

NEW LEASEHOLDER

FREQUENTLY ASKED QUESTIONS

Q: WHAT IS A LONG LEASE?

A: A Long Lease is a legally binding document which sets out the terms of the sale of a property on a leasehold basis. Leases are usually issued in respect of flats or maisonettes, where the property is situated within a block containing more than one dwelling. The Lease usually runs for between 99-125 years and sets out the responsibilities of each party to the Lease (the purchaser, who is the Leaseholder, and the freeholder, which in this case is the Council).

Q: AM I RESPONSIBLE FOR REPAIRS AND MAINTENANCE WITHIN MY OWN PROPERTY?

A: Yes, you are. As a leaseholder you are responsible for arranging and paying for any repairs and maintenance that may be required within your own property. The Lease also requires you to gain consent from the Council prior to carrying out any alterations or major works inside your own property, and will prohibit any works to the fabric or structure of the building or its communal parts (including lofts) which still belong to the Council.

Q: WHAT IS THE COUNCIL RESPONSIBLE FOR?

A: The Council is responsible for maintaining the fabric of the building, its common parts and its estate. This includes such things as the roof, the lofts, the structure of the building and its communal grounds. Any expenditure incurred by the Council in maintaining the building or common parts is recharged back to leaseholders in accordance with the Lease provisions during the financial year end reconciliation process.

Q: WHAT ARE SERVICE CHARGES?

A: Service charges are set in advance in respect of the costs incurred by the Council for providing services. This includes (but is not limited to) charges such as communal repairs, communal cleaning, lighting or buildings insurance. Please consult your lease and the estimated service charges information provided to you or your solicitor during your purchase of the property, to see which service charges apply specifically to your property. Estimated service charges are issued at the start of every financial year (01 April) and are payable in advance on each quarter day.

Q: WHAT DO 'ESTIMATES' AND 'ACTUALS' SERVICE CHARGES MEAN?

A: As detailed in the Right to Buy S125 Offer Letter, at the beginning of each new financial year the Council *estimates* how much it will spend in the provision of the services necessary to maintain and manage its blocks and estates. It then issues Estimated Service Charges to its leaseholders during March of each year.

Following the end of each financial year, the Council then reconciles its *Actual* expenditure for that year for each block and estate. The reconciled accounts are then apportioned between all the properties within that block or on that estate, and

the result is compared to the estimated figure issued at the start of the year. The difference is then applied to the Leaseholder service charges account by way of a debit or credit adjustment and each leaseholder will receive either an invoice or a credit note.

Q: WHEN ARE SERVICE CHARGES DUE TO BE PAID?

A: Estimated service charges are payable in advance on each quarter day, these are 01 April, 01 July, 01 October and 01 January. The charges are raised in accordance with the Lease agreement. Estimated service charges invoices are raised on the first working day of each quarter and are payable immediately.

Actual expenditure is reconciled during April to August each year, with the final charges being raised during September when the reconciliation between the Council's estimated charges and its actual expenditure is completed. Actuals invoices are usually raised in September and are payable immediately. The Actuals account figures will include any Major Works that have been completed during the previous financial year.

Q: WHAT IS GROUND RENT?

A: Ground rent is the rent due for the land your property is situated on. Ground Rent is invoiced annually in arrears on 31 December each year. Ground Rent invoices are payable with immediate effect.

Q: WHAT ARE FUTURE LIABILITIES FUNDS (FLF)?

A: Future Liabilities Funds (FLF) are initially created when leasehold properties are sold under the Right to Buy legislation and run for the first five years following the sale. The funds are collected for the specific purposes as set out in the Right to Buy S125 Offer Notice, and these funds are only available to be used against the specified items when those works have been completed. When the specified major works are completed, leaseholders will be able to use the available funds to offset against the costs of the major works.

Future Liabilities Funds are usually only available to be offset against the major works which have been listed in the original Right to Buy S125 Offer Notice and cannot therefore be used for any outstanding estimated service charges.

Q: DO I HAVE TO GET MY OWN INSURANCE?

A: A premium for Buildings Insurance is included in your Estimated Service Charges, as this insurance is arranged by the Council. The Council does however recommend that leaseholders purchase their own contents insurance, as personal possessions and the contents of individual properties are not covered by the Council's Buildings Insurance.

Further information about Leases and Leasehold properties can be found on the Council's website:

<https://www.dartford.gov.uk/by-category/housing2/housing/council-leaseholders>

Alternatively, please give our friendly Right to Buy or Leaseholder Services team a call on 01322 343832 or 01322 343368.