, you must make your request within six months of obtaining the summary described above. Within a month of your request, we must arrange for you to be able to inspect the records. The arrangements must remain in place for two months. Again, the request can be made by the secretary of a recognised tenant and resident association, if you prefer.

- If you feel that we are failing to provide value for money in the way that we provide services, or that we're failing to carry out all of our duties, you may have the right to request a management audit. You can appoint a qualified accountant, a valuer or a surveyor as an auditor to examine all aspects of how we meet our obligations to the leaseholders in your block. The appointed person must not be one of the leaseholders from the block and they must satisfy themselves that we are carrying out our duties under the lease, effectively and efficiently.
- By law, we must provide all of the information and facilities necessary to your auditor. We cannot charge for the facilities we make available to your auditor. You have the right to a management audit if there are more than two leaseholders in a block. More than two thirds of the leaseholders in a block must agree to the audit, or one of them must agree if there are only two leaseholders.
- If you still think you are being charged unfairly, you can apply to an independent First Tier Tribunal (see separate section below), which has been set up under the Housing Act 1996. Either you or the landlord (the Council) can apply to the tribunal to settle a dispute over service charges.

The tribunal will decide:

- If the costs of the services we are charging for are reasonable;
- If the work being charged for is of a reasonable standard;
- If the amount we are asking for in advance is reasonable.

However, you can't appeal to a First Tier Tribunal if a court or tribunal has already made a judgement about your charges or you have already agreed that the charges are correct.

The tribunal may decide that you must pay all of the charges, or they may decide that we must reduce the charges. Once the tribunal has made a decision, both parties are bound to accept it.

The tribunal can charge up to £500 to hear your case. They may decide not to charge you these costs, or they may decide to charge costs to us. However, the tribunal is more likely to charge you the costs if they think your claim is unjustified.

If you want your service charges to be considered by a First Tier Tribunal, phone us on 01322 343368 to advise you how to go about it.

First Tier Tribunals (FTT) explained

FTTs are independent and impartial bodies, usually consisting of 3 members. They are designed to provide a much quicker and simpler option to court proceedings, as they are much less formal and applications can sometimes be resolved without the need for an official hearing.

Applicants to an FTT do not need legal representation, although it would be advisable to seek some professional assistance in certain cases such as enfranchisement.

In most cases, there will be a fee payable for an application to an FTT and the fees range from £50 to £500. The amount it will cost is dependent upon the type of application being made, how many properties are involved in the dispute and the value of the dispute.

In some instances, the FTT may hold a pre-trial review of the case. This can be held at the request of either party or if the FTT itself feels it is necessary. A pre-trial review is an informal meeting, attended by all parties, where the issues of the case are identified and highlighted to see if any agreement can be reached. No final decisions are made and no fee is payable for this meeting.

The FTT will usually issue directions to each party to let them know what they have to do to ensure all relevant evidence is fully considered by the FTT panel. The FTT will also set out a timetable for the full hearing. If either party fails to comply with an FTT direction that party's case could be prejudiced or dismissed.

The local FTT contact details for the Dartford area are listed in the useful contacts list.

The following issues can be dealt with by an FTT:

- Enfranchisement
- Lease renewals
- Lease extensions
- Purchase price and terms
- Service charges
- Administration (management) charges
- Insurance
- Dispensation with consultation requirements
- Right to manage
- Approved codes of practice
- Variation of leases
- Landlord costs for FTT hearings

Service Charge Loans

Financial problems

If you have problems paying your service charges and you find you cannot pay your quarterly bill when it is due, don't ignore it! It will not go away and you could end up losing your home.

You may be entitled to Council Tax Benefit, Income Support or Tax Credits.

We can also help you spread the cost of a large bill, if you need to. You can ask to pay by monthly instalments, which will allow you to spread the cost equally through the year. If you can't afford to spread the cost over one year, you can ask the Council for a service charge loan which will spread the cost over several years.

This could help you manage a bill which is unusually large, for example because of a special job such as window replacement or refurbishment of your block, but it would not help with the usual annual service charges. You should carefully consider whether a loan is the best option as it will attract additional charges for interest and legal fees, or whether you would be better off trying to pay the bill in the current year by monthly instalments.

There are three main ways you could get a loan to cover all or part of your service charges under the above circumstances:

- A bank loan (ask your bank for details)
- A secured loan from your mortgage lender
- A secured service charge loan from us

If you do not make the proper repayments on a secured loan, you could lose your home.

If you want to apply for a loan, pay by monthly instalments, or if you have any other problem paying your service charge bill, please contact us on 01322 343368.

Council Loans

Under the Housing (Service Charge Loans) Regulations 1992, you have a legal right to a Council loan if:

- Your lease is not more than ten years old
- The total service charge demand in any one year is more than £2,410*, including major works contributions
- You owe at least £640*.

You have a right to a loan even if you are in 'negative equity' on your mortgage. This is when your property is worth less than the amount you owe on your mortgage. If you qualify for a loan under the above criteria, there are some more conditions which you must also satisfy to be sure of receiving the loan:

- The loan can't be for arrears of ground rent, management charges, insurance or any other regular annual service charge
- The loan must be for a minimum of £800*
- The loan must be secured against your property (like a mortgage)
- The loan must be repaid within three to ten years (depending on the amount of the loan) and interest is charged at the Local Authority mortgage interest rate.

If you think you qualify for a council service charge loan, please contact us on 01322 343368 for further advice. **Figures correct to 31 March 2011.*

Future liabilities explained

Future liabilities is a way of describing a 'sinking' fund, which leaseholders are legally required to pay into each year as detailed in the lease. A sinking fund is usually held in a separate interest bearing account, as the funds in it accumulate over a period of years and attract interest at the prevalent rate.

The reason for administering accounts in this way is to ensure that in the event of any major works being needed to the block (for example, a new roof, double glazing or replacement water storage tanks), there will be sufficient funds available to pay for the works. Leaseholders will therefore not be presented with a large unexpected bill that they may have problems in paying.

The future liabilities accounts are reviewed annually in conjunction with our planned maintenance works, to ensure that any contributions leaseholders are being asked to pay are fair and accurate. However, for the first five years after the initial purchase of the property from us, charges are limited to the amount advised in the original Right to Buy offer letter (see also Management Arrangements: the first five years).

If you sell on or transfer your lease, the future liabilities account will be transferred to the new leaseholder and your solicitor will make an allowance for any credit or debit balance held in the account when calculating the completion figure.

Your right to Consultation

Qualifying long term agreements or works

Under Section 20 of the landlord and Tenant Act 1985 (as amended by section 151 of the Commonhold & Leasehold Reform Act 2002), leaseholders have the right to be consulted about any 'qualifying works' such as major repairs, improvements and day-to-day repairs which are expected to cost more than £250 for any one leaseholder. They also have the right to be consulted about any 'qualifying long-term agreements', such as management contracts and partnering arrangements which are for a period of more than 12 months, and which are expected to cost more than £100 for any one leaseholder. However, certain agreements are exempt from the consultation process such as contracts of employment.

If we expect a job to cost any one leaseholder more than the above amounts, we must consult you by giving you a full description of the works required and the reasons why we consider the works are needed.

We then have to allow 30 days to receive any observations or nominations of a contractor for the works.

If we decide to proceed after considering all observations received, we will notify you and provide you with details of at least two cost estimates from different contractors on its approved contractor list. One of the estimates may be from a contractor that was nominated by a leaseholder or tenant, as long as that contractor is already approved or is able to meet our criteria to be admitted to the approved list.

We will provide a summary of any observations received, along with its responses to those observations. We will then invite written observations about the estimates, to be received within 30 days.

After all observations have been considered, and if we then decide to enter into a contract, we will within 21 days of entering the contract provide reasons for our decision to award the contract to that particular contractor, but only if the contract was not awarded to a nominated contractor, or was not the lowest tender received.

If any observations of the estimates were made, we will also provide a summary of those observations, and our responses to them.

These rules do not apply if we have to start work urgently because of an emergency (such as gale damage to the roof).

[FTT dispensation for leasehold consultation](#)

Section 20 of the landlord and Tenant Act 1985 requires that leaseholders must be consulted before the landlord carries out works exceeding a certain amount, or enters into a long term agreement for the provision of services. Anyone may apply to an FTT for the dispensation of any or all of the consultation requirements, where it is reasonable to do so.

The rules for consultation are different for works that will be carried out by a contractor whom we have already consulted on for a long term agreement. We must still consult you by giving a full description of the works required and the reasons why we consider the works are needed, but we do not need to provide estimates from other contractors or invite leaseholders to nominate a contractor, as you would already have been consulted on the contractor carrying out the works.

Ways to pay your service charges

There are several ways you can pay your service charges and ground rent:

- By monthly Direct Debit on the 1st, 9th, 16th or 23rd of each month
- By using our online payment service
- By Bankers Standing Order, either monthly or quarterly
- By credit or debit card, cash or cheque at our cash machine
- By electronic swipe card at the Post Office or at any PayZone outlet
- By post (no cash, cheques only) sent to the Civic Centre

Please remember to quote your account number when making a payment by any of these methods.

Gardens

If your property has a garden, you are responsible for the landscaping and for keeping it tidy. You should not allow it to become overgrown or rubbish to build up as it may cause a health hazard and encourage mice and other vermin.

If there are shared (communal) gardens around your block, we maintain them under the corporate grounds maintenance contract. But you can help by not dropping litter and not parking on the grass.

Satellite dishes

If you want to install a satellite dish to your property, you must get prior permission in writing. Write to the Rents & Leasehold Services Officer at Dartford Borough Council, Civic Centre, Home Gardens, Dartford, Kent DA1 1DR. Please note that permission is not usually granted for satellite dishes.

ਪੰਜਾਬੀ Punjabi 01322 343610	தமிழ் Tamil 01322 343611	Polski Polish 01322 343612	česky Czech 01322 343613	简体中文 Mandarin 01322 343614	Français French 01322 343615
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If you or anybody you know requires this or any other council information in another language, please contact us and we will do our best to provide this for you. Braille, audio tape and large print versions of this document are available upon request.

Tel: 01322 343434

Fax: 01322 343432

Email: customer.services@dartford.gov.uk

Calls are welcome via typetalk

HC 30122010

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www.dartford.gov.uk/housing

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