Homeowners’ guide

A guide for leaseholders and freeholders of former Southwark Council properties

2006

www.southwark.gov.uk
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Foreword

I know that being a homeowner can sometimes be complicated, with service charges, legal matters and correspondence to sort out.

We have produced this guide for you to explain in practical and simple terms what it means to be a homeowner with a lease managed by Southwark council or a service charge paying freeholder.

The guide makes it clear what you can expect from the council as your landlord, as well as the responsibilities that you have as a leaseholder or service charge paying freeholder.

Homeowners have certain legal rights and the guide explains what they are and how you can exercise them. It also tells you who to get in touch with if you need extra help and assistance.

I hope you find this a useful guide and I welcome your views and questions.

Councillor Kim Humphreys
Deputy Leader, Southwark Council
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Introduction

Who should read this homeowners’ guide?
This guide is for you if:
• you already own a lease of a Southwark council property
• you already own the freehold of an ex-Southwark council property
• you are thinking of buying from an existing Southwark leaseholder or freeholder
• you are thinking of exercising your right to buy, (but you should also read the council’s Right to Buy Guide alongside this booklet. If you are thinking of applying for Social Homebuy or converting your Right to Buy to a Social Homebuy application, you should also read the council’s Social Homebuy guide.)

What is the purpose of this Homeowners’ guide?
This guide provides:
• a summary of the terms of the lease
• details of some of the relevant legislation
• who does what within the council
• the council’s policies and procedures which may affect you as a leaseholder or freeholder

But it does not in any way override:
• the terms of your lease or freehold transfer
• your statutory rights (or the council’s)
• any other legal agreement concerning your property

Appendix 1 to the guide outlines the clauses in a ‘standard’ council lease for a flat and explains them in lay person’s terms, however, not all leases conform to this standard model. So if your lease seems to say something different, or if you disagree with the council’s interpretation of a clause, then you should seek your own independent legal advice from a solicitor, a law centre, a Citizens Advice Bureau or LEASE (the Leasehold Advisory Service).

The law may change, as might the council’s policies, so this guide has been produced in a ‘loose leaf’ format in order to allow sections to be replaced or new sections to be issued if and when appropriate. It also has sections where you can keep a copy of your lease or freehold transfer, notices about proposed major works (‘Section 20 Notices’), invoices and statements and any correspondence you have with the council.

In some cases, the council does not own the freehold of the land and is itself a leaseholder. In these cases, anybody who has bought their property from the council owns an ‘underlease’. Nevertheless, their relationship with the council is effectively the same as if the council was the freeholder.
Your lease explained

Your lease is a legal agreement, which outlines the specific obligations, conditions and responsibilities of the council and the tenant.
Your lease explained

**What is a lease?**

A lease is a legal agreement defining the rights and obligations of both the tenant (a long lease tenant) and the landlord with regard to a property. Every tenant who signs the lease has an equal responsibility for ensuring that its terms and conditions are met.

**What is the term (length) of your lease?**

The Right to Buy was brought in by the Housing Act 1980, which said that leases of properties bought under the scheme should run for a period of 125 years from the date the property was sold. The leases of property bought under Social Homebuy also run for 125 years. The only exception to this rule is that local authorities have the discretion to make leases in a block shorter than 125 years so that they all end on the same date – the date that the lease of the first property sold in the block expires. However, Southwark does not use this discretion.

There are three other reasons why your lease may not be for the standard 125 years.

a) the council does not own the freehold of the property and is itself a leaseholder, and the term of the council’s lease is less than 125 years, or

b) the council is the freeholder, but did not acquire the freehold of the block until after a property (or properties) in it had been sold on a lease, or

c) a leaseholder has bought an extension to the lease (see Part 6 – Southwark’s leasehold policies).

**Can your lease be changed?**

If you and the council agree to change your lease for example to correct a mistake in the plans, this is done by a ‘Deed of Rectification’. If the lease needs to be varied for some other reason, and both parties agree to the change, then it can be made by mutual agreement, resulting in a ‘Deed of Variation’. To do this, you will need to instruct a solicitor and pay them.

If, however, either you or the council wishes to change a lease, but the other party does not agree to the change, then an application would have to be made to a court for a decision. The court, of course, may not agree to the requested change being made.

If the council proposes changes to a large number of leases in agreement with leaseholders, then 75% of the leaseholders affected must agree to the change, and not more than 10% object.
What are your responsibilities under the lease?

Once you have bought a lease, then you and any subsequent owners (your successors in title) are entitled to occupy the property for the term of the lease, provided that:

- You pay your ground rent and all service charges on time. If you do not pay your service charges, the council is entitled to add interest on any outstanding amount. The interest is charged at a rate of 5% above the base rate of the National Westminster Bank plc. (If you have bought under Social Homebuy you must also pay your rent monthly in advance.)

- You pay all other charges relating to the property (for instance council tax, utility bills, etc).

- You keep that part of the property you are responsible for (the demised premises) in good repair and condition, and carry out any works which are your responsibility within three months of being notified by the council that such works are necessary. At the termination of the lease, the then leaseholder must return the property to the council in good condition.

- You allow the council access to the property given reasonable notice, so that we may inspect the condition and/or carry out any necessary works which remain as our responsibility under the terms of the lease. You should note that under certain circumstances the council (or its agents) are allowed to force entry if you decline to allow access.

- You allow other leaseholders within the block reasonable access to your property, if it is necessary for them in carrying out repairs to their own property.

- You only use the property as a private home, and you do not carry out any business at the property without the council’s prior permission.

- You may rent your property out, unless you have purchased on Social Homebuy terms when you may only rent it out once you have purchased 100% of the equity.

- You give us a copy of any official notice sent to you and affecting the property, but which was not sent to you by the council. You must comply with the conditions of any such notice.

- You do not make any alteration to the property without getting prior written permission. This includes replacing the central heating system, kitchen or bathroom fittings, your windows and/or front door (see Part 6 – Southwark’s leasehold policies).

- You do not disconnect the property from a district heating system without getting prior written permission.

- You do not do anything to cause a nuisance to either the council or your neighbours.

- You do not put up any aerials, satellite dishes or notice boards outside your property without prior written permission.

- You do not decorate the outside of your property without prior written permission.

- You notify the council if you intend selling your property in the discount period (see Part 4 – Selling your property).
What are the council’s responsibilities under the lease?

- The council must calculate your service charges in accordance with the terms of the lease.
- The council is obliged to maintain the structure of the block and the estate on which it is situated (if any).
- The council must maintain and repair the structure and outside of the building – including the roof, windows and entrance doors to the flats – and all shared drains, gutters and pipes, as well as all the common areas of the block and estate.
- The council must maintain all equipment associated with services supplied to the block and estate – such as lifts, internal and external lighting, playground equipment.
- The council must maintain all common grassed and planted areas – but not private gardens – and any estate roads and parking areas.
- The council must insure your property for its full reinstatement value and, if necessary, restore or rebuild the building (you are charged for the cost of the buildings insurance in your service charges).
- The council must either take action, or assist you in taking action, against a neighbour if they are causing a proven nuisance.

What happens if the council thinks you are in breach of the conditions of the lease?

If the council thinks that you have breached any of the terms or conditions of the lease, we will write to you to tell you why we think that a breach has occurred, and what you should do about it. This is called remedying the breach.

If you do not do what the council suggests – or you do not tell us why you do not think there has been a breach – the council will refer the matter to the court or the Leasehold Valuation Tribunal for a decision.

If the court or the Tribunal agrees that there has been a breach, and you still fail to comply with the directions, then the council may serve a notice on you under Section 146 of the Law of Property Act 1925. If you comply with the terms of the notice and remedy the breach, no further action will be taken, but you will be obliged to meet the council’s costs in preparing the notice.
If you still do not comply, the council will ask the court to forfeit your lease. This means that we will ask the court to terminate your lease. If the court agrees, you will usually get 28 days to remedy the breach. After that time, if you have still not complied, the council will be entitled to repossess your home and evict anybody living in it. If you have a mortgage or other debt secured on the property and your lease is forfeited you still remain liable to your lender for the money you borrowed.

If this happens, you have six months to apply to the court for relief of forfeiture – this means that you ask the court to reverse their previous decision and allow you back into the property. It is for the court to decide whether or not to allow relief and on what conditions (if any). For example the court may insist that you pay damages for the breach.

We sincerely hope that disputes between us never get to the stage where the council seeks to forfeit your lease.

**What can you do if you think that the council is in breach of its obligations under the lease?**

If you think that the council is in breach of any of its obligations under the lease, you should write to us telling us what it is you think we are doing wrong, and what we should do to remedy the breach. If we agree with you, we will do our best to put things right. If we do not agree with you, we will write and tell you why we disagree.

If you do not agree with the council’s response, or any actions it has taken, then you can refer the matter to the court or the Leasehold Valuation Tribunal for a decision.
The relationship between the council and its leaseholders is strictly governed by legislation.
The law relating to leaseholders

Why does the law refer to leaseholders as tenants?

Under English law, anyone who occupies land or a property is either a:

• freeholder (they own the land)
• or a tenant (they own an interest in the land, but do not own the freehold title to it).

Therefore, as a council leaseholder, you are in law a tenant because the council owns the land on which your property has been built, or in some cases it owns a lease of a block. For this reason the law rarely refers to leaseholders. Instead, it usually refers to ‘tenants who occupy properties let on leases’.

Which laws relate to leaseholders?

The relationship between the council and its leaseholders is governed by various Acts of Parliament (statutes). Here is a summary of the most important ones, and the areas of law they cover:

The Housing Act 1980 – This Act introduced the Right to Buy (RTB) scheme, and some of the conditions of your lease are affected by it because it laid down certain conditions that must be included in all Right to Buy leases – for instance the starting date of the lease, and the fact that ground rent must be set at £10 per annum. These provisions are now consolidated in the Housing Act 1985.

The Landlord and Tenant Act 1985 – For council leaseholders, the most important Sections of the 1985 Act are sections 18 to 24 (together with some amendments brought in by section 41 of the Landlord & Tenant Act 1987 and sections 151 to 172 of the Commonhold and Leasehold Reform Act 2002). These sections define:

• what a service charge is
• what information a landlord must give its tenants about service charges
• when and how service charges can be billed
• what rights a tenant has to examine documents and accounts relating to the calculation of the charges
Schedule 1 of the Landlord and Tenant Act 1985 (inserted by Schedule 3 of the 1987 Act) also gives you similar rights to inspect all documents relating to the buildings insurance policy.

The Housing Act 1985 – This Act is a consolidating statute which holds all the current rules about the Right to Buy. It not only deals with the RTB process itself, but with post-sale leasehold management issues such as:

- discount repayment and the right of pre-emption
- service charges in the ‘initial’ period of the lease
- the term of the lease.

In March 2005 the Act was further amended to allow local authorities and other social landlords to sell their tenanted properties on Social Homebuy terms.

The Leasehold Reform and Urban Development Act 1993 – This introduced the concept of collective enfranchisement – that is leaseholders joining together to purchase the freehold of the block their leasehold properties are situated in, and lease extensions.

The Housing Act 1996 – This brought in some limited powers for local authorities to reduce service charges for major works (see Part 3 – The services you pay for) and established the leasehold valuation tribunal (see Part 3 – The services you pay for).

Commonhold and Leasehold Reform Act 2002 – This Act introduced significant changes in the procedures concerning the notification of major works. It also brought in some other changes relating to the payment of ground rent, the remit of the Leasehold Valuation Tribunal, collective enfranchisement and insurance for houses sold on leases. It also contains provisions concerning the sending of statements of account to leaseholders, but these have not yet been enacted (June 2006).

Housing Act 2004 – This Act dealt mainly with changes to the Right to Buy scheme, including changes in the calculation of discount repayment, and the circumstances under which such repayment is due. (More information on this is in Part 4 – Selling or renting out your property.)

Law of Property Act 1925 – If you breach the terms and conditions of your lease then, under certain circumstances, the council can issue you with a notice under Section 146 of this Act. This is the first step in applying for your lease to be forfeited – i.e. terminated.
The services you pay for

Services which are provided to your property must be paid for. It is important to understand how service charges are calculated, and the payment options.
The services you pay for

A. General

What are service charges?

When the landlord (in this case Southwark Council) charges you the cost of services provided to estate in which your property is situated, it is called a service charge.

All leaseholders (and freeholders, if your property is on an estate) must pay the council a reasonable proportion for these communal services provided to their property.

For administrative convenience, the council often refers to ‘annual service charges’ and ‘major works charges’ separately. These terms are used in this guide, nevertheless, they are all service charges.

What is an estate?

An estate is a group of properties on a piece of land that has a defined boundary. The properties may be houses or blocks of flats and maisonettes, or a mixture of both.

The estate will usually contain grassed and planted areas, roads, provision for car parking, and it may have other facilities such as play areas. The facilities on the estate are for the use and enjoyment of the residents of the estate, and not for the general public.

How does the law define service charges?

Section 18 of the Landlord and Tenant Act 1985 describes a ‘variable service charge’ as ‘…an amount payable by a tenant of a dwelling as part of, or in addition to, the rent’ (i.e. ground rent):

a) which is payable, directly or indirectly, for services, repairs, maintenance or insurance or the landlord’s costs of management, and

b) the whole or part of which varies or may vary according to the relevant costs.

The Act defines the ‘relevant costs’ as ‘…the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.’

The Act also says that:

a) ‘costs’ include overheads, and

b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

Where the Act says ‘…incurred or to be incurred…’, it means that landlords can bill in advance on the basis of an estimate, but the estimate itself must be reasonable.

Indeed, the test of all service charges is ‘reasonableness’ – that means it must be reasonable for the landlord to incur the costs in the first place, the works or services must be carried out to a reasonable standard, and the cost of the works or services must be reasonable.
Detailed descriptions of both annual and major works charges, as well as how they are calculated and billed, how you can pay them, and how you can dispute them are contained in parts B, C and D of this section. But here are some general points relating to all of the service charges you are liable for.

**What is the administration fee?**

The administration fee is a charge added to all service charge bills to pay for the costs of the council calculating, billing and collecting your service charges, and responding to queries about the charges. It also covers the costs of officers’ time in responding to queries about any aspect of your lease; responding to queries about lease extensions, collective enfranchisement, buying additional facilities or making alterations to your home (see Part 6 Southwark’s leasehold policies for more about the subjects), or any other matter you may wish to raise in connection with the lease of your home. The administration fee is set at 10% of the costs of the services in accordance with the conditions of the lease.

**The ‘18 month rule’**

a) We must send you a bill within 18 months of the costs of works or service being incurred, otherwise you are not legally obliged to pay it (Section 20(b) of the Landlord and Tenant Act 1985). This is why the overwhelming majority of the bills we send you are estimated, but

b) If we cannot send you a bill within 18 months of the costs being incurred, we can send you a formal notice under section 20(b) telling you that the costs have been incurred and that you will be required to contribute to them.

c) Any estimated bill must eventually be followed by an actual cost. There is no time limit on when the actual figures must be produced. There are many factors which can affect the calculations, but it must be within a reasonable period.

d) If you are a freeholder the provisions of the Landlord and Tenant Act 1985 do not apply

**Can the council keep rents down by charging leaseholders more?**

The law does not allow the council to try to keep rents down by charging leaseholders more. All leasehold service charges are based on the cost of the service provided, and the number of properties both sold, and rented benefiting from the service. No other factors are involved.

In fact, the amounts which you are charged for services are not connected in any way with the amount of rent charged to the council’s secure tenants. Some elements of a secure tenant’s rent are now designated as service charges, but these are not calculated in the same way as leasehold service charges. For more information see earlier in this section for details on the legislation concerning the calculation and billing of service charges.

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B. Annual service charges

What services do you have to pay for?

Depending on where you live, and what type of property you live in, you may receive a number of different services, for which you pay an annual service charge. For instance, if you live in a converted flat in a street property (i.e. not on estate), the only services the council is likely to provide are:

- buildings insurance
- communal lighting (if there is a communal entrance to the flats)
- responsive repairs.

If, on the other hand, you live in a block on an estate, the council may also provide:

- block cleaning and caretaking
- estate cleaning
- grounds maintenance
- minor repairs to both the block and the estate facilities
- a communal TV aerial
- security (either an audio or video entry system or concierge)
- a district heating system

If you are a leaseholder, your lease will tell you which services you are liable to pay for.

If you are freeholder, the services you must contribute towards will be defined in a ‘covenant’ in the freehold transfer.

If you have bought on Social Homebuy terms and own less than 100% of your property, most of the annual service charges you pay for will be apportioned to the share you own. The exceptions are buildings insurance and district heating and hot water (if you receive this service) where you have to pay the full amount.

In addition, you have to contribute to major works charges (see Part C).

A brief description of the various services

Cleaning and caretaking – we are responsible for the cleaning and upkeep of internal and external communal areas such as balconies, corridors, pathways and roads.

Grounds maintenance – we are responsible for maintaining estate and communal land, including grassed areas and flowerbeds.

Heating – we provide heating and hot water to some blocks. This charge is based on the amount of fuel used, regular servicing, reactive repairs and direct management. The costs of the boiler and plant linked to the boiler house are added to give the heating cost. You will only pay this if your home is connected to a district heating system.

Electricity costs – these costs relate mainly to lighting in stairwells and other communal areas such as balconies and entrance halls, and to the power for lifts.
Lifts – as well as cleaning the lifts, we are also responsible for regular inspections, servicing and maintenance.

Concierge and CCTV – you will only pay for these if the block has them.

Minor repairs – sometimes small repairs have to be made to the structure or communal parts of the building, or communal parts of the estate.

Water tanks – The council is required by government regulations, to inspect communal water tanks regularly and test the purity of the water. If the test indicates impurities, we must drain down, purify and refill the system.

Building insurance – under the terms of your lease, we have to take out building insurance on your behalf. The most cost effective way for us to do this is to arrange cover for all our leasehold properties with a single insurer.

Please note that buildings insurance cover only covers things which might happen to the building. It is not a contents insurance, and it will not cover you for anything which might be your own personal liability – such as if you cause water damage in another property because your bath overflows, or your washing machine breaks down. For more details on what the insurance policy does and does not cover, see Appendix B – Building Insurance.

How are your annual service charges calculated and when will you get the bill?

The calculation of annual service charges – as well as when and how they should be billed – is regulated by the terms of the lease or freehold transfer.

All annual service charges are billed in advance and on the basis of estimates (except for freeholders – see below). The council’s financial year runs from April to March. You should receive an estimate of the following year’s charges in March of each year.

Every autumn, we will work out how much we actually spent providing services to your property and estate in the preceding financial year, and then send you details of the charges. If the amount is higher than the estimate we sent you, you must pay the difference within one month. If the amount is lower, then the balance will be credited to your account, immediately. We will also send you a statement of your account every quarter.

The calculation of most annual service charge headings are based on a ‘weighting’ method. This assumes that each property has four basic rooms – bathroom and toilet, kitchen, living room and hallway. We then add the number of bedrooms to come to a number of units for each property. For example a one-bedroom property consists of five units, whilst a three bedroom property has seven ‘units’.

Next, we total the number of units in the block – so a block with 5 two-bedroom and 5 three-bedroom properties would total 65 units – and divide this total into the cost of providing the services. This gives us the unit cost. Finally, the unit cost is multiplied by the number of units for each individual property in order to reach the charge for that property. Consequently, the larger the property the higher the charge.
This method of calculation is used for:

- Cleaning and caretaking
- Lifts
- Concierge and/or CCTV
- Estate lighting
- TV aerials
- Entry phones
- Heating and/or hot water
- Grounds maintenance
- Electricity costs

Both the estimated and actual charges are calculated on this basis.

**Responsive repairs/water tanks**

For responsive repairs and water tank testing, the estimated charge is based on the property size and type of block you live in, but the actual charge is calculated on the basis of the costs of the actual repairs actively carried out to your block/estate (if any), using the weighting method.

**Building Insurance**

Building Insurance is calculated with reference to the type of property (flat or maisonette), number of bedrooms and block type. (purpose built or converted)

**How and when must you pay your annual service charges?**

Under the terms of your lease, you must pay the charges quarterly in advance on the payment days. The council’s payment days as defined in the lease are 1 April, 1 July, 1 October and 1 January. However, you may also pay the entire amount at the beginning of the financial year, or by 12 (or less) monthly payments (interest free).

You may make payment by setting up a standing order with your bank, by cheque or cash at one of the council’s cash offices (see Part 8 – Useful contacts), by telephone using a credit or debit card (0845 6000611), on-line on the council’s web-site (www.southwark.gov.uk) or by sending cheques to Cashiers, PO Box 11767, SE16 3ZF or, the home ownership unit. Please note that we cannot accept cash at the home ownership unit.

If you are on some basic state benefits, you may be entitled to help with paying your annual service charges. For more information on this, consult the Citizens’ Advice Bureau or the Benefits Agency.

**Freeholders**

If you are a freeholder, and your freehold transfer contains a covenant saying that you must pay service charges, we can only bill you on ‘actual’ costs. We are not allowed to bill you on the basis of an estimate. Consequently we will only send you a bill in the autumn, once we have calculated the ‘actual’ charges for the previous financial year. You may pay by any of the methods mentioned above.
C. Major works charges

What is a major works charge?

A major works charge is a charge for large one-off works carried out to a block or an estate, examples are:

- renewing the roof, windows or water tanks
- concrete and brickwork repairs
- resurfacing the estate roads
- installing door entry systems
- large maintenance jobs which are carried out on a regular basis, but with lengthy gaps in between for instance external decorations, which are normally carried out every five to seven years.

Sometimes we will combine the works, if it makes sense to do so. For instance, if your block is due for external decoration, and the windows are old and need replacing, we will do both at the same time.

NB Most Major works require the use of scaffolding, and the cost of providing the scaffolding is a legitimately, rechargeable cost.

Decent Homes Standard

A few years ago the government introduced a requirement that all local authorities bring their properties up to the Decent Homes Standard by 2010. This means that there could be considerable expenditure on some of the council’s older and more run-down estates. Some of the works will be to the interior of the rented properties – new kitchens and bathrooms, rewiring etc – leaseholders will not be required to contribute to those works but there may still be high service charges relating to external repair and decoration works.

When are major works charges billed, and how are they calculated?

Major works charges are normally billed in October each year for properties where a Section 20 Notice has been served during the 12-month period ending the previous 31 July (see below for an explanation of the Section 20 consultation process).

You may, therefore, have received the consultation notice over a year ago, or as recently as a few months. The invoice will be the estimate quoted in the Notice, unless any amendments have been made. You will be notified of the actual costs as soon as the final account for the contract has been agreed. Regrettably, we cannot give a timescale for production of final accounts as individual contracts vary in length and the costs of some contracts can be disputed. In any event all major works contracts have a defects liability period (a period of time during which the contractor must remedy any defects free of charge). This is a minimum of six months, and maybe as long as a year. The final account cannot be agreed until after the ‘defects liability period’ has ended, and all defects have been rectified.

Like annual charges, major works charges are usually calculated using the weighting method, so the larger the property, the higher the charge. In some instances, however, where it is considered that all properties benefit equally from the works, we may simply divide the cost by the number of properties. Where you have bought under Social Homebuy terms, major works charges are appointed to the share you own.
Protection in respect of major works costs

The Right to Buy legislation gives some protection to leaseholders against the cost of unexpected major works costs. This protection lasts for the initial period of the lease.

The initial period of the lease expires on the 31 March following the fifth anniversary of the completion of the original right to buy sale – you can see that this date will be between five and six years after the date of the sale. During this period major works service charges are limited to the estimate contained in the right to buy offer notice (the section 125 notice), plus an element relating to compound building cost inflation (as calculated by the government).

So, for example, if works are not itemised in the offer notice, but are carried out during the initial period of the lease a leaseholder is not liable to contribute towards the costs. There is one exception to this rule. At the time the offer notice is issued, the council assumes that the completion of the sale will occur six months afterwards – the assumed completion date. From that date until the 31 March after the fifth anniversary of the assumed completion date is a period which the law calls the reference period. The council is under a duty to include in the offer notice all the major works it expects to carry out in the reference period, together with an estimate of the costs of those works at current prices. From this you can see that if completion happens in a different financial year to the ‘assumed completion date’ then the reference period will end before the ‘initial’ period.

When this happens, and major works are undertaken which are not itemised in the offer notice the council can make a service charge for the works, but is limited to recharging the annual average of the major works charges that are itemised in the notice, plus an element in respect of compound building cost inflation.

How and when must you pay major works charges?

Strictly speaking, you must pay major works charges in accordance with the terms of the lease – by four equal payments on the designated payment days (see Part B, of this section). However, we do recognise that major works bills can be substantial, and for that reason we have a number of payment plans.

If you cannot afford to pay the whole amount at once, the council’s preferred option is that you pay by monthly installments over 12 months. If you do this, the council will not add interest to the charge.

You may also pay installments over any period between 12 and 36 months without interest being added. But if you miss a payment, you will immediately become liable to pay the whole of the outstanding debt, and interest will be added until the balance is paid. The interest charged will be as stated in the terms of the lease (5% above the base rate of the National Westminster Bank).

Another option is to pay by installments over any period between 36 months and 10 years, but the council will add interest monthly to the outstanding balance. Also, because this is an ‘unsecured’ debt, the interest will be as stated in the terms of the lease.
You may apply to the council for a service charge loan. This is effectively a mortgage on the property, and can be repaid over periods up to 25 years. It is subject to interest, but the rate is lower than for the unsecured debt option. We do charge an arrangement fee (currently £430.00, June 2006) to cover our legal, valuation and administrative costs, but this can be included in the loan.

In some limited circumstances the council must give you a loan, but generally we have discretion on whether or not to agree to your application. That said, it is very rare for the council not to agree to a loan. (You can, of course, also approach your mortgage company, or other lender, who may be able to give you more favourable terms).

If your financial circumstances are such that the council agrees that you would be unable to make repayment of a major works charge using any of the above schemes, it may agree to put a voluntary charge on the property. This means that you do not have to make any payments, but the amount of the charge, and the interest accruing, will be secured on the property and paid when it is sold.

Finally, if you believe that you not only cannot pay this bill, but are finding difficulty with the costs of home ownership in general, you may apply to the council to buy back your property. (see Part 4 – Selling or renting out your property).

Are there any circumstances in which major works charges may be reduced?

The council has very limited powers to reduce charges for major works. Please note that this applies only to charges for major works. There are no powers to enable the council to reduce annual service charges, and the regulations do not apply to freeholders.

**Mandatory reductions** – The council must reduce a major works bill to a minimum of £10,000 if the works for which the bill was issued are funded under certain government initiatives (for example the Single Regeneration Budget or New Deal for Communities,) and it is not considered that the works have increased the value of your home by more than £10,000. If it is considered that the works have increased the value by more than £10,000, but less than the amount of the full charge, then the reduction will be to the figure of the increased value. The reduction would be made automatically, there is no need to apply.

**Discretionary reductions** – The council also has the power to reduce a single bill, (or a series of bills amounting to more than £10,000 in a five-year period) to £10,000. The most important factor in deciding to make the reduction is whether or not the leaseholder is suffering from extreme hardship. You have to apply to the council to consider your circumstances and each case is treated on its own merits.
Will the council consult you before carrying out repairs or works?

The ‘Section 20’ consultation process

Apart from any consultation about a scheme which may be carried out by your area housing office, (see Appendix C – The boroughwide tenant participation contract). Section 20 of the Landlord and Tenant Act 1985 requires a landlord to ‘consult’ with their tenants (leaseholders) if he proposes carrying out works or services for which the tenants would be charged, and the estimated costs are more than a certain amount (the original legislation restricted consultation to building works and the cost limit to £50 per leasehold property or £1,000 per block, whichever was the higher figure).

The rules were subsequently amended by the Landlord and Tenant Act 1987 (section 41), and then more extensively by the Commonhold and Leasehold Reform Act 2002 (section 151), and now forms section 20ZA of the Landlord & Tenant Act 1985.

The council is now required to consult on both single contracts for ‘qualifying works’ (repair, renewal etc), where the amount of the estimated charge is now £250 per leasehold property, and on what are termed qualifying long term agreements. These are contracts for things such as servicing lifts, boilers, etc, which could result in cumulative charges of more than £100 per property, per year, or where any single item of work could cost a leaseholder more than £250.

The consultation process has also been extended so that instead of a single notice you will now receive at least two notifications concerning each qualifying contract or agreement, sometimes three notifications, and occasionally four or more. The notices are:

1. A ‘Notice of Intention’ – This tells you that the council intends to carry out works or enter into a long-term contract. It also gives you a brief description of the works and a justification for carrying them out. It invites your comments (within a stated timescale) and in some cases asks whether you wish to nominate a contractor to tender for the works.

2. A ‘Notice of Landlord’s Proposals’ – You will receive this after the tenders have been received. It will tell you the results of the tender process, which tender the council intends to accept, and what your estimated individual charge will be (if it is a ‘repair’ contract. If it is ‘qualifying long term agreement’, there will be no individual costings). Again you will be invited to make any comments you wish.

3. If, for any reason, the council chooses not to accept the lowest tender for a contract, it must issue you with a third notice telling you why it has accepted a higher price.

4. If a single job to be carried out under a ‘qualifying long term agreement’ is likely to result in charges greater than £250 on its own, the council must serve you with a Notice of Intention in respect of that particular job.
The notice will provide a description and justification for the works proposed, and give you details of the total cost and your estimated individual service charge. You will also be invited to make comments on the work within a stated time scale.

At each stage of the process you will be able to view the available documentation the council has for the contract – including the draft specification of works (at Notice of Intention Stage) and the estimates received (at Notice of Proposal stage).

Part of the reason for introducing the new regulations was to give leaseholders the right to question the works at an earlier stage in the process. If you believe that the council is proposing to carry out unnecessary works, then you should raise this issue at the Notice of Intention stage, so that if necessary the specification can be revised.

You should note, however, that while the council always does its best to comply with the legislation concerning section 20 consultation, there are some occasions where it does not do so. In these instances, the matter may be referred to the Leasehold Valuation Tribunal to determine whether or not the council has acted ‘reasonably’, and consequently whether any resultant charge is payable.

**Recognised Tenants Associations (RTA)**

If there is a recognised tenants association (RTA) representing leaseholders in a block or estate where the works are proposed, then the council must consult them. Section 29 of the 1985 Act defines a recognised tenants association as an association of qualifying tenants (ie. leaseholders), which has been recognised by the landlord as representing a particular block and/or estate and/or area. (The circumstances under which the council will agree to granting RTA status are set out in Part 6 – Southwark’s leasehold policies).

**D. Disputing a service charge**

In accordance with the terms of the lease and legislation, the council must:

- calculate your service charges
- notify you about these charges
- give you the right to information about the costs incurred

You may, however, not be happy about the amount you have been asked to pay, or the council may not accept your reasons for not paying. If this is the case, either party may apply to the Leasehold Valuation Tribunal (LVT) for a decision.

**Nominating contractors**

Although a number of contractors may be nominated, the council is only obliged to seek an estimate from one of them. This must be the contractor nominated by most leaseholders. If the nominations for two or more contractors are equal, the council may choose one from amongst those contractors. The council must always seek an estimate from one contractor nominated by a RTA. However, in order to have a tender accepted any contractor nominated by a leaseholder or RTA must either be on the council’s ‘Approved List’ of contractors, or meet the requirements necessary for inclusion on the list.
The LVT was originally established under provisions contained in the Landlord and Tenant Act 1985 to decide on disputes about the reasonableness of service charges. But the Leasehold and Commonhold Reform Act 2002 widened its powers so that it may now also consider the validity of the ‘Section 20’ process.

The Tribunal’s procedures are less formal than those of the court, and the rules of evidence less strict. Each case is heard by a panel of three members, who are there to determine reasonableness not guilt or innocence.

The Tribunal’s findings are not binding on the parties involved, but a court would normally accept the LVT decision, and make an order to that effect. Either party may appeal a decision to the Lands Tribunal, which is the ‘court of appeal’ for the LVT.

It is important to note, however, that no decision of the LVT can set a precedent. This means that although two cases may seemingly be identical, the Tribunal may arrive at different conclusions and reach different decisions, although there is a general duty on the Tribunal for its decisions to be consistent. The decisions of the Lands Tribunal, on the other hand, do set a precedent, but may be appealed to the Court of Appeal.

None of the above legislation applies to freeholders. If you own a freehold property and are liable to pay service charges, the council will calculate those charges in the same way as it does for leaseholders, and will also allow you to inspect the relevant books and records. If you wish to dispute a charge, you cannot apply to the LVT, but must take your case to the court.

E. Rent charges

If you have bought under Social Homebuy terms and own less than 100% of your property, you will also have to pay rent monthly in advance on the share of the property the council owns. Initially, this is set at 3% of the landlords share per annum. However, each financial year it increases in line with rises in the RPI (Retail Price Index) plus 0.5%

Example: If the market value of your home was £150,000 when you applied to buy it and you purchased a 50% share, the council’s share would have been worth £75,000. your rent in the first financial year would have been £2,250 (i.e 3% of £75,000) or £187.50 per month.

If there was a 1% rise in the RPI, your rent would have increased by 1.5% in the second financial year after you purchased. Your rent in the second financial year would then be £2,283.75 or £190.31 per month.

We will always tell you what you will have to pay before we increase your rent.

If you have purchased under the Right to Buy scheme or bought your property on the open market, you will not be subject to paying rent.

www.southwark.gov.uk
If you decide to sell or rent out your property, there are several terms and conditions you need to be aware of.
Selling your property

When can you sell your property?

You may sell your property (assign the lease if you are a leaseholder) at any time, but there are a number of things you must bear in mind.

Firstly, if you have only recently completed your purchase under the Right to Buy or Social Homebuy schemes, you will probably have to repay some, all, or more of the discount you received when you bought the property. It is the council’s policy to insist on repayment in all cases, except where there are the most extreme medical circumstances.

The discount period is either:

a) three years if the application was made before 18 January 2005, or
b) five years for applications made after 17 January 2005.

The amount of discount repayable on properties sold following an application made before 18 January 2005, is the total amount of discount given, reduced by one third for each full year after the date of sale completion.

For applications made on or after 18 January 2005, the amount of discount repayable is more complicated. The full amount to be repaid is calculated as a percentage value of the property on resale. This figure will be reduced by one fifth for each full year after the sale completion.

Also note that if you had made an agreement to re-sell your property before you completed your Right to Buy or Social Homebuy – or if, during the discount period, you make an agreement to sell or transfer your property to a third party at some time in the future – this will trigger repayment of discount. The repayment will be calculated as if the sale or transfer had taken place on the date the agreement was made.

The council may allow a reduction in the amount of discount to be repaid if you have carried out substantial improvements to your home, which have increased its value. In order to qualify for such a reduction you will have to quantify the cost of the improvements you have made, and the council will have to agree that they have added to the value of your home.

If, during the discount repayment period you want to add another person to the lease, this also counts as an assignment, and will probably trigger repayment of discount.
If you sell your home, will you have to offer it back to the Council?

If you bought a property under either the Right to Buy or Social Homebuy schemes, where the application was made after 17 January 2005, your lease or title deeds will contain an obligation that you must first offer it back to the council if you wish to sell within the first 10 years of acquiring your property through the Right to Buy scheme. This means we have the right of first refusal to buy the property back at full open market value price. But the council will only exercise its rights in exceptional circumstances. If we do wish to exercise this right, we have to respond within a certain time scale.

Will the council buy my property back from me?

If your home was originally bought under the Right to Buy or Social Homebuy schemes, and you are suffering from financial hardship or the property is unfit for you on medical grounds, we may buy it back under the Buy Back scheme.

Under the terms of this scheme, following completion of the buy-back you will become a secure tenant, and be able to remain in the property paying rent to the council. If we buy it back due to medical reasons you may be entitled to be re-housed after completion of the purchase.

If we do buy your home under this scheme, we will pay a sitting tenant value. This is less than the open market value and we will deduct the amount of any outstanding mortgage, and/or other debt(s) secured on the property, and any outstanding service charges from the amount we pay you.

The number of properties the council may repurchase in this way is limited by our annual budget. So even if you think that you may qualify for the scheme, we cannot guarantee that we will buy back your property.

You can apply for the Buy-Back scheme by writing to us at the home ownership unit.

What do you need to tell the buyer of your home?

The person you are selling your property to will want details of the service charges, outstanding arrears on the service charge accounts and whether it is anticipated that there will be any major works carried out in the foreseeable future for which they might have to pay. They might also want details of the buildings insurance, the construction of the block and other information about the block and estate.

These are called pre-assignment enquiries. Your solicitor should write to the home ownership unit for this information; there is a charge for providing it (currently £96 – June 2006).
What happens about service charges when you sell your property?

The council will expect all service charges to be paid up-to-date on completion of the sale. You will need to bear in mind that all charges are first issued as estimates, and that eventually an ‘actual’ charge will be issued. This can be lower or higher than the estimated charge.

You will need to agree with your purchaser who will be responsible for any additional charge, or receive the benefit of a credit. Similarly, if you sell part way through the year, it will be up to you and your purchaser to agree how any outstanding amounts of annual service charges are apportioned.

Failure to pay a service charge constitutes a breach of the lease. Although an actual service charge debt cannot be passed on from one leaseholder to another when a property is resold, the new leaseholder will be liable to ‘remedy the breach’ should there be any such debt. In other words the new leaseholder would either have to pay any outstanding charges, or take action against the previous leaseholder to ensure that they do so.

But I’m a freeholder!

The liability to pay service charges for freehold properties arises from personal contract between the freeholder and the council. This is called a deed of covenant, and is essentially a separate contract from the actual freehold transfer. If you have bought your property freehold, and it is on an estate, you should have been asked to enter into an appropriate deed covenant.

When you resell your property, you must make sure that the new owner signs a similar covenant. Otherwise you will not only be liable for any service charges arising during the period you owned the property, but possibly for future charges as well.

Other than that, the arrangements for service charges when a freehold property is sold are the same as for leaseholder properties.

What happens if you are disputing a service charge when you want to sell your property?

The council expects any arrears of service charges to be paid on completion of the resale but, it does acknowledge that there are times when a service charge is being disputed and a leaseholder or freeholder is reluctant to make payment.

In these circumstances, and in order not to interfere with the process of the sale, the council is sometimes prepared to agree to a retention being held by either solicitor to pay the charge once the dispute has been resolved.

Please note that the council will normally insist on the full amount of the disputed charge being retained, regardless of what you believe the outcome of the dispute is likely to be. The purchaser’s solicitor would probably insist on this as well.
Renting out your property

If your property was originally sold under the Right to Buy, you can rent it out without needing to ask for the council's permission. However, you are strongly recommended to ask your tenant(s) to sign a deed of covenant requiring them to abide by the terms of the lease in the same way as you have to, your solicitor can advise you about this. You should also tell the council your correspondence address, or who the managing agent for the property is – if you appoint one. This is so that we can make sure that you receive invoices, Section 20 Notices or other information you need to have.

Remember, whatever the terms of your agreement with your tenant(s), you are still the leaseholder and so still legally responsible for all charges being paid, and terms of the lease adhered to.

If your property was originally sold under Social Homebuy. You may not rent it out unless you own 100% of the equity.
About the home ownership unit

This section outlines the remit of the home ownership unit.
About the home ownership unit

What is the home ownership unit (HOU)?

The home ownership unit (formerly the leasehold management unit) does not manage the borough's leasehold properties. Day-to-day management issues relating to leasehold properties (and for freehold properties on estates) remain the responsibility of the area housing offices. Their role is explained more fully in Part 7 – Who does what in Southwark. However, HOU will still be your first point of contact for a number of things.

One of its main tasks is to calculate, bill and collect your service charges. This includes charges for major works, as well as the charges for day-to-day services such as estate cleaning, grounds maintenance, etc. A full list of all the services which may be provided to your property, and how the charges for each are calculated, is contained in Part 3 – The services you pay for. It is also responsible for administering the Right to Buy and Social Homebuy schemes, buy-backs and pre-assignment enquiries.

Under what circumstances should you contact the home ownership unit?

Service Charges
If you have a query about any aspect of your service charges – the amount, how the calculation was done, what works or services are included – then you should contact the HOU. If you are querying the standard, extent or quality of the works or service, then you should also contact the HOU, but we may refer you to the area housing office for a detailed response if we cannot answer straight away.

Selling you home
If you want to sell your property (assign the lease if you are a leaseholder) then you, or your solicitor, will need to ask the council questions about service charges, any major works planned which would affect the property, the conditions of the lease (or the freehold transfer), and other related topics. These are called pre-assignment enquiries, and the HOU is responsible for gathering all of the information you ask for.

Additional loans
If you want to take out an additional loan secured on your property, and you are still in the discount repayment period, you or your prospective lender will need to contact the HOU as we may have to postpone our charges on the property (see Part 6 – Southwark’s leasehold policies.)

Gas servicing
If you want to take advantage of the council’s scheme to assist leaseholders with annual servicing of gas appliances you should contact the HOU. (see Part 6 – Southwark’s leasehold policies).

Alterations
If you wish to make an alteration to your property, your lease says that you must have ‘landlord’s permission’, in addition to any other formal requirements such as planning permission. The area housing office decides whether or not landlord’s permission should be granted, but the HOU should be the first point of contact if you are contemplating any alterations to your home.

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Buying additional facilities
If you live in a property which has a garden, loft space or cellar, etc. which wasn’t included in the original sale and you want to buy it, then the HOU will be your first point of contact, and will explain the council’s procedures.

Buying the freehold
Leaseholders of individual flats within a block have the right, under provisions contained in the Leasehold Reform Housing and Urban Development Act 1993, to buy the freehold of the block. This is known as collective enfranchisement. So, if you wish to exercise that right, or merely enquire as to whether or not you and your neighbours qualify, then contact the HOU.

The council can also sell the freehold of a block to leaseholders under its voluntary disposal powers if all the properties in the block have been sold on leases. If you wish to apply for a voluntary disposal, then contact the HOU.

Extending your lease
The 1993 Act also allows leaseholders to extend the term of their lease. Again it is the HOU which will deal with your initial enquiry. For more information on lease extensions and sales of freeholds, see Part 6 – Southwark’s leasehold policies.

We will also give you information on the terms and conditions of your lease or freehold transfer, but you are recommended to seek your own independent legal advice if you do not agree with what we say.

If your property is affected by a redevelopment proposal – for instance the council is going to demolish and rebuild your block – then it will buy your property back from you. However, in these cases the home ownership unit is not your point of contact. The council’s regeneration team is responsible for making all the arrangements, and providing you with further information.

Who does what in the home ownership unit?
In order to carry out the tasks described above, the HOU is divided into six groups:

- The revenue service charges (finance) group calculates your annual service charges (both estimated and actual), arranges for them to be invoiced, and makes any other necessary adjustments to your account.

- The capital works group calculates charges for major works (both estimated and actual) and carries out the statutory consultation under section 20 ZA of the Landlord and Tenant Act 1985 and arranges for them to be invoiced. They will also send you information about any borough-wide contracts such as lift maintenance, minor repairs, insurance, etc, which may affect your annual service charges.
• The collections group collects both annual (revenue) service charges and major works (capital) service charges. It is also responsible for initiating any legal action for recovery of charges, and preparing the council's case for disputes referred to the Leasehold Valuation Tribunal. This group also deals with mortgages if you have a council mortgage, service charge loans and voluntary charges.

• The finance group deals with the home ownership unit's internal finances and organises the staffing of the Reception area, and logging post and processing cheques. They also record new Right to Buy sales and changes of ownership resulting from assignments and freehold sales, as well as pre-assignment enquiries and queries about the buildings insurance policy and gas servicing. In addition, they are the initial point of contact for enquiries concerning making alterations to your property.

• The sales and acquisitions Group is responsible for the Right to Buy, but also deals with other disposals (sale of lofts, gardens, etc) collective enfranchisement and lease extensions

• The social homebuy supply group administers the Social Homebuy scheme and conveyancing matters.

Please see the structure chart and list of all the functions carried out by HOU for who does what.
Home Ownership Unit
management structure

- Head of Home Ownership
- PA to Head of Home Ownership

**Accountant** (Home Ownership)
**Accountant** (Revenue Service Charges)
**Deputy Home Ownership Manager**
**Capital Works Service Charge Manager**
**Sales & Acquisitions Manager**
**Social Homebuy Manager**

**Finance Group (F)** (Creditors & Debtors)
**Revenue Service (R)** (Charge Group)
**Collections Group (C)**
**Capital Works Group (CW)**
**Sales & Acquisitions Group (SA)**
**Social Homebuy & Supply Group (SH)**

### Job Group

- **Ad Hoc Disposals**
- **Arrears Recovery – Capital Service Charges**
- **Arrears Recovery – Freeholders Service Charges**
- **Arrears Recovery – Revenue Service Charges**
- **Assignments**
- **Billing**
- **Building Insurance**
- **Buy Backs**
- **Capitalisation**
- **Cash Incentives**
- **Collective Enfranchisement**
- **Commercial Portfolio Client Role**
- **Communication Strategy**
- **Completions (Accounts)**
- **Construction of Major Works Service Charges**
- **Construction of Revenue Service Charges**
- **Creditors**
- **Deeds of Covenant**
- **Deeds of Discharge – discount repayment**
- **Deeds of Discharge – Pre-emption**
- **Deeds of Variation/Rectification**
- **Demolition Notices**
- **Freeholders Accounts**
- **Gas Servicing**
- **Ground Rents**
- **Head Lease Management**
- **Houses sold on Leases – Accounts**

- **Individual Enfranchisement**
- **Lease Extension**
- **Leasehold Training/Procedures/Policy Review**
- **Leaseholder Council Services**
- **Litigation**
- **Mortgages**
- **Office Administration**
- **Permissions**
- **Postponements**
- **Pre Assignment Enquiries**
- **Property Database**
- **Recognised Tenants Associations**
- **Records Management**
- **Rent Checks**
- **Right to Buy**
- **Sale of Freehold Reversionary Interest**
- **Service Charge Accounting (Debtors)**
- **Service Charge Enquiries**
- **Service Charge Loans**
- **Service Charges Reductions**
- **Social Homebuy**
- **Stair Casing (Rent to Mortgage/Social Homebuy)**
- **Statutory Consultation**
- **TMO liaison**
- **Voluntary Charges**
- **Write Offs/Write Backs**

- **F - Finance**
- **R - Revenue**
- **C - Collections**
- **CW - Capital Works**
- **SA - Sales and Acquisitions**
- **SH - Social Homebuy**

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Southwark’s leasehold policies

There are some areas concerning your lease, where the council has discretion and where you have some additional rights.
Southwark’s leasehold policies

Although generally speaking, your lease and the relevant legislation govern what the council must do as your landlord, there are some areas where we have discretion as to whether or not we do things. Likewise, there are some additional rights that you may be able to exercise.

The council’s policy with regard to discretionary service charge reductions, and discretionary service charge loans and voluntary charges is set out in Part 3 – The services you pay for. Similarly, how we will exercise our discretion with regard to repayment of discount is set out in Part 4 – Selling or renting out your property.

However, there are other areas where the council will determine what to do on an individual case-by-case basis. In addition, there are areas where you have an absolute right to do something and areas where the council can offer assistance.

Making alterations to your home

The lease says that you must ask the council’s permission if you want to make any alteration to your home. This includes things such as changing the bathroom or kitchen fittings, because they are the landlord’s fixtures and fittings – although the lease makes you responsible for looking after them.

In general we will not refuse permission, provided that what you want to do is done to that part of the premises demised to you, and does not affect the structure of the building. Where you wish to change something which it is our responsibility to maintain – for instance replacing your windows – we may give permission, but you must remember that you will still be liable for the appropriate block charge if the Council later decides to carry out the same work to the other properties in the building. It is current council policy not to agree to requests for disconnection from a district heating system.

Buying additional interests

If you wish to buy a loft space, garden, etc, the council may agree to the sale, provided that whatever you wish to buy does not contain a shared facility – for instance a loft containing a cold water storage tank serving a property (or properties) other than your own, a garden specifically designated to be shared between the residents of all the properties in a block, etc. Applications must be sent to home ownership unit, but it is the area office which will make the decision.

Any sale agreed will be at market value, and you will have to pay the council’s legal costs for the conveyance, and any necessary deed of variation to the lease. You should also note that your service charges may increase as your home will be bigger.
Taking out an additional loan on your property

If you have purchased under the right to buy and want to take out an extra loan on your property (ie in addition to any mortgage you may have taken out to buy it), and you want to do this during the discount repayment period (the first three or five years after the purchase was completed, depending on whether you apply to buy before or after 18 January 2005. For more information on this see Part 4 – Selling or renting out you property) your mortgage lender will want us to postpone our charge. If this is the case you must get our permission.

You must write to the HOU telling us what the extra loan is for. If it is for home improvements you must tell us the extra amount for the loan, what works are to be done, and provide a written estimate for the cost of all the proposed works. we will agree to postpone our charge if the extra loan is for certain home improvements, or to pay off any overdue service charges.

We charge a fee for dealing with your lender in these circumstances, currently £75 (June 2006). (For an additional £50 we will guarantee a response within two working days).

If you want to take out an additional loan for any other purpose, or if you cannot provide us with the necessary information concerning any home improvements you want to make, we will probably still agree to postpone our charge but the fee will be £125.

After the expiry of the ‘discount repayment period’, you do not need our permission.

Extending Your Lease

If your property was first bought under the Right to Buy scheme, you probably have the right – under provisions contained in the Leasehold Reform, Housing and Urban Development Act 1993 – to purchase an additional 90 years to add to the term of the lease. The additional term will be on the same conditions as your current lease (except that the annual ground rent will be a peppercorn rather than £10, and we would expect, if appropriate, that you to agree to updating the terms of your lease to the council's current RTB lease). The purchase price for the additional term would be current market value.

Although the Act calls it a lease extension, it is actually the surrender of the original lease, and the issue of a new one. If your lease is different from the current standard lease now issued by the council, you will find it advantageous to change to the new lease. One of the frequently asked questions from solicitors when a property is being resold is ‘do all the leases contain the same terms’.

Please note that you cannot extend your lease if you bought under Social Homebuy, or other shared ownership terms, unless you own 100% of the equity of the property.
Buying the Freehold

a) Voluntary Disposal – Where all the properties in a block have been sold on leases, and those leases have been in existence for more than 2 years and the property is not on an estate, then the council is allowed to sell the leaseholders the freehold of the block by reason of powers granted under sections 32 and 33 of the Housing Act 1985. The council has taken the decision that it will always sell in such cases, where an application is made. Normally the sale should be jointly to all of the leaseholders, but the council will consider applications which do not include all leaseholders if those not included do not object, and confirm their agreement in writing.

Please note that if any of the leases were sold under Social Homebuy, or other shared ownership terms, then you must own 100% of the equity in the property to qualify.

b) Collective enfranchisement – If not all of the properties have been sold on leases, but at least two thirds of them have, then the leaseholders of those properties may apply to buy the freehold of the block under powers contained in the 1993 Act. This is called ‘collective enfranchisement’. Not all of the leaseholders need to apply, but the number must represent at least half of the total number of properties in the block – e.g. if a block contains 12 flats, then at least 8 must be sold on leases, and at least six of those leaseholders must jointly apply to buy the freehold. (If there are only two properties in the block, then both must be leasehold. However, in these instances the council would sell under its ‘voluntary disposal’ powers). Any leaseholder including those with leases sold on Social Homebuy or other shared ownership terms who did not wish to participate in the purchase would become a leaseholder of the new freeholder. As far as tenanted properties in the block are concerned, the freeholder would be required to complete a simultaneous transaction leasing those properties back to the council on a 999 year lease.

The value of the freehold will reflect the current market value. The actual basis for the valuation is set out in the 1993 Act. The 999 year lease(s) granted to the council in respect of tenanted properties are a ‘gift’. Should the block be on an estate, the freehold transfer would include a requirement for the freeholders to pay service charges relating to the upkeep of the estate. The council would pay service charges to the freeholder in respect of services the freeholder supplied to its (now) leasehold properties.

As with Voluntary Disposals, if any of the leasehold properties were originally bought under Social Homebuy, or other shared ownership terms then you must own 100% of the equity of the property to qualify.

Underlease flats – If you own the underlease of a flat, and there are a sufficient number of other underlease flats in the block to qualify for voluntary enfranchisement, then you may still exercise your right to voluntary enfranchisement, but you will buy the freehold from the freeholder, and lease back the remaining rented properties to the council.

Underlease houses – If you own the underlease of a house (in other words the council does not own the freehold of the land) you can usually buy the freehold of the property from the freeholder.

The information in this guide concerning both lease extensions, and the purchase of freeholds, is a summary of the requirements of the legislation. You are strongly recommended to contact the home ownership unit if you wish to explore any of these options further.
Independent Legal Advice for Leaseholders

The relationship between leaseholder and landlord is complex, and the legal issues involved in disputes between the two may be difficult for a layperson to understand. There are a number of agencies in the borough which can and do offer advice on housing matters – Citizens Advice Bureaux, law centres, etc – but on being asked what level of service they could provide to leaseholders, all agreed that their expertise was minimal, and in some cases they had no capacity at all to assist. For this reason the council has decided to operate a pilot scheme to provide an independent advice service specifically to deal with leasehold matters.

Gas Servicing

As a leaseholder you are responsible for maintaining any gas appliance in your property, and may already do this through the services offered by British Gas. In order to assist leaseholders, and reduce their costs, the council has negotiated with the contractor who carries out this service for our rented properties to offer the service to our leaseholders at a lower cost than for the same level of service as provided by British Gas. For more information on this please contact the home ownership unit.

Recognised Tenants Associations

If Leaseholders in a block/estate want to join together or form a ‘recognised tenants association’ (RTA) you should apply to the HOU for details of what you need to do. RTAs have to be consulted about any proposed major works under the Section 20 process, and also rights concerning the examination of books and records relating to service charges. They also have the right to be consulted if the council intends appointing a managing agent to carry out any of the functions usually carried out by the council.

A Recognised Tenants’ Association is not the same as any Tenants’ and Residents Association which may exist on your estate. A Recognised Tenants’ Association is concerned solely with leasehold matters whilst a Tenants and Residents Association deals with all issues concerning the estate.
Who does what in Southwark

Besides the home ownership unit, there are other departments of the council that leaseholders may come into contact with.
Who does what in Southwark

In Part 5 of this guide we outlined the functions of the home ownership unit. But there are other parts of the housing department with direct responsibility for certain areas of management affecting your property, and other departments of the council you may come into contact with.

The housing department

There are 8 area housing offices and these offices provide the day to day housing management services on behalf of the council. Each area office is responsible for the properties that are owned and managed by Southwark. There are, in addition, tenant managed housing estates and these provide a range of services independent of the local area office.

The housing management services can be summarised as follows:

Resident involvement
Each office has a section that provides resident involvement support and development. The resident involvement manager is the lead officer. This team seeks to develop local tenant and resident associations (T&RA) with the aim of encouraging all sections of the community to become involved with their community. The resident involvement staff attend individual tenant and resident association meetings as well as other specialist area staff and will spend time supporting the creation of new associations where they do not currently exist.

Finance and Income
This section administers the area budgets as well as being responsible for income and debt management. The income and debt management relates to tenant rents with leasehold and freeholder service charge income undertaken within the home ownership unit.

Day to day repairs
This team is responsible for the day to day maintenance of the housing stock. This includes communal repairs as well internal repairs to tenants homes. This team mainly concentrates on responsive repairs but do organise planned maintenance work where appropriate. Any requests for repairs would normally be directed to the councils customer service centre for ordering but the local area office is responsible for the management of the contractors and ensuring value for money for the work undertaken.

Investment and Programmed Works
This team is responsible for the long term investment and maintenance of the housing. The team is responsible for commissioning contracts for major works as well as planned cyclic decorations. Such work is commissioned with staff from the home ownership unit to ensure that leaseholders are involved and receive the correct statutory notices of such work whether a financial contribution is required.

Tenancy Management
This team ensure that the contractors that maintain estate environments, for example cleaning ground maintenance, refuse collection and other services comply with the specification of work. Daily inspections are undertaken on housing estates for health and safety purposes as well as other cycles of inspection, including monthly inspections with representatives of tenant and resident associations.
This team also deals with any anti-social behaviour enforcing the tenancy agreement and leases where resident conduct is unacceptable. The team works closely with SASBU (Southwark Anti-Social Behaviour Unit) in those instances where incidents occur which require legal action and because the resident (tenant or leaseholder) is not willing to moderate their behaviour.

Customer Services
These services are now being delivered by the council’s customer service centre if contact is made via the telephone as well as the area housing offices. Of the eight area housing offices three are now designated as one stop shops and can provide a range of council services at a single point of contact.

One Stop Shops
The council has opened ‘one stop shops’ in Bermondsey, Peckham and Walworth (see Part 8 – Useful Contacts for contact details). The one stop shops are able to deal with enquiries about all of the council’s housing services.

The customer service centre
Although as a leaseholder, you are now responsible for most repairs inside your flat that the council would deal with if you were a secure tenant, you are still entitled to report repairs to the common parts or structure of the building such as a leaking roof, damaged or malfunctioning windows, or damage to communal facilities, which remain the council’s responsibility. These repairs should be reported directly to the customer service centre (CSC), although it will be the area housing office that supervises the actual work. The CSC also has a dedicated ‘hot line’ to report anti-social behaviour directly to specialist officers.

Tenant management organisations
Many Southwark housing estates are managed by the residents of those estates. These are called tenant management organisations (TMO’s). The TMO section is responsible for giving help and support to TMO’s and ensuring that they abide by the terms of their management agreement. Please see Appendix C – The borough wide tenant participation contract for more details in this.

Revenues and benefits
If you are low on income you may be able to claim council tax benefit. The revenue and benefits section of the housing department are responsible for administering the council tax benefit scheme.
Other Departments

Legal services/property services
If you want to:
• purchase a loft space, garden etc
• exercise your right of collective enfranchisement
• or extend the term of your lease

Your first point of contact will be the home ownership unit, but it will be the council’s legal services section who complete the formalities. Similarly, if an amendment to your lease (a deed of variation) is required it will be legal services who deal with this.

Southwark technical services
STS are responsible for the maintenance, repair and replacement of all electrical and mechanical equipment – for instance lifts, heating and ventilation plant, etc.

Planning permission
You may wish to make an alteration to your property which requires planning permission. Applications for planning permission should be made to the planning and transport division of the regeneration department. This division is also responsible for ensuring that any approved alterations conform to current Building Regulations.

But remember you must also have the agreement of the area housing office for any change you wish to make to your property.

Anti-social behaviour unit (sasbu)
Although any reports of anti-social behaviour should be made to your Area Housing Office or the Customer Service centre in the first instance, the council does have a special unit – sasbu – to deal with the more serious cases.

The regeneration department
Southwark Council is transforming the borough through a series of large scale regeneration projects. These include the regeneration of some estates. The regeneration department is responsible for all aspects of regeneration schemes, including the buying back of properties originally bought under Right to Buy.
Environment and leisure department

All cleaning of Southwark Council roads, estates, parks, etc, and the disposal of waste and refuse is the responsibility of the Environment and Leisure Department. This department is also ultimately responsible for all environmental health matters, (although for a problem on your estate you should first contact your Area Housing Office).

Other bodies

Leaseholder’s association of southwark (LAS 2000)
An independent body of leaseholders of Southwark Council properties who are represented on the Executive and are able to give advice on leasehold matters.

Leaseholder council
The Leaseholder council is an elected body of leaseholders, which meets regularly with councillors and officers to discuss issues affecting Southwark leaseholders, The representatives are elected through the area forums.

LEASE (the Leasehold Advisory Service)
This is government funded body which offers free advice on leasehold (Landlord and Tenant) law. You can access their website to see a number of publications dealing with specific leasehold issues, or contact them direct (see below). LEASE also offers training in leasehold matters.
Useful contacts

This section provides you with details of council departments that you may need to contact.
Useful contacts

Bermondsey One Stop Shop
17 Spa Road
London SE16 3QP

Peckham One Stop Shop
122 Peckham Hill Street
London SE15 5JR

Walworth One Stop Shop
151 Walworth Road
London SE17 1RY

Bermondsey Area
Housing Office
17 Spa Road
London SE16 3QP

Borough & Bankside Area
Housing Office
Library Street
London SE10RG

Camberwell Area
Housing Office
Harris Street
London SE5 7RX

Dulwich Area Housing Office
41-43 East Dulwich Road
London SE22 9BY

Peckham Area Housing Office
95a Meeting House Lane
London SE15 2TU

Nunhead & Peckham Rye Area
Housing Office
27 Bournemouth Road
London SE15 2TU

Rotherhithe Area Housing Office
153-159 Abbeyfield Road
London SE16 2LS

Walworth Area Housing Office
Content Street
Walworth
London SE17 1NS

From 15 May 2006
customer reception services for
Walworth Area Housing Office
will be provided at Walworth
One Stop Shop.

For Peckham Area Housing Office
services will be provided from
Peckham One Stop Shop.

Cash Offices

Peckham cash office
19-23 Bournemouth Road
Peckham SE15

Walworth cash office
177-179 Walworth Road
Walworth SE17

SASBU
Tel: 020 7525 577
Email: xxxxxx@xxxxxxxxx.xxx.uk

Housing Complaint Team
9 Larcom Street
London SE17 1RX
020 7525 2209

Regeneration Department
Council Offices
Portland Street
London SE17 2ES

Leaseholders’ Association
of Southwark
PO Box 23394
London SE16 2W

Leaseholder Council
Anne-Marie Curry
Tel: 020 7525 4742
Email: xxxxxxxxxx@xxxxxxx.xxx

Leasehold Valuation Tribunal
10 Alfred Place
London WC1E 7LR
Tel: 020 7446 7700
Email: xxxxxxxxxx@xxxxxxx.xxx.uk

www.southwark.gov.uk
LEASE
31 Worship Street
London EC 2DX
Tel: 020 7374 5380
Email: xxxx@xxxxxxxxxxxx.xxx
website: www.lease-advice.org

Local Government Ombudsman
The Oaks
2 Westwood Way
Westwood Business Park
Coventry CV4 8UB

Council Tax Benefit
Post
Liberata (LB Southwark)
PO Box 782
Bromley BR1 3YE
Tel: 020 7525 1880

Southwark Arbitration Unit
East House
35 Peckham Road
London SE5 8UB
Tel: 020 7525 7429

Citizens Advice Bureaux
Bermondsey CAB
8 Market Place
Southwark Park Road
London SE16 3UQ
Tel: 020 7231 4410

Peckham CAB
97 Peckham High Street
London SE15 5RS
Tel: 020 7732 2497

Blackfriars Advice Centre
199 Walworth Road
London SE17 1RL
Tel: 020 7701 3999

Southwark website
www.southwark.gov.uk
Comments and complaints

If you wish to make a comment or a complaint about the service we provide, there are certain procedures that will make this process easier for you.

www.southwark.gov.uk
Comments and complaints

Southwark council’s housing department aims to provide all customers with a high standard of service. You may want to make a suggestion that helps us to improve or you may be unhappy with the service that we have provided. We also hope that there will be times when we have done things well and you want to compliment us. We welcome all types of feedback about our services. Your comments and complaints are important as they help us improve services across the department.

Comments and Suggestions

Send us your comments, suggestions or compliments at any time by contacting the relevant service. All comments, compliments and suggestions will form part of our review process for future housing service standards.

Complaints

We want to know as early on as possible when you have a problem with one of our services so that we can put it right quickly. We also analyse all of the complaints that we receive so that we can identify areas of weakness and make improvements. That is why we have three simple complaint stages to make it as easy as possible for you to complain. We accept complaints in any format – letter, fax, email, telephone – and in any reception area. All formal complaints are acknowledged in writing within two working days of receipt.

**Stage 1** – We can put things right quickly if you complain directly to the service that you are not happy about. You should speak or write to the manager of the service and let them know what the problem is. If you are not sure who to contact you can talk to a complaint officer who will pass you to the appropriate person – see the contact details in Part 8 – Useful Contact.s

**Stage 2** – If you are not happy with the response you got to your Stage 1 complaint, you can complain directly to the housing complaint team. Your complaint will be investigated independently and a senior complaint officer will respond to your complaint within 15 working days of receipt. Sometimes we may need longer, but we will always let you know the reason for the delay, and when you can expect a full reply.

**Stage 3** – If you are still not happy then you can complain to the chief executive. The customer feedback unit at the Town Hall will carry out an independent review of your complaint and reply to you within 15 days of receipt. Contact details for this team are included in all Stage 2 complaint responses.

If you are still not happy with the way the council has dealt with your complaint, then you can contact the Local Government Ombudsman. This is an independent body that looks at complaints made against local authorities. The housing complaint team can provide you with details on request.

As an alternative to the Ombudsman, you could ask for your complaint to be heard by the Southwark Arbitration Unit. However, please note that the arbitration unit cannot deal with complaints about service charges. These must be referred to the Leasehold Valuation Tribunal.
If you don’t understand any of the terms or jargon used in this guide, this section will help you.
Glossary

This defines the meaning of words used in this Guide. They are not intended to be, neither should they be taken as, legal definitions.

**Annual service charges** – charges for works or services relating to a block and/or estate carried out on a day-to-day basis.

**Area Housing Office** – the Office responsible for managing and maintaining your block and estate.

**Assignment** – the act of transferring ownership of a lease.

**Buy-back** – a council scheme to re-purchase properties originally bought under the Right to Buy or Social Homebuy schemes.

**Collective enfranchisement** – the right, under certain circumstances, of leaseholders to buy the ‘freehold’ of the building in which their leasehold properties are situated.

**Conveyance** – the legal process by which the ownership of property, or the lease of a property, is transferred from one party to another.

**Covenant** – a clause in a freehold transfer or a lease defining a limitation or obligation the freeholder must abide by.

**Deed of rectification** – a correction to a mistake in the terms of the lease.

**Deed of variation** – a change to the terms and conditions of a lease.

**Demised premises** – those parts of the property for which you are responsible under the terms of the lease.

**Department of Community and Local Government (DCOG)** – the government office usually responsible for legislation concerning leasehold issues.

**Discount** – the amount of money by which the open market value of the property was reduced under the Right to Buy or Social Homebuy schemes.

**Discount repayment period** – the period of time starting from the date the property was bought under the Right to Buy or Social Homebuy schemes during which some, all or more of the ‘discount’ must be repaid if the property is sold or transferred.

**Forfeiture** – an order made by a court to terminate a lease.

**Freehold/Freeholder** – a property where the owner – the freeholder – owns both the property and the land it stands on.

**Freehold transfer** – a legal document defining what has been sold to a freeholder.

**Ground rent** – an annual rental charge on all leasehold properties. In the case of properties bought under the Right to Buy this is always £10.00.

**Home ownership unit** – the unit in the Council which deals with service charges and other matters relating to the lease.

**Lands tribunal** – the body to which you can appeal if you do not agree with the decision of the ‘Leasehold Valuation Tribunal’.

**Lease** – a legal document defining the rights and responsibilities of both the tenant (the lessee) and the landlord (the lessor).

**Leasehold/Leaseholder** – a leasehold property is one where the leaseholder has bought the right to live in (and/or sell on or rent out) the property. A leaseholder does not own the property in the way a freeholder does. (NB in law a leaseholder is often described as ‘the tenant of a property let on a long lease’).
Leasehold Valuation Tribunal – the body set up to adjudicate between landlords and ‘tenants’ on leasehold matters – including disputes over service charges.

Major works service charges – charges relating to one-off contracts for repair and renewal.

Management fee – an amount added to all service charge bills to pay for the costs of the Home Ownership Unit.

Market value – the value of a property, or other property-related asset.

Notice – a formal letter issued under the provisions of an Act of Parliament.

Pre-assignment enquiries – questions concerning service charges, and other matters, asked before the ‘assignment’ a lease (or transfer of a freehold) takes place.

Pre-emption – the Council’s right of first refusal to buy your property if you resell within 10 years of the Right to Buy or Social Homebuy purchase. (Applies only to properties purchased as the result of an RTB application made on or after 17 January 2005).

Recognised Tenants Associations – a group of leaseholder recognised by the Council as a relevant body for consultation purposes.

Relief from forfeiture – an application to have a forfeiture order set aside.

Remedying the breach – something you or the Council must do if either has breached the terms of the lease.

Retention – a sum of money held by a solicitor in lieu of an unpaid or uninvoiced service charge.

Right to buy – the right of secure tenants of local authorities (and some other public bodies and social landlords) to purchase the homes they rent.

Secure tenant – a ‘rent paying’ tenant of Southwark Council.

Service charges – charges you must pay for works or services relating to your home, or the estate it is on. (see annual service charges and major works charges).

Social homebuy – a type of shared-ownership scheme offered as an alternative to Right to Buy.

Service charge loan – a loan you may get from the Council to pay a Major Works service charge.

Successor in title – someone you sell the property to.

Supervision fee – a charge added to contracts for professional supervision of the works

Tenant – unless otherwise stated, this refers to the tenant of a property let on a long lease; see Leaseholder.

Term of the lease – how long the lease runs from the date of the first purchase of the property.

Underlease – an underlease of a property is what the Council can sell if it is itself a leaseholder rather than the freeholder of a property.

Voluntary charge – a charge secured on the property in lieu of payment of a service charge.

Voluntary disposal – the council’s ability to sell the freehold of a block to leaseholders where all leases have been bought on all of the properties in the block.
Appendices

A. The standard Southwark lease clause by clause
B. The buildings insurance policy
C. The borough wide tenant participation contract
The Lease is the contract between you (the lessee) and the Council (the lessor), which sets the terms of occupation of the property.

The ‘Date’ is the date that the lease was granted to the first leaseholder. Note that this may differ from the date on the ‘Term of the Lease’, which may be the date the first lease in the block was sold.

‘Leaseholder Name’ is the name (or names) of the first person(s) to whom the lease was granted by the Council. The names of subsequent ‘assignees’ will be recorded on ‘Deeds of Assignment’. All the conditions of the lease are applicable to the newest lessee.

The ‘Leaseholder Address’ is the address of the first assignee(s).

The lease refers to the ‘Building’ and ‘Estate’. These mean the block in which your flat is situated and the estate the block is on. If your flat is not on an estate, then you can ignore any reference in the lease to ‘estate’.

The term the flat occurs throughout the lease and refers to the specific property, and any land, which has been sold to you. The plan attached to the lease highlights in pink what is included in ‘the flat’.

There are certain services that the Council provides to your flat, other flats and common areas of the property. These vary according to the property type. They may include: Central Heating, Hot Water Supply, Lift, Caretaking, Lighting and Cleaning of Common Areas, Maintenance of common television Aerial or Landline, Maintenance of Estate Roads and Paths, Estate Lighting, Refuse Disposal, Maintenance of Gardens or Landscaped Areas and Unitemised Repairs.

Appendix A

Title Numbers: **TITLE NUMBER**

Property: **THE PROPERTY**

THIS LEASE is dated **DATE** and made BETWEEN THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK of the Town Hall Peckham Road London SE5 (hereinafter referred to as “the Council”) of the one part and **LEASEHOLDER NAME** of **LEASEHOLDER ADDRESS** (hereinafter referred to as “the Lessee”) of the other part.

IN THIS LEASE the following expressions shall where the context admits have the following meanings:

the building means the building known as **THE BUILDING** including any grounds outbuildings gardens yards or other property appertaining exclusively thereto

the estate means the estate known as **THE ESTATE** including all roads paths gardens and other property forming part thereof but should the flat not form part of a Council estate this clause and any subsequent reference in this Lease to the ‘estate’ shall have no force or effect

the flat means the flat and land (if any) shown coloured pink on the plan or plans attached hereto and known as Number **NUMBER** on the **FLOOR** floor/s of the building and including the ceilings and floors of the flat the internal plaster and faces of the exterior walls of the flat and the internal walls of the flat (and internal walls bounding the flat shall be party walls severed mediatorily) but excluding all external windows and doors and window and door frames the exterior walls roof foundations and other main structural parts of the building

the services means the services provided by the Council to or in respect of the flat and other flats and premises in the building and on the estate and more particularly set out hereunder (where and when applicable)

- Central heating
- hot water supply
- lift
- caretaking lighting and cleaning of common areas
- entry-phone system
- concierge service
- maintenance of common television aerial or landline
- maintenance of estate roads and paths
- estate lighting
- maintenance of gardens or landscaped areas
- unitemised repairs

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amount of discount referred to in clause 5(2) hereof means the sum of £**AMOUNT**

the premium means the sum of £**AMOUNT**

the term means the term of 125 years from the date hereof

WHEREAS

(A) The Council is registered at H M Land Registry as proprietor with Absolute title of the freehold property comprised in the title number(s) referred to above

OR IF UNREGISTERED

The Council is the freehold owner of the premises hereby demised together with other property

(B) The Lessee is entitled under the Housing Act 1985 (hereinafter referred to as “the Act”) to be granted a long lease of the property hereinafter demised

(A) The Council has granted or intends to grant leases of other flats in the building (as hereinbefore defined) or on the estate (as hereinbefore defined) under the Act and has in every such lease imposed and intends in every future such lease to impose (so far as they are able) the restrictions contained in Clause 3 hereof to the intent that any Lessee for the time being under any lease of any flat in the building or on the estate may be able to enforce the observance of the said restrictions by the Lessees or occupiers for the time being of other flats

Information

From this point on, the lease is divided into clauses, sub-clauses and paragraphs. On occasions, the lease will refer to those appearing earlier or later in the lease, without repeating their contents. It is important to remember that:

Clauses appear as numbers like this: 1

Sub-clauses appear in brackets like this (2) or this: (2)(a)

‘Schedules’ (additions) to the lease are headed in bold type to enable you to refer quickly to them. They appear like this: FIRST SCHEDULE

The lease will also refer to sections in other legislation that affect your status as a leaseholder. The lease will not provide any explanation as to what is included in this legislation. It will be up to you to obtain this information.
In return for ‘the premium’ and agreement to pay the Ground Rent and abide by the covenants in the lease, the Council passes ownership of the lease to you.

This lease refers to all that is directly related to the property, including the rights detailed in the First Schedule (see below). This section also reminds you that the Ground Rent is £10, payable annually on the anniversary of the first payment date (the day the lease is completed).

NOW THIS DEED WITNESSETH as follows:

1. IN pursuance of the Act and in exercise of all other (if any) powers enabling it and in consideration of the premium paid to the Council by the Lessee (the receipt of which the Council hereby acknowledges) and of the rent and covenants by the Lessee hereinafter reserved and contained the Council HEREBY DEMISES unto the Lessee with full title guarantee ALL THAT the flat TOGETHER WITH the easements and rights set out in the First Schedule hereto EXCEPT AND RESERVING as set out in the Second Schedule hereto TO HOLD the same for the term paying therefore during the term the yearly rent of £10 by annual payments in advance on the anniversary of the date hereof in each year the first of such payments to be made on the date hereof.

2. THE Lessee hereby covenants with the Council:

   (1) To pay the said rent at the times and in manner aforesaid without any deduction

   (2) To pay all rates taxes assessments charges impositions and outgoings which may at any time during the said term be assessed charged or imposed on the flat or any part thereof or the owner or occupier in respect thereof

   (3)(a) To pay the Service Charge contributions set out in the Third Schedule hereto at the times and in the manner there set out

   (b) If any payment of or on account of Service Charge is not made on the due date for payment thereof for any reason including dispute as to the amount properly payable then to pay interest thereon from the due date until the date of payment as well after as before any judgment upon the amount properly payable at 5% above the National Westminster Bank PLC Base Rate prevailing from time to time

   (c) Notwithstanding the foregoing nothing in this sub-clause(3) or in the Third Schedule hereto shall oblige the Lessee to pay any sums which by virtue of paragraphs 16A, 16B, 16C or 18 of Schedule 6 of the Housing Act 1985, the Leaseholder does not have to pay those Service Charges. This means any charges in the ‘initial period’ not listed in the offer notice.
To keep the flat and every part thereof (except any part which the Council is obliged to repair under Clause 4 hereof) and all walls sewers drains pipes cables wires and appurtenances thereof in good and tenantable repair and condition (including decorative repair)

To permit the Council and their agents and licensees upon reasonable notice to enter the flat to examine the state and condition thereof and to make good all defects decays or wants of repair of which notice in writing shall be given by the Council to the Lessee and for which the Lessee may be liable hereunder within three months of service of such notice

To permit the Council and their agents and licensees upon reasonable notice to enter the flat for the purposes of:

(i) examining any part of the building for the repair of which the Council is responsible or for the purpose of carrying out any works reasonably required for the performance of the Council’s obligations under Clause 4 hereof or under any lease underlease or tenancy of any other part of the building or otherwise

(ii) pest eradication treatment and in the event that the Lessee fails to keep a second notified appointment (in writing) during a programme of such treatment the Council and/or its appointed agents shall be entitled to force entry into the flat to carry out such treatment the person(s) so entering causing as little disturbance as possible and making good any damage caused as a result of such entry and leaving the flat in a secure condition

(iii) installing any of the items mentioned in paragraph 7(9) of the Third Schedule hereto; and

(iv) making good (at the expense of the Lessee) any defects decays or wants of repair of which notice has been given under the foregoing covenant and which the Lessee has not made good within three months of the service of such notice (in which case the cost of such works shall be a debt due from the Lessee to the Council and forthwith recoverable by action) the person so entering doing no unnecessary damage and making good all damage caused as soon as reasonably possible

Not to make any structural alterations or structural additions to the flat or remove any of the Landlord’s fixtures and fittings without the previous consent in writing of the Council

Not to disconnect the flat from the district central heating system if such system serves the flat without the previous consent in writing of the Council

As a Leaseholder, you must keep the parts of your property that you are obliged to maintain in good repair. This includes any decorative repairs that may be necessary.

You must allow the Council to inspect your flat, and you must carry out any repairs which are your responsibility, within three months of receiving written notice from the Council telling you to do so.

As a Leaseholder, you must allow the Council and its agents to have access to your property (in accordance with the above) when the Council is required to do any of the following:

(i) Examine the building to see if any repairs, for which the Council is responsible, are necessary.

(ii) Treat the building to destroy pests. The Council may force entry if you fail to keep a 2nd notified appointment.

(iii) Improve the building by installing double-glazed windows or an entry-phone system

(iv) Repair or make good any defects that you as a leaseholder are obliged to do, but you have failed to do. In this case, the Council can recover the cost from you.

As a Leaseholder, you may not make any alterations to the structure of your property, or remove any of the fixtures and fittings without written permission from the Council.

As a Leaseholder, you may not disconnect your property from the district heating system without first obtaining written permission from the Council.
(9) Should you re-mortgage, underlet or assign your property, it is your responsibility to inform the Council in writing, that you have done so. This can be sent to the following address:

Strategic Services Department
South House
30-32 Peckham Road
London
SE5 8PX

(10) If anybody other than the Council serves any legal notice on the flat then you, as a leaseholder, must deliver a copy of it to the Council. You also agree, as a leaseholder, to support any decision made by the Council on matters relating to the flat.

(11) If you, as Leaseholder, receive a lawful instruction concerning the flat from a competent authority, you must comply with it at your own expense.

(12) You agree to pay any costs caused by a nuisance in your property, and to pay for any works necessary to correct a nuisance in your property.

(13) If you breach the terms of your lease, the Council may serve a Notice under Section 146 of the Law of Property Act 1925 on you and issue Court proceedings against you. If those proceedings are successful, the Court may forfeit your lease. Whether or not the Court agrees to the forfeiture, you will be liable for the Council’s costs in the matter.

(9) Within one month after the same shall be executed or shall operate or take effect or purport to operate or take effect to give notice in writing to the Council at Strategic Services Department South House 30-32 Peckham Road London SE5 8PX and to produce to the Council a copy of any transfer mortgage or charge of this lease or any part thereof or any underlease of the flat for substantially the whole of the unexpired term and every assignment of such underlease or any probate letters of administration Court Order or other instrument effecting or evidencing any devolution of title to this lease or any underlease and to pay to the Council a fee of £30.00 or such other sum as the Landlord shall reasonably require in respect of every such notice.

(10) Forthwith after service upon the Lessee or occupier of the flat of any notice affecting the flat served by any person or body (other than the Council) to deliver a true copy thereof to the Council and to join with the Council in making such representations to such person or body concerning any proposals affecting the flat as the Council may consider desirable and to join with the Council in any appeal against any Order or direction affecting the flat as the Council may consider desirable.

(11) Upon receipt of any lawful notice Order or direction from any competent authority affecting the flat requiring anything to be done or not done or any works to be executed to comply with the same at the Lessee’s expense.

(12) To pay all costs charges and expenses incurred by the Council in abating any nuisance in the flat or executing any works necessary for that purpose.

(13) To pay all costs charges and expenses (including Solicitors’ costs and Surveyors’ fees) incurred by the Council for the purpose of or incidental to the preparation and service of any notice under Section 146 of the Law of Property Act 1925 notwithstanding forfeiture is avoided otherwise than by relief granted by the Court.

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(14) At the expiration or earlier determination of the term peaceably to yield up the flat to the Council together with all additions thereto and all landlord’s fixtures and fittings (if any) in good and tenantable repair and condition as required by the provisions of this clause and of Clause 3(1) hereof.

(15) By way of indemnity only to observe and perform the covenants and stipulations (if any) set out or contained or referred to in the Charges Register or Registers of the Council’s title or titles above referred to so far as the same relate to the flat and are still subsisting and capable of taking effect and to indemnify the Council against all proceedings, actions, costs, claims and demands in respect thereof.

(16) To notify the Council forthwith upon the happening of an event giving rise to a liability under Clause 5(2) hereof.

3 THE Lessee hereby covenants with the Council and with and for the benefit of the Lessees (whether under short or long leases and granted before or after this lease) and owners of other flats in the building or on the estate on behalf of the Lessee and those deriving title under him:

(1) To keep the flat in good and tenantable repair and condition (save any part thereof which the Council is obliged to repair under Clause 4 hereof) so as to provide shelter and support to parts of the building other than the flat.

(2) To permit such Lessees and owners of other flats in the building upon reasonable notice (save in emergency) to enter the flat for the purposes:

(i) of carrying out any obligation of such Lessee or owner to the Council.

(ii) of repairing, maintaining or renewing any easement enjoyed by such Lessee over the flat.

In either and all such cases causing as little disturbance as possible and making good all damage cause.

(3) Not to do or permit or suffer to be done any act or thing which may render void or voidable any policy of insurance in respect of the building or any part thereof or cause an increased premium to be payable in respect thereof.

(4) Not to use or suffer the flat to be used for any purpose other than as a private dwelling house.

(5) Not to do or permit or suffer to be done any act or thing which may be or become a nuisance or annoyance to the Council or to the Lessees owners or occupiers of adjoining or neighboring property.

By accepting the terms of the lease, you accept the responsibilities set out below.

(1) The leaseholder is to maintain those aspects of the flat that the Council is not responsible for, and on which other parts of the building are dependant.

(2) For certain purposes – for example in the case of emergency – the leaseholder agrees to allow other lessees and owners of other flats in the building to enter the flat. The lease specifies exactly what is considered a justifiable entry into another flat and how this action should proceed. In any event, any person entering your flat under this provision is required to be as careful as possible and make good any damage they may cause.

(3) Leaseholders are required to avoid anything that may cause an increase in the insurance premium or render the insurance policy, relating to the flat or building, to be invalid.

(4) You may only use your flat as a private home.

(5) You are required to avoid any behaviour that will disturb the Council, other lessees and occupiers of properties connected to yours.

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You may not keep any animal the Council considers dangerous in your flat.

You are not permitted to hang clothes or other articles out of windows, balconies or anywhere around your flat that is not designated for that purpose by the Council.

You must not beat or shake carpets.

Plants or other objects are not to be placed on balconies.

The common parts of your building are for all residents and owners to share. You must therefore refrain from obstructing any area of your building considered to be communal.

Parking your vehicle on the estate or building is not permitted other than as authorised by the Council.

It may be necessary for the Council to introduce reasonable regulation changes to the provisions of your lease. You must adhere to these.

Noise levels in your flat must be controlled so as to not disturb others around you. It is your responsibility to ensure that any potentially loud apparatus, or any other noise you may cause, does not intrude on the spaces used by other lessees or flat owners.

In order to ensure that your flat is not being used for purposes other than as a private residence, advertising or any type of written placard should not be visible from the outside of your home.

You are not to put up any external wireless or television aerial.

Since the outside parts of the flat are the responsibility of the Council, decorating these areas requires permission.

The Council may at times find it necessary to bring about new regulations or restrictions in order to manage the building or the estate where you live. You are required to adhere to any new reasonable condition.

The Council hereby covenants with the Lessee:

That by paying Ground Rent and agreeing to abide by the regulations of the lease, the Leaseholder is entitled to enjoy and own the property for the term of the lease. No other party is allowed to lay claim to the property.
(2) To keep in repair the structure and exterior of the flat and of the building (including drains, gutters and external pipes) and to make good any defect affecting that structure.

(3) To keep in repair the common parts of the building and any other property over or in respect of which the Lessee has any rights under the First Schedule hereto.

(4) As often as may be reasonably necessary to paint in a good workmanlike manner with two coats of good quality paint all outside parts of the building usually painted and also all internal common parts of the building usually painted.

(5) To provide the services more particularly hereinbefore set out under the definition of “services” to or for the flat and to ensure so far as practicable that they are maintained at a reasonable level and to keep in repair any installation connected with the provision of those services.

Repairs

(6) To insure the building to the full insurance value thereof against destruction or damage by fire, tempest, flood, and other risks against which it is normal practice to insure or to make other appropriate and adequate arrangements and in the event of destruction or damage by any such risk as aforesaid to rebuild or reinstate the flat and the building.

(7) That should the Council hereafter grant a lease of any other flat in the building or on the estate they will (so far as they are able to) require any person to whom they so grant a lease to covenant to observe the restrictions set forth in Clause 3 hereto.

(8) That the Council will assist the Lessee in whatever way is necessary (including taking legal proceedings in the name of the Council) to enforce any of the covenants by the Lessee of any lease of other flats in the building or on the estate on the Lessee indemnifying the Council against all costs and expenses in respect of such enforcement and providing such security in respect of costs and expenses as the Council may reasonably require. Providing nevertheless that this covenant is without prejudice to the Lessee’s right to enforce the said covenants without the assistance of the Council.

(9) When the Council maintains any such policy of insurance as is referred to in sub-clause (6) of this clause or the Third Schedule hereto the Lessee shall (in addition to his rights under the Third Schedule of the Landlord and Tenant Act 1987) be entitled to inspect such policy or policies upon reasonable notice at the offices of the Council during normal working hours at such offices.

(2) The Council will keep the structure of the building in good repair (including its drains, gutters and internal pipes) and that the Council will repair any defects in the structure of the building.

(3) It is the Council’s responsibility to maintain any communal parts of the building.

(4) It is the Council’s responsibility to paint all outside and all communal internal parts of the building as and when necessary.

(5) It is the Council’s responsibility to provide the services outlined in “the services” section above.

These services may include: Central Heating, Hot Water Supply, Lift, Caretaking, Lighting and Cleaning of Common Areas, Maintenance of common television Aerial or Landline, Maintenance of Estate Roads and Paths, Estate Lighting, Refuse Disposal, Maintenance of Gardens or Landscaped Areas and Unitemised.

(6) It is the Council’s responsibility to insure the building. It is also the Council’s responsibility to rebuild or repair the flat should it be damaged or destroyed.

(7) It is the Council’s responsibility to assist Leaseholders in any attempt to enforce the covenants set out in this lease, unless the Leaseholder does not wish to receive assistance from the Council.

(9) As a leaseholder, you are entitled to view the Council’s buildings insurance policy at the Council’s offices, provided that this viewing occurs during the normal working hours of the Council building in question.
5 (1) After 21 days of being payable, the failure for the leaseholder to pay the full rent as stipulated in the lease – or any breach of any part of this contract on the part of the leaseholder – legally entitles the Council to enter the flat. The lease supports whatever means may be taken by the Council to manage any prior or existing breach, provided that it is without prejudice.

(2)(a) Within three years from the date of this lease, the disposal of a leasehold property will require the leaseholder to pay back part or the full amount of the discount they received on their purchase. The specific amount to be repaid is represented in sub-clause (d) in this section.

The figure quoted here refers to the full discount received on purchase. The amount of repayment will be reduced by one third of this for each complete year that the leaseholder resides on the property from the date of the lease.

If there is more than one disposal, the Council is only entitled to demand a repayment for the first.

(b) When the granting of a lease or sub-lease, or the assignment of a property is referred to in this lease, the term ‘disposal’ is used.

However, the term ‘disposal’ does not apply in the following circumstances:

- If the lease is for a period of less than 21 years
- If the property is subject to a ‘rack rent’
- If it will involve the transfer of the property to a spouse or ex-spouse
- If it will involve the transfer of the property to a family member that has lived in the property with you for the 12 months preceding the date of the transfer
- If the transfer occurs under Section 24 of the Matrimonial Causes Act 1973 or Section 2 of the Inheritance Act 1975, or if due to it being legally granted or vested in another party
- If it is a mandatory disposal

(c) The amount of discount that becomes repayable upon the early disposal of your property must be paid. The Council and the leaseholder must therefore take the necessary action to ensure that these specifications are attached to the leaseholders title to the flat (i.e. they must apply to the Chief Land Registrar).
it is hereby declared that the amount of the discount referred to in sub-clause (2)(a) of this clause and Section 155(2) of the Act upon the grant of this lease was the amount hereinbefore stated under the definition of “amount of discount”

(3) in this lease unless the context otherwise requires

(a) “the Council” includes the person for the time being entitled to the reversion immediately expectant on the determination of the term hereby granted

(b) “the Lessee” includes the successors in title of the Lessee

(4) Where the Lessee for the time being consists of two or more persons all covenants by the Lessee shall be deemed to be made by such persons jointly and severally

(5) Section 196 of the Law of Property Act 1925 shall apply to any notice under this lease

(6) Reference in this lease to any provision of any Act of Parliament shall where the context requires refer also to any amendment or re-enactment thereof for the time being in force

What is defined as the amount of discount, as well as the corresponding figure, will refer to the amount of discount represented in sub-clause (2).

(3) In this lease, the following shall apply:

(a) Until further notice, the Council will be considered to have full entitlement over the property once the period of the lease has elapsed.

(b) The person registered as in title of the property is the leaseholder and may be a successor.

(4) In the event that more than one person represents the leaseholder, each person sharing this role shall be bound to the terms of the lease equally and simultaneously.

(5) There are certain regulations that need to be observed when giving notices. These include:

- Legitimate notices will be in writing
- Notices must address the parties involved in the leasehold property by their title
- A notice will be considered served if left at the last place of residence or business of the relevant party
- A notice will also be considered served when sent by post in a registered letter to the relevant party
- All of the above must be observed for any process that calls for a notice and that may affect the property
- All of the above does not apply to notices served for court proceedings

(6) Any amendment or re-enactment (re-emergence of a previous legal condition) to any Act of Parliament mentioned in this lease shall apply when made necessary by the context.

If the lease was granted jointly to two or more people, both parties agree to hold any profits from the sale or rent of the property for themselves. In the event of the death of one or more of the joint Leaseholders, those that survive can claim any money arising from the sale of the property, providing that they have a valid receipt.
7(a) This section is included to indicate that sub-clause directly below should be ignored if the premium is more than £30,000.00

(b) The transfer of the lease to you, the new Leaseholder, does not form part of a larger transaction or series of transactions.

(c) If this section is present in your lease, the transfer of your property to you from the council will have been exempt from Stamp Duty. If it does not appear, Stamp Duty applies as normal.

(d) There is no contract governing the grant of the lease.

7 (a) Sub-clause (b) of this clause shall only have effect if the premium is less than or equal to £30,000.00

(b) It is hereby certified that the transaction hereby effected does not form part of a larger transaction or series of transactions in respect of which the amount or value or aggregate amount or value of the consideration other than rent exceeds £30,000.00.

(c) It is hereby certified that this transaction is exempt from Stamp Duty Land Tax by virtue of the provisions of Section 92 and 92a of the Finance Act 2001 (as amended) [delete if not applicable]

(d) It is hereby certified that there is no Agreement for Lease to which this Lease gives effect.

8 The Lease will comply with both Part V of and the ‘sixth schedule’ to, the Housing Act 1985.

8 IN construing this lease regard may be had to the provisions of Part V of and the Sixth Schedule to the Housing Act 1985 as amended and the terms hereof shall be construed so as to be consistent with those provisions.

IN WITNESS whereof this deed is executed in manner hereinafter appearing the day and year first before written.
The flat is granted with the following rights (so far as the Council is able to grant the same) exercisable by the Lessee his agents or licensees at all reasonable times and for all purposes connected with the use of the flat in accordance with the terms of this lease in common with the Council and all others entitled to exercise any such rights and in accordance with any regulations from time to time concerning exercise of the same

1. The right of subjacent and lateral support for the flat from other parts of the building.
2. Full right of way on foot over such parts of the building as afford access to the flat.
3. Full right of way with or without cars or motor bicycles over the estate roads (if any).
4. The free passage and running of water gas or other piped fuel sewage smoke or fumes through the pipes sewers drains vents or passages serving the flat.
5. The right to the use and maintenance of the cables or other installations serving the flat for the supply of electricity and for the telephone or for the receipt directly or by landline of visual or other wireless transmissions to the flat.
6. The right to use the lift (if any) in the building serving the flat.
7. The right to use the refuse chute (if any) serving the flat between the hours 7.30am and 9.00pm only.
8. The right to place and maintain one properly maintained dustbin in the dustbin area (if any) for that purpose.

As the leaseholder, you are granted certain rights in relation to your flat. Provided that the Council is able to reasonably accommodate these, they apply to you as well as anyone authorised to act on your behalf (i.e. your agents or licensees) for any proceeding affecting the flat. Your rights must not conflict with the provisions of this lease or the rights that this lease associates to the Council and other affected parties. These rights are subject to change in line with new regulations that may become implemented.

1. You as the leaseholder are entitled to have your rights relating to your flat, supported by the surrounding areas (subjacent and lateral) of your building.
2. Where the building provides for access to your flat on foot, the lease authorises you to have full right of way.
3. As the leaseholder, you have the full right of way with regards to using any estate roads that may or may not be accessible to motorised vehicles.
4. In your flat, you are entitled to have unlimited access to running water, gas and other piped and non-piped systems relating to fuel, sewage smoke or fumes. You should also have access to any drain, vent or passage serving the flat at all times.
5. You are also entitled to the use and maintenance of cables, landline telephone services and any other apparatus that serves your electricity supply or transmission of wireless communication into the flat.
6. If there is a lift in the building that serves your flat, you are entitled access.
7. If there is a refuse chute serving your flat, you are entitled access between the hours of 7:30am and 9:00pm.
8. You have the right to place and keep a dustbin if there is an area allocated for that purpose, on the condition that it is properly maintained.
If there are any landscaped or garden areas relating to your flat, you are entitled access to these for recreational use.

Under reasonable circumstances – such as in the case of emergency – you are entitled to enter other parts of the building (with reasonable time and notice) to comply with your obligations as a leaseholder or to support your rights of easement (i.e. repairing, maintaining or renewing any conditions that may interfere with your right of way). Any action taken on behalf of this right should be consistent with the terms of the lease and should cause as little disturbance as possible. Any damage that may result must be dealt with as well.

You have the right to expect that the other flats in your building or estate will observe any restrictions contained in the lease for the benefit of other leaseholders. These specifically appear under the Act or under the Housing Act 1980. These above-mentioned rights and easements (right of way) apply to you on the condition that you adhere to your obligations as a leaseholder as represented in the lease.

The right to use the landscaped or garden areas (if any) for the purpose of recreation

The right at all reasonable times and upon reasonable notice (save in emergency) to enter other parts of the building for the purpose of complying with the Lessee’s obligations hereunder or of repairing maintaining or renewing any easement enjoyed by the Lessee over such other part of the building the Lessee in any such case causing as little disturbance as possible and making good all damage caused

The benefit of the restrictions contained in leases of other flats in the building or on the estate granted under the Act or under the Housing Act 1980 so far as intended to and capable of benefiting the flat

PROVIDED ALWAYS that each of the foregoing easements and rights is conditional upon the performance and observance by the Lessee of his obligations under this lease.

The Council also has certain rights that you as a leaseholder must abide by. Your duties in respect of the council’s rights are listed as follows:

1. Though you own the Lease on your flat, it continues to form a supportive element in the building that surrounds it. You must not, therefore, make any structural alterations to the walls or floors of the flat.
2. Any pipe that passes through your flat, but serves other parts of the building, must continue to be allowed to do so. You may not alter or divert these pipes in any way.
3. As above, any cables or other installations that pass through your flat, but serve other parts of the building, must continue to be allowed to do so. You may not alter or divert these pipes in any way.
4. Any rights that apply to any other part of the building relating to the flat must also be observed.

SECOND SCHEDULE

Easements and Rights Reserved

The following easements and rights are reserved from the term hereby granted for the benefit of the Council and the tenants or occupiers of the parts of the building to which the same are appurtenant:

1. The right of subjacent and lateral support provided by the flat for other parts of the building
2. The free passage and running of water, gas or other piped fuel, sewage smoke or fumes through the pipes, sewers, drains, vents or passages within the flat but serving other parts of the building.
3. The right to the use and maintenance of cables or other installations for the supply of electricity and for the telephone or for the receipt directly or by landline of visual or other wireless transmissions so far as such cables or other installations are within the flat but serve other parts of the building.
4. All other easements quasi-easements rights and privileges now appurtenant to any other part of the building and enjoyed over or in respect of the flat.
5 The right for the Council its officers agents or contractors and all persons authorised by the Council and the tenants and owners and occupiers of other parts of the building and their licensees at all reasonable times upon reasonable notice (save in emergency) to enter the flat for the purposes

(i) of complying with their respective obligations hereunder or under any lease or underlease of any other part of the building

(ii) of repairing maintaining or renewing any easement enjoyed by such tenant over the flat in all and every such case causing as little disturbance as possible and making good all damage caused

6 All other (if any) rights reserved to the Council by or under statute or otherwise

THIRD SCHEDULE

PART 1: Annual Service Charge

1(1) In this Schedule ‘year’ means a year beginning on 1st April and ending on 31st March

(2) Time shall not be of the essence for service of any notice under this Schedule

2(1) Before the commencement of each year (except the year in which this lease is granted) the Council shall make a reasonable estimate of the amount which will be payable by the Lessee by way of Service Charge (as hereinafter defined) in that year and shall notify the Lessee of that estimate

(2) The Lessee shall pay to the Council in advance on account of Service Charge the amount of such estimate by equal payments on 1st April 1st July 1st October and 1st January in each year (hereinafter referred to as ‘the payment days’)

3 In respect of the year in which this lease is granted

(1) An estimate of the amount of the Service Charge shall be made prior to the grant hereof and that amount shall be apportioned by time for the portion of a year from the date hereof to the end of that year

(2) The Lessee shall pay:

(i) on the date hereof:

(a) firstly a proportion of such apportioned amount for the period from the date hereof to the next payment day; and

5 With reasonable written notice (except in emergencies) you must allow all persons authorized by the Council to have access to your flat for the following purposes:

(i) to comply with the obligations outlined in this lease.

(ii) in order to repair or maintain any part of the flat or its contents if these repairs relate to the rights of any other tenant in the building.

The Council or its agents must take care not to disturb your enjoyment of the flat any more than is necessary and make good all damage caused.

All other rights are reserved by the Council.

Any use of the term ‘year’ under this section shall refer to the financial year, which represents the period beginning on April 1st and ending on March 31st.

For the service of any notice, relating to the annual service charge under this schedule, time will not be treated as a fundamental factor.

For every year except the first year of this lease, the Council will produce a reasonable estimate for the forthcoming annual service costs and will notify you of these figures. As the leaseholder, the Service Charge (defined below) will be payable by you during the respective year.

Service Charge estimates will be paid in advance by you the leaseholder, the amount of which will be divided between 4 equal payments on the following dates (referred to in the lease as ‘payment days’): April 1st, July 1st, October 1st and January 1st.

For the year that your lease takes effect:

With regard to the year in which the lease begins, a Service Charge estimate will be made prior to the grant of the lease and will be adjusted so as to represent the portion of the year that remains.

Payable by you the leaseholder is:

By the following date:

The initial payment for your share of the Service Charge (the apportioned amount) will be proportional to the period from the first day of the lease to the next payment day; and
You are responsible for the cost of any itemised repairs that take place during the period between the date the flat was valued and the date the lease takes effect including, repair, renewal and improvement (as well as redecoration to the Building or Estate). The work referred to here is represented under Appendix B of the Offer Notice and refers to your flat in accordance with Section 125 of the Housing Act 1985 (as amended by Section 4 of the Housing and Planning Act). The work mentioned here must have been considered avoidable prior to the process of buying the flat (the valuation of the flat), yet necessary for the proper use and enjoyment of the flat prior to the date of the lease.

The apportioned amount payable by you, the leaseholder for the initial year of the lease will be divided equally between the remaining payment days in that year.

A notice of the exact amounts payable by you, the leaseholder, for Service Charges will be provided at the end of each year. These are known as the actual costs for your Council Services and should be made available as soon as possible after the year-end.

Included with the notice of actual charges will be a summary of the costs incurred by the Council of the kinds referred to in paragraph 7 of this Schedule and state the balance (if any) due under paragraph 5 of this Schedule

If the actual costs for the annual services (or the apportioned amount where applicable) work out to be more than the amount paid in advance for the Service Charge estimates (referred to under paragraph 2 or 3 of this schedule), you the leaseholder are required to pay the balance within one month of the said notice.

If the actual costs for the annual services (or the apportioned amount where applicable) work out to be less than the amount paid in advance for the Service Charge estimates, the balance will be credited to the account.

(b) the cost of any works of repair renewal and improvement (including redecoration to the Building or Estate) being itemised repairs included in Appendix B of the Offer Notice in respect of the flat served pursuant to Section 125 of the Housing Act 1985 (as amended by Section 4 of the Housing and Planning Act 1986) and so reflected in the valuation of the flat which in the Landlord’s opinion were not within its obligations under the former secure tenancy and necessary for the proper use and enjoyment of the flat for the period prior to the date hereof and being works undertaken by the Landlord between the date the flat was valued and the date hereof; and

(ii) on each of the remaining payment days in that year an equal part of the remainder of such apportioned amount

4(1) As soon as practicable after the end of each year the Council shall ascertain the Service Charge payable for that year and shall notify the Lessee of the amount thereof

2 Such notice shall contain or be accompanied by a summary of the costs incurred by the Council of the kinds referred to in paragraph 7 of this Schedule and state the balance (if any) due under paragraph 5 of this Schedule

5(1) If the Service Charge for the year (or in respect of the first year hereof the apportioned part thereof) exceeds the amount paid in advance under paragraph 2 or 3 of this Schedule the Lessee shall pay the balance thereof to the Council within one month of service of the said notice

5(2) If the amount so paid in advance by the Lessee exceeds the Service Charge for the year (or the apportioned part thereof for the first year hereof) the balance shall be credited against the next advance payment or payments due from the Lessee (or if this lease has then determined be repaid to the Lessee)
The Service Charge payable by the Lessee shall be a fair proportion of the costs and expenses set out in paragraph 7 of this Schedule incurred in the year.

The Council may adopt any reasonable method of ascertaining the said proportion and may adopt different methods in relation to different items of costs and expenses.

The said costs and expenses are all costs and expenses of or incidental to:

1. The carrying out of all works required by sub-clause (2) to (4) inclusive of Clause 4 of this lease.
2. Providing the services hereinbefore defined.
3. Insurance under sub-clause (6) of Clause 4 of this lease.
4. All rates, taxes, duties, charges, assessments and outgoings whatsoever assessed, charged or imposed upon or in respect of the building or the estate and not the liability of the Lessee or any other tenant or occupier thereof.
5. Any insurance against liability to the Lessee or others in respect of the building or the estate taken out by the Council or against the cost of making good any structural defect in the building.
6. The maintenance and management of the building and the estate (but not the maintenance of any other building comprised in the estate).
7. The employment of any managing agents appointed by the Council in respect of the building or the estate or any part thereof PROVIDED that if no managing agents are so employed then the Council may add the sum of 10% to any of the above items for administration.
8. All value added or other tax payable in respect of any of the costs and expenses mentioned in this paragraph.
9. The installation (by way of improvement) of:
   (i) double-glazed windows (including associated frames and sills) in replacement of any or all of the existing windows of the flat and of the other flats and premises in the building and in common areas of the building; and
   (ii) an entry-phone system (meaning a telephonic device at the entrance of the building allowing communication between the occupiers of the flat and visitors to the building and the release by remote control from the flat of a lock on a door at the entrance of the building or any installation serving a similar purpose) should the Council in its absolute discretion (and without being under any obligation) decide to install the same or either of them.

The summary of costs referred to in paragraph 4 of this Schedule shall contain an explanation of the manner in which the proportion of those costs apportioned to the flat under paragraph 6 of this Schedule has been calculated.

The amount that you the leaseholder are required to contribute towards Service Charges must be a fair proportion of the costs and expenses incurred for the year (as set out in paragraph 7 of this schedule).

Any reasonable formula used by the Council to allocate your Service Charge contribution is permitted and may differ between the related costs and expenses.

The ‘costs and expenses’, which you are liable to make a Service Charge contribution towards, are defined below. As a leaseholder, you must pay a contribution towards:

1. The carrying out of the works detailed in sub-clauses 2, 3 and 4 above.
2. The provision of the services defined above (heating and hot water etc.).
3. Insurance under sub-clause (6) of clause 4 (see above).
4. Rates (e.g. council tax) charges assessments and outgoings e.g. telephone bills and other bills for services not provided by the council that serve your flat relating to your property.
5. Any insurance that the Council has taken out on the building or the estate to insure against the costs of making good any structural defect in the building.
6. The management of the building and the estate, excluding any other building in the estate.
7. The employment of a Tenant Management Organisation (TMO) to manage the building or estate. This only applies on condition that, if no TMO is employed, the council may add 10% to the total cost of your service charge to pay for the management of the estate. This 10% pays for the management of your leasehold property.
8. VAT incurred on any of the above costs and expenses.
9. The installation of double-glazed windows and/or door entry systems. These works are undertaken (in the case of double-glazed windows) to reduce noise and increase the heat-efficiency of your property and (in the case of door-entry systems) to increase the security of your property.

However, the inclusion of the above in this list of items that may form part of your Service Charge in no way obliges the Council to install the above.

The summary of costs referred to above will contain an explanation of the way that the costs have been apportioned to your property.
The Common Seal of THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF SOUTHWARK was hereunto affixed in the presence of:

<table>
<thead>
<tr>
<th>Authorised Signatory:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed as a Deed by the Lessee in the presence of:</td>
</tr>
<tr>
<td>Witness Name:</td>
</tr>
<tr>
<td>Witness Address:</td>
</tr>
<tr>
<td>Witness Occupation:</td>
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<tr>
<td>Witness Signature:</td>
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</table>

Signed as a Deed by the Lessee in the presence of:
| Witness Name:         |
| Witness Address:      |
| Witness Occupation:   |
| Witness Signature:    |
Appendix B

The Buildings insurance policy

The following is a summary of the risks insured under the buildings insurance policy, and various exceptions and conditions:

Insured risks

Damage caused by:

a) Fire, explosion, lightening and earthquake
b) Smoke
c) Riot, civil commotion, strikes or political disturbances
d) Malicious damage, but excluding damage arising after the property has been unoccupied for more than 30 consecutive days, or damaged caused by a person lawfully in the building
e) Collision by aircraft, or any article dropped from them, or by any vehicle or animal
f) Storm or flood, but excluding damage caused by frost or damage to fences, gates and hedges
g) Escape of water from any fixed tank, pipe or appliance, but excluding loss or damage arising after the property has been unoccupied for more than 30 consecutive days.
h) Falling trees, branches or telegraph poles or lighting standards
i) Theft or attempted theft, but excluding damage caused by the owner or a member of the owner's family, damage to the property if it has been lent, let or sub-let other than arising from breaking into or out of the property, damage arising after the the property has been unoccupied for more than 30 consecutive days.
j) Subsidence, ground heave or landslip
k) Leakage of oil from any fixed oil-fired installation, and including damage from smoke
l) Breakage or collapse of television or radio signal receiving device, but excluding damage to the apparatus itself
m) Accidental breakage of fixed glass, fixed sanitary ware, fixed water or heating installations, inspection covers, cables or pipes. (This does not include depreciation or deterioration arising from normal use and wear and tear.)
n) General accidental damage to the building, but excluding damage caused by livestock, vermin, insects or mildew, damage caused by pets, damage caused by wet rot, dry rot, settlement or shrinkage, faulty workmanship, defective design or materials or electrical or mechanical breakdown. Depreciation or deterioration from normal use, wear and tear or other gradually operating causes.

The policy also excludes cover for any damage arising from the owner carrying out any trade, business or profession on the premises.

The policy does not cover the contents of your home, and you should take out separate cover for your possessions, and third party liability – ie if you cause any damage to someone else's property or possessions.

If you want more details about the buildings insurance policy, please contact the HOU Insurance Section on 020 7525 1416/1417

www.southwark.gov.uk
Appendix C

1. The borough wide tenant participation compact

This appendix tells you about:

• Your right to be consulted on matters which affect you as a tenant
• How you can take part in managing your home and local environment, and
• How we consult tenants.

We are committed to working with our tenants and leaseholders and providing them with excellent opportunities for taking part in our decision making. The principles of this partnership are set out in a booklet called working together, a signed agreement we have developed with our tenants and leaseholders, and which we gave to all our tenants and leaseholders in autumn 2002. You can get more information on the compact from your area housing office.

2. Why we consult our tenants

By law, we must consult secure tenants on matters affecting a group of tenants or all tenants. It is also our policy to consult as widely as possible with tenants and to work with them and their representatives. By doing this, we hope to increase tenants’ satisfaction with their homes and provide the best housing services in the country.

3. What the council consults on

Major repair and improvement projects
We aim to involve tenants and residents in all stages of repair and improvement to their homes and environment. Through the consultation structure, tenants and residents are involved in setting priorities for repairs and improvements in their area.

Once money is approved for a repair or improvement scheme, tenants and residents who would benefit from the work will be involved from as early a stage as possible in designing the scheme and in monitoring its progress. Normally, we will hold a public meeting early on so that tenants and residents can elect a representative group to be regularly involved in developing the scheme.

Representatives decide how much they are prepared to get involved. If the work on each home is different (for example, a choice of colours or equipment), we will ask all tenants and residents for their views.

Changes in rent and other changes
We consult the tenants’ councils and local area housing forums over changes to rent or other changes.

Changes to the tenancy agreement
We consult tenants’ councils, local area housing forums and individual tenants about any planned changes to the tenancy agreement.
4. **How we consult**

- Through your tenants’ and residents’ association and the tenant consultation structure.
- By holding public meetings or organising roadshows.
- By letters and information leaflets to individual tenants and residents.
- By questionnaires to a sample of tenants and residents. If you get a housing department questionnaire, please fill it in and send it back. What you tell us will help us to improve the service you get.
- By customer satisfaction slips, for example, when a repair has been carried out or when you have received a service at one of our offices.

5. **Southwark resident involvement structure**

**Tenants’ and residents’ associations**

A tenants’ and residents’ association (TRA) is a group of people in the same area who have got together to form an organisation to look after their interests. We will formally recognise a TRA as long as all tenants and residents living on the estate or in a defined area can join and it has a set of rules (called a constitution) in line with the model constitution that we recognise.

**Recognised TRAs are entitled to:**

- Receive funding from us
- Be represented at their local area housing forum, and
- Be consulted on matters affecting the local community.

TRAs hold regular meetings and represent their members’ interests to the council and other organisations. They often hold social events, which can be a good way of getting to know your neighbours. Get the address and phone number of your TRA from your area housing office. If there isn’t a TRA, why not get together with your neighbours and start one. Contact your area housing office for help and information. The strength of your TRA and how much it can influence decisions will depend on people like you getting involved.

6. **Southwark resident involvement structure**

**Local housing area forums**

Each tenants’ and residents’ association elects someone to represent them at the local area housing forum. Because some groups in the community may not be represented well enough, local and community groups interested in housing can nominate representatives. Examples are groups for people with disabilities, people with caring responsibilities, Gay men and lesbians, and black and ethnic minorities. Each housing area has one or more local area housing forums, which acts as the main advisory group on housing and other related issues in the area. We consult the forums on a wide range of issues before the council executive makes a decision. Local area housing forums’ views are fed through to the tenants’ council.
Tenants’ council
The tenants’ council acts as a link between the local area housing forums and the council executive and advises both on borough wide matters that affect tenants. The tenants’ council is only made up of Southwark Council tenants. Members are appointed to it every April.

The tenants’ council is made up of:
• One representative from each local area housing forum
• Two representatives of each under represented section of the community, and
• Any councillor with an interest in housing who can speak but cannot vote.

The tenants’ council normally meets every six to eight weeks.

Leaseholders’ council
The leaseholders’ council acts as a link between the local area housing forums and the council executive, and advises us on borough wide matters that affect people who lease their homes from us. Representatives on the leaseholders’ council are elected by the local area housing forum.

Councillors
Local council elections take place every four years. To find out if you are registered to vote and which ward you are in, phone the electoral registration unit on 020 7525 7374.

Councillors make important decisions that affect you and others in the borough. It is part of their job to make sure that the opinions of people in the borough are taken into account when decisions are made. Councillors hold surgeries that you can go to if you want to ask about anything that concerns you. To get the name of your local councillor and the time and place of their surgery, phone 020 7525 1111. You can write to your councillor at:

Southwark Town Hall
Peckham Road
London
SE5 8UB.
Council executive
The council executive is made up of a group of leading Councillors who make decisions on the plans and strategies needed to deliver our services and what resources are needed.

This is the main decision making body of the council and is chaired by the leader of the council. Most council meetings are open to the public, except for confidential items. You have a right to go to these meetings and see the agenda and papers that are going to be discussed. To find out the times of any meeting, phone 020 7525 7221.

Support for tenant involvement
We are committed to promoting community development and employ specialist staff working in the area housing offices. These staff can:

- Help tenants and residents get involved in decision making and the consultation process
- Help develop a sense of community within housing estates or areas
- Help tenants and residents to set up and run their own organisations (TRAs)
- Offer training advice and education to TRAs to help them truly represent and answer to their local communities
- Provide services to local area housing forums, the tenants’ council and leaseholders’ council, and
- Help to make sure the consultation structure works.

The resident involvement vision
Successful partnership working between tenant and resident association representatives, Councillors and senior officers has resulted in a joint vision for the future of resident involvement.

Among other things the vision examines how leaseholders and freeholders who pay service charges might be further involved if they agree to contribute to a tenant/resident fund.

The vision looks at creating an organisation that meets the differing needs of members and includes a self-managing section for black and minority ethnic (BME) communities. The organisation will also work in partnership with the council to address the needs of other under-represented groups.

Organisation representatives will sit on area forum meetings to ensure that all information gets to all tenants and residents.

The vision addresses resident involvement functions covered by resident involvement staff, by housing management, and those functions shared between housing management and the organisation.

You can download a copy of the full resident involvement vision from our website, www.southwark.gov.uk
6. Tenants’ fund

Resources are set aside from the rent for the Southwark tenants’ movement. This is presently managed by the tenant funding committee, who make recommendations about how the money should be spent.

7. Tenants’ halls

Tenants and residents in some areas can use a tenants’ hall, community centre or other premises (for example, a community flat). Tenants’ halls may be used for events such as pensioners’ or mother and toddlers’ clubs, and can often be hired for weddings, birthday parties and so on. Ask at your area housing office for information about what is in your area and who to contact about events or lettings. Tenants’ halls may also be used if there is an emergency, for example, evacuating tenants from their homes due to a risk of gas.

8. Tenant management organisations

Introduction

Local authorities have the power to pass on management responsibilities to other groups. In Southwark, these other groups have been tenant management organisations (TMOs).

TMO is a general term describing both tenant management cooperatives (TMCs) and estate management boards (EMBs). These need to be a legally constituted and democratic group, usually an industrial and provident society but sometimes a company limited by guarantee.

All tenants and leaseholders of the property can become members and should have an equal say and a vote on how the group carries out its business. Members come together in general meetings, which decide all policies. A management committee is normally elected to make sure day to day work is carried out.

We have a policy of supporting the promotion and development of tenant management organisations, and of running them once they have been set up.

Since April 1 1994, our tenants (including long leaseholders) have had what is called the right to manage. This is a legal right. Any organised and recognised group of tenants has the right to apply to us to take over the day to day management of its estate. By law, we must support any application that is made in the correct way.
Legal basis
As we continue to be the landlord, tenancy rights are not affected by us passing on the management responsibility. The tenants within a TMO keep the same:

- Security of tenure
- Right to exchange
- Right to buy, and right to apply for Social Homebuy, and
- Rent levels as other council tenants.

We continue to be leaseholders’ freehold landlord.

Promotion
We have a policy of promoting tenant management within our own housing. This is the responsibility of the tenant management support team within housing regeneration initiatives. Officers are available to make presentations, explain the process and answer any questions. We also provide details of development agencies and how to contact them.

Initial support
Once we accept the notice, we will arrange for a development agency to support and train that tenants’ organisation. The development agency will give advice on interviewing and selection procedures. It will also explain what is involved in tenant management, assess local support and examine the practicality of the proposal. The outcome is shown in a report that is presented to us. If the report recommends continuing with the project, we will arrange for a ballot to make sure that most of the tenants voting, including most secure tenants, support this recommendation. This stage of the process usually lasts from six to nine months.

Full development
If the ballot secures a majority support, the tenants’ organisation, with our support, will appoint an agency to support the development of its project. The organisation then applies to the government [75%] and us [25%] for the funding it needs. This stage may last up to two years.

This stage involves:
- Training in all relevant areas
- Registering the organisation as a legal body
- Preparing the information systems, and
- Developing and negotiating the conditions of the management agreement.

Council officers also provide help in the training programme and support the development process as a whole. At the end of this, the agency will present a report to us and the Department of Communities and Local Government, which will include an assessment of the TMO’s ability to manage the property in question.

We will then organise another ballot on the proposal. Most of the people who are entitled to vote, including most of our secure tenants, must support this for it to continue. With a positive outcome, we will sign the management agreement.
Our current policy
Our policy for managing tenants is based on the following principles:

• Make sure all our tenants are treated equally
• To achieve our priorities for offering housing
• To maintain the principles of equal opportunities

To make sure there are suitable arrangements and satisfactory service conditions for our staff.

We maintain a TMO liaison committee made up of an executive member for housing and two representatives from each of our current 15 tenant management organisations. This normally meets twice a month. The tenant management support team will develop, monitor and support these projects.

Tenant management support team
For any more information please contact:

John Carty, principal project officer (TMS)
Telephone: 020 7525 1207
Email: xxxx.xxxxx@xxxxxxxxx.xxx.uk
Fax: 020 7525 1212

Housing regeneration initiatives
Municipal Buildings
8 Larcom Street
London
SE17 1RX