

# Major works – information for leaseholders

## Information about major works, paying for major work and assistance for leaseholders facing large bills

### The need for major works

From time to time the council needs to carry out extensive work to its buildings in order to keep them in repair. Projects might include replacing windows, refurbishing lifts, external brickwork repairs or redecorating the common areas. Major works are generally those that will cost individual leaseholders more than £250.

### Consultation

If the council needs to carry out any major works to your building, you will be consulted beforehand in line with the legal requirements that apply to all landlords. This will include a formal notice setting out the estimated costs. Leaseholders have a 30 day period in which to make written observations on the works or the costs.

For larger scale works the council will hold meetings with residents, and keep you informed of progress, often through scheme newsletters.

### Defects period

Once the works are completed there is normally a 'defects liability period' in which the contractor can be brought back to remedy any faults at no extra cost. This is the time to alert the council to any faults you are aware of - once this period is over, costs will be incurred to put right any defects.

### Major works bills

Major works are not included in the interim charge you pay. Neither does the council manage a sinking or reserve fund to collect money in advance. Major works are normally billed at the end of the September following completion of the works. If you are liable to pay a service charge towards the works, the amount will be included in your annual Certificate of Expenditure.

However, if you are due a credit refund on your interim payments and would like the council to hold this money against any future costs – please contact our Central Collection Team on 01273 291365.

### Paying for major works

Due to the time between you first becoming aware of the costs you have to contribute to and when the works are actually billed, you should use this time to make the necessary provisions to make payment when you receive the invoice. When the demand is made, payment will be due within 28 days.

### Payment options

If you have difficulty with payment and want to discuss an arrangement to pay or taking out a council loan, contact the Central Collection Team, Brighton & Hove City Council, Kings House, Grand Avenue, Hove BN3 2SR or phone 01273 291365.

Independent money advice is available from certain agencies such as Money Advice and Community Support (01273 664000) or Citizens Advice Bureau (0845 120 3710).

Please note: Loan repayment interest rates in this leaflet are subject to change

### **From bodies other than the council:**

- if you have a mortgage - your mortgage company may add the amount to your existing mortgage
- you may be able to get a loan from a private lending institution such as a bank or building society
- if you are a leaseholder and are over pension age you may be entitled to help with your service charge - Pension Credit can help with interest on certain loans for repairs or for service charge. To claim Pension Credit phone 0800 99 1234, or speak to the Pension Centre on 0845 6060 265 or [www.gov.uk](http://www.gov.uk)
- The Pension Service offers a home visiting service to the most vulnerable customers within our communities (those unable to engage with DWP by any other method). To arrange you can either use the contact numbers above or phone the Benefit Enquiry Line 0800 8822 00 if you are seeking to claim PIP, Attendance Allowance or Carers Allowance
- if you are of working age, depending on your circumstances, you may be entitled to help with your service charge – Jobcentre Plus can help with claims or enquiries on Information & Services: 0800 055 6688 or [www.gov.uk](http://www.gov.uk)

### **From the council:**

- you can discuss spreading the payment with the council's collection team
- you can discuss with the council's collection team taking out a council loan to spread the cost for up to ten years (see below for further information)
- if you are of pensionable age – an interest-only loan from the council may help

### **For resident leaseholders only:**

For works costing £5,000 or more, and where you are unable to take up any of the other options:

- we may be able to agree an equity loan with you (where there is no interest involved, but the council would receive an agreed share of the selling price on a future transfer)
- we may be able to agree a maturity loan (where the loan amount and interest are repaid on a future transfer of the flat)
- we may be able to agree a long-term loan at interest up to 25 years

### **Voluntary legal charge:**

- In cases of extreme hardship, for resident leaseholders only, the council may consider placing a voluntary legal charge on the property (which could offset payment and interest until the property is transferred)

### **Discretionary Reduction of Charges**

The Social Landlords Discretionary Reduction of Service Charges Directions give the council the discretion to reduce service charge in respect of works of repair, maintenance or improvement in cases of extreme hardship.

If a leaseholder makes an application under this discretion, the council will consider the case on its merits, taking into account whether the dwelling is the leaseholder's only home,

their financial resources, their ability to pay over a longer period of time, the impact on the value of their home and other matters.

A formal report in each case with supporting documentation goes to the Head of Service for a decision in consultation with the Chair of the Housing Committee.

Applications for the council to exercise this discretion should be made to the Leasehold Team (the contact details are on the back page).

## **Council loans**

Council loans have a variable interest rate. The current rate is 4.83%. This is reviewed every six months. The council will give you a month's notice if there is to be a change in the rate.

If you have a mortgage we strongly recommend you talk to your lender before you apply for a council loan. This is because their terms may be better than those the council can offer.

With a council loan, we will register your flat with the Land Registry as security on the amount you borrow. There is a £50 fee for this registration and an £80 administration charge for setting up the loan. These fees will be added to the amount of the loan.

The table below shows indicative monthly repayments on a 10-year council loan at the current rate of interest:

<b>Amount</b>	<b>Monthly repayments: 10 years</b>	<b>Monthly repayments: 10 years (interest only)</b>
£2,500	£27	£10
£5,000	£54	£20
£10,000	£107	£40
£20,000	£214	£81
£30,000	£321	£120

## **Paying the Service Charge**

So long as the costs incurred on the works are reasonable and the works are of a reasonable standard, service charge is payable. It is important you pay the service charge by the due date, or come to an arrangement to pay by one of the options for assistance set out above.

Any service charge debt where this does not happen will lead to legal proceedings being issued, in which case your home is put at risk.

## **Disputes**

The council has a three-stage Leaseholders Disputes Procedure for service charge disputes. We will not chase payment for service charge if you have written to us and we have put the matter in dispute.

A leaflet explaining the disputes procedure can be sent on request from the Leasehold Team 01273 293074.

## Inspection of accounts

Once the works are complete, a Certificate of Expenditure is issued to you the following September which shows the actual cost of the work along with your share. We also send you a breakdown of the costs and an invoice to pay within 28 days.

At this stage the council will provide you with copies of the accounts, receipts and other documentation that support the service charge or offer facilities to inspect them on request to the Leasehold Team.

## First-tier tribunal (Property Chamber)

The council has a good record of resolving service charge disputes internally. However, leaseholders have the right to seek a determination from the First-tier tribunal. This body has taken over the functions of the Leasehold Valuation Tribunal.

There is an application fee, but the tribunal acts as a judicial arbitrator to decide whether service charges are reasonable and how much is payable. Leaseholders in the same building, or affected by the same costs, can bring a case jointly if they wish.

Tribunal proceedings are less formal than a court, the panel being made up of a chair who may be a lawyer or surveyor and normally two other members. Statements and evidence such as surveyors reports are requested in advance of the hearing which will hear evidence from both sides, asking questions along the way.

## Useful contacts

Brighton & Hove City Council Central Collection Team Bartholomew House Brighton BN1 1JE 01273 291365 <a href="mailto:cct@brighton-hove.gov.uk">cct@brighton-hove.gov.uk</a>	Brighton & Hove City Council Leasehold Team Housing Centre, Eastergate Road Brighton BN2 4QL 01273 293074 <a href="mailto:rtleasehold@brighton-hove.gov.uk">rtleasehold@brighton-hove.gov.uk</a>
Money Advice and Community Support 24 Old Steine Brighton BN1 1EL 01273 664000 <a href="mailto:info@macss.org.uk">info@macss.org.uk</a>	The Pension Service PO Box 19013 Motherwell ML1 3YY 0845 606 0265 <a href="http://www.gov.uk">www.gov.uk</a>
Citizens Advice Bureau Hove Town Hall 1 Tisbury Road, Hove BN3 4AH 0845 120 3710 <a href="http://www.brightonhovecab.org.uk">www.brightonhovecab.org.uk</a>	Leasehold Advisory Service (LEASE) Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX 020 7383 9800 <a href="mailto:info@lease-advice.org">info@lease-advice.org</a> <a href="http://www.lease-advice.org">www.lease-advice.org</a>
Tribunal Regional Office 1 <sup>st</sup> Floor, 1 Market Avenue Chichester PO19 1JU 01243 779394 <a href="mailto:southern.rap@communities.gsi.gov.uk">southern.rap@communities.gsi.gov.uk</a>	