

Residential Leaseholders Policy

Ashford Borough Council

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1. Policy Statement

- 1.1. Ashford Borough Council is committed to providing a professional and responsive service to its residential leaseholders that reflects the Council's values. The purpose of this policy is to ensure clarity and consistency in how we manage our relationship with residential leaseholders, and to set out the rights and responsibilities for both the leaseholders and Ashford Borough Council as Landlord and managing agent.
- 1.2. The policy sets out Ashford Borough Council's approach to Service Charges, Arrears Recovery, Payment Methods, Major Works, Section 20 Consultation, Buildings Insurance, Ground Rent and Property Alterations.
- 1.3. The Policy and its delivery are compatible with the following legislation and documents:
 - Lease Agreement – a contract between the residential leaseholder and Ashford Borough Council setting out legal terms and conditions of the lease.
 - Leasehold Reform Act 1967
 - Housing Act 1985
 - Landlord & Tenant Act 1985
 - Landlord & Tenant Act 1987
 - Leasehold Reform, Housing and Urban Development Act 1993
 - Commonhold and Leasehold Reform Act 2002
 - The Service Charges (Consultation Requirements) (England) Regulations 2003
 - Leasehold Reform (Ground Rent) Act 2022
 - Leasehold and Freehold Reform Act 2024
 - Pre-Action Protocol for Debt Claims (October 2017)
 - Equality Act 2010

2. Scope of the Policy

- 2.1. This policy applies to all residential leaseholders whose properties are within buildings or estates where Ashford Borough Council owns the freehold and acts as landlord and managing agent. It sets out the Council's approach to the following areas of leasehold management:
 - Annual service charge calculation and billing
 - Major works and Section 20 consultation

- Buildings insurance
 - Ground rent
 - Arrears recovery
 - Property alterations and permissions
- 2.2. This policy provides Ashford Borough Council's overarching principles for managing leasehold properties. It does not replace, amend, or override the individual terms of any lease, and it cannot address every variation contained in specific leases. Leaseholders should refer to their own lease for definitive obligations and are encouraged to seek independent legal advice regarding queries about specific covenants.

3. Relationship with Other Existing Policies

- 3.1. This policy may directly or indirectly link with other Council policies such as:
- (Housing Service) Complaints Policy
 - Data Protection Policy
 - Rent and Service Charge Setting Policy

4. Responsibilities

- 4.1. The key teams involved in leasehold functions are:
- a. **Leasehold Services Team**
The Leasehold Services Team oversees the Council's leasehold management functions. This includes administering service charges, buildings insurance and ground rent in line with legislation and lease obligations, issuing service charge information, responding to enquiries, managing arrears, and providing specialist advice on Section 20 consultation and repair responsibilities.
 - b. **Responsive Repairs**
Responsive Repairs is responsible for repairs and maintenance to the structure, fabric, and communal areas of buildings containing leasehold properties. The team arranges reactive repairs, procures contractors for maintenance works, and supports Section 20 processes where qualifying works or long-term agreements apply.
 - c. **Housing Assets Lead**
The Housing Assets Lead oversees planned maintenance, including major works such as redecoration, roofing, window renewal and fire safety

improvements. They ensure that planned works are procured and delivered in line with legal requirements, including Section 20 consultation where relevant.

5. Definitions

5.1. The definitions below clarify key terms used throughout this policy.

- a. **Service Charges:** Annual payments leaseholders make to Ashford Borough Council to cover the cost of services, repairs, maintenance and management of the building. At Ashford Borough Council, service charges are demanded annually in arrears and relate to costs incurred in the previous financial year.
- b. **Quarterly Statement of Repairs:** Quarterly statements sent to residential leaseholders outlining the communal repairs and actual costs accrued to date for services to the end of each quarter. These are sent to assist leaseholders in financial budgeting and to offer an opportunity for queries to be raised ahead of the annual service charge being demanded.
- c. **Arrears Recovery:** The process Ashford Borough Council uses to collect unpaid service charges, ground rent, or other amounts owed by a leaseholder. Ashford Borough Council follows the Pre-Action Protocol for Debt Claims (October 2017) to recover unpaid sums from residential leaseholders.
- d. **Major Works:** Large-scale repairs or improvements to a building, known legally as “qualifying works”, where each leaseholder’s contribution is typically significant and may trigger Section 20 consultation.
- e. **Section 20 Consultation:** A legal process Ashford Borough Council must carry out when works or long-term agreements will cost a leaseholder more than £250 (for qualifying works) or £100 per year (for qualifying long-term agreements). Section 20 gives leaseholders the opportunity to provide observations and nominate contractors. If the process is not followed when required, the Council is limited in the amount it can recover from leaseholders.
- f. **Qualifying Long-Term Agreement:** A contract lasting more than 12 months that Ashford Borough Council enters in to for services to a building where each leaseholder may be charged more than £100 in any year (such as cleaning, lift maintenance or buildings insurance).
- g. **Buildings Insurance:** Insurance arranged by Ashford Borough Council which covers the structure of the building and residential leaseholder properties. Leaseholders pay their proportion annually with demands

being sent in February and payment due by 1st April. The Insurance arranged for leaseholders **does not** include contents.

- h. **Ground Rent:** An annual payment of £10 payable to Ashford Borough Council by residential leaseholders whose lease was granted before 30th June 2022. Ground rent is a contractual sum reserved under the lease. Ground rent cannot be charged in new residential long leases granted on or after 30th June 2022.
- i. **Property Alterations:** Changes or improvements a leaseholder wishes to make to their home, often requiring the landlord's written consent under the terms of the lease and may require compliance with building regulations or planning permission.

6. QUARTERLY STATEMENT OF REPAIRS AND ANNUAL CALCULATION OF SERVICE CHARGES

6.1. Purpose

The Council provides leaseholders with information on service charge expenditure to support transparency and compliance with legislative requirements. Quarterly statements are issued for information only, while the annual service charge calculation sets out the final costs recoverable under the lease.

6.2. Quarterly Statements

Quarterly statements give leaseholders an overview of communal repairs and other relevant service charge items incurred during the year. These statements help leaseholders understand how costs are developing but are not a demand for payment.

6.3. Annual Service Charge Calculation

Service charges are calculated annually in arrears in accordance with the lease. Only reasonably incurred costs, and costs relating to works or services relating to the building the leaseholder resides in will be included in the calculation. All Service Charges are based on actual costs.

6.4. Supporting Documentation and Inspection Rights

Leaseholders may request further information about their service charges. The Council will provide cost summaries and make supporting documents available for inspection upon request.

6.5. Queries and Disputes

The Council will consider and respond to queries about service charge information and review disputed items in line with statutory requirements.

6.6. Payment Requirements

Leaseholders are required to pay the annual service charge within 28 days as stated on the demand, to avoid arrears and recovery action.

6.7. Issuing Service Charges

Service charge documents are sent to the leaseholder's last notified address. Electronic service is only used where a leaseholder has formally consented to receive statutory notices by email.

7. ARREARS RECOVERY

7.1. Purpose of Arrears Recovery

This section sets out Ashford Borough Council's approach to recovering unpaid service charges, ground rent, buildings insurance premiums and administration charges. The Council complies with the Pre-Action Protocol for Debt Claims (October 2017) to recover leaseholder arrears.

7.2. Approach

Where charges remain unpaid, the Council will take reasonable steps to notify leaseholders of the outstanding balance, provide opportunities to resolve the arrears, and ensure that leaseholders understand their rights and responsibilities. Formal action will only be taken once the Council has met all statutory and pre-action requirements.

7.3. Engagement and Payment Support

Leaseholders experiencing financial difficulty are encouraged to contact the Council at the earliest opportunity. The Council may agree a reasonable payment arrangement based on individual circumstances and may ask for evidence to assess affordability. Financial information will be handled sensitively and in accordance with data protection legislation.

Leaseholders who sub-let their property are generally expected to meet their charges in full, but the Council may consider a temporary repayment arrangement in exceptional cases of demonstrable hardship.

7.4. Disputed Charges

Where a charge is disputed, the Council will pause recovery action while investigating the matter. Errors will be corrected promptly, and the outcome of any dispute will be provided.

7.5. **Vulnerable Leaseholders**

The Council recognises that some leaseholders may be vulnerable due to health, disability, age, or personal circumstances. Where vulnerability is identified, the Council may adapt its approach to recovery

8. **MAJOR WORKS AND SECTION 20 CONSULTATION**

8.1. **Legislative Framework and Purpose**

The Council must consult leaseholders before recovering service charges for certain major works and long-term agreements, as required by Section 20 of the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003.

8.2. **Consultation Routes**

Two statutory consultation routes apply:

- **Standard Route (Schedule 1)** – used where public procurement requirements are not triggered. Leaseholders may nominate contractors and will receive statutory notices explaining the proposals and summarising observations.
- **Public Notice Route (Schedule 2)** – used where the value of works or services requires a public procurement procedure. Contractor nomination is not permitted. A Public Notice is published, and leaseholders receive statutory notices such as a Notice of Proposal or Statement of Proposed Contract.

Under both routes, leaseholders retain the right to make written observations.

8.3. **Qualifying Works**

Consultation is required where proposed works would require any leaseholder to contribute more than £250. All works must be reasonably incurred and completed to a reasonable standard, as required by Section 19 of the 1985 Act.

8.4. **Qualifying Long-Term Agreements**

A Qualifying Long-Term Agreement (QLTA) is an agreement entered into by the Council for a period of more than 12 months for the provision of services, goods, or maintenance. Consultation is required where the cost to any leaseholder exceeds £100 per year, in accordance with the Service Charges (Consultation Requirements) (England) Regulations 2003.

8.5. Dispensation

Where full compliance with the consultation requirements is not reasonably practicable—such as in urgent or exceptional circumstances—the Council may apply to the First-tier Tribunal (Property Chamber) for dispensation.

8.6. Communications

Statutory notices will be served in accordance with Sections 47 and 48 of the Landlord and Tenant Act 1987. Electronic service will only be used where explicit consent has been provided.

8.7. Consideration of Observations

The Council will give due regard to all written observations and will summarise and respond to them where required by the Regulations. Where no further statutory notice is issued, responses will be provided directly to leaseholders.

8.8. Recovery of Costs

Major works costs will be recharged to leaseholders in accordance with the terms of their lease and the statutory requirements of the Landlord and Tenant Act 1985. The Council must demand service charge costs within 18 months of those costs being incurred, unless leaseholders were notified in writing within that period that the costs had been incurred and that they would be required to contribute.

9. BUILDING INSURANCE

9.1. Freeholder Responsibility and Policy Structure

The Council, as freeholder, arranges a single blanket buildings insurance policy covering all residential leasehold properties. Leaseholders contribute to the premium as required by their lease.

9.2. Annual Renewal and Demands

The insurance policy renews annually on 1st April. Premium demands are issued each February and must be paid within 28 days. Leaseholders will receive relevant insurance documents.

9.3. Non-payment of Insurance Charges

Unpaid insurance charges are treated as service charge arrears and managed in accordance with Section 9 of this Policy – “Arrears Recovery”.

9.4. **Procurement of Insurance and Section 20 Consultation**

Insurance contracts are procured in accordance with public sector procurement rules. Where a contract meets the definition of a Qualifying Long Term Agreement, the Council will undertake Section 20 consultation with leaseholders in accordance with statutory requirements.

9.5. **Types of Cover**

Two cover types apply:

- **Extended Accidental Damage (EAD)** – available to owner occupiers.
- **No EAD** – applied to sub-let properties.

Leaseholders and sub-tenants must arrange their own contents insurance.

9.6. **Exclusions and Limitations**

The policy summary outlines all exclusions and limitations. Leaseholders are responsible for reviewing this information and securing any additional cover they consider necessary.

9.7. **Claims**

Claims must be submitted directly to the insurer using the contact details provided. The Council does not influence claim outcomes but may provide supporting information when required.

9.8. **Unoccupied Properties**

Where a property is unoccupied for 30 consecutive days, leaseholders must comply with the insurer's empty-property conditions. Non-compliance may affect claim outcomes.

10. **GROUND RENT**

10.1. **Legal Basis**

Ground rent is a contractual sum reserved under the lease and is payable annually.

- Leases granted **before 30th June 2022** reserve an annual ground rent of **£10.00**.
- Leases granted **on or after 30th June 2022**, or leases that have been **extended** (statutorily or voluntarily), must reserve a **peppercorn ground rent** under the Leasehold Reform (Ground Rent) Act 2022.

10.2. Section 166 Ground Rent Notices

Ground rent is only payable once the Council has issued a valid Section 166 Ground Rent Notice, in the prescribed form set out in the 2004 Regulations. The notice must set out the amount due, the due date, the period covered, and the landlord's details, along with the statutory rights and responsibilities text. The Council issues Section 166 notices each February, aligned with buildings insurance billing.

10.3. Non-Payment and Arrears Recovery

Ground rent that is validly demanded but remains unpaid will be treated as arrears and recovered through the Council's Arrears Recovery Process (Section 9).

11. PROPERTY ALTERATIONS AND PERMISSIONS**11.1. Requirement for Written Permission**

Leaseholders must obtain the Council's written permission before carrying out any works that alter the structure, layout, fabric or arrangement of the Demised Premises, or that interfere with any walls, floors, ceilings, conducting media or shared services, as set out in the Fourth Schedule, 'Tenants Covenants', of the lease.

Permission is not required for routine internal decoration or like-for-like replacement of internal fixtures and fittings, provided these works do not affect the building's structure or services, compromise safety, or the quiet enjoyment of other residents.

11.2. Submission of Plans, Specifications and Application Form

Leaseholders wishing to undertake alterations must submit detailed plans, specifications and supporting documentation, together with a completed alteration request via the Council's online alteration form on the Ashford Borough Council website:

<https://www.ashford.gov.uk/housing/council-tenant/repairs-and-maintenance/guide-to-tenants-alterations/>

Upon receipt of a complete application, the Council will assess the proposal and provide a written decision either granting permission (with conditions where appropriate) or refusing the application, within 28 days. Leaseholders must not begin any works until formal written permission has been issued. All approved works must be carried out strictly in accordance with the permission granted and any conditions attached.

11.3. Restrictions on Certain Works

Certain works are strictly prohibited under the lease. Leaseholders may not alter the structure of the building, interfere with any part of the exterior, modify shared services or conducting media serving more than one property, or make any alteration to parts of the building that are not demised to them. These restrictions reflect the covenants protecting the structural integrity and shared facilities.

11.4. Compliance with Statutory Requirements

All approved works must comply with relevant statutory requirements, including Building Regulations, planning legislation, and any other legal or regulatory obligations. Leaseholders are responsible for obtaining all necessary statutory consents and ensuring works do not compromise the safety, legality or insurance arrangements of the building.

11.5. Standards of Work and Contractor Requirements

Approved alteration works must be undertaken by competent and suitably qualified contractors and completed to an acceptable standard.

11.6. Landlord's Right of Access and Inspection

The Council retains the right to enter and inspect the property at reasonable times to assess the progress or standard of works, in accordance with the Fourth and Seventh Schedules of the lease. Leaseholders must provide access upon reasonable notice or immediately in emergencies.

11.7. Making Good Damage

Leaseholders are responsible for making good any damage caused to the building, common parts or neighbouring properties as a result of alteration works. If a leaseholder fails to do so, the Council may undertake remedial works and recharge the associated costs

11.8. Consequences of Unauthorised Works

Unauthorised alterations constitute a breach of the lease. Where leaseholders carry out alterations without written consent, the Council may require the property to be reinstated to its previous condition. If the leaseholder does not comply, the Council may carry out reinstatement work and recharge the full cost and may take further enforcement action where appropriate. Alternatively, the Council may request that retrospective permission is requested, following the same route as Section 11.2 of this Policy.

11.9. Fire Safety and Building Safety Compliance

Alterations affecting fire safety such as changes to fire doors, compartmentation, kitchens, bathrooms or electrical installations must meet all relevant fire safety standards. Fire doors and other fire protection systems may not be altered, removed or replaced without explicit written permission.

11.10. Conducting Media and Shared Services

Leaseholders must not interfere with pipes, drains, cables, conduits or other conducting media unless these exclusively serve their own flat and are wholly included within the Demised Premises. Alterations to shared services are strictly prohibited under the lease.

11.11. Record Keeping and Permission Letters

The Council will retain accurate records of all alteration permissions granted. Leaseholders will receive written confirmation of the decision and should retain this documentation for future sale or mortgage purposes. Unauthorised or unapproved works identified during a resale process may require retrospective approval or reinstatement.

Complaints

If a leaseholder is not satisfied with any aspect of the leaseholder management service, they can refer to and follow the Housing Service Complaints Policy.

The Housing Ombudsman Service can be contacted if further advice and support is needed on making a complaint to us. Their contact details are as follows:

Website: www.housing-ombudsman.org.uk

Telephone: 0300 111 3000

Email: info@housing-ombudsman.org.uk

Write to them at Housing Ombudsman Service, PO Box 152, Liverpool L33 7WQ

Data Protection Responsibilities

The Data Protection Act 2018 and the UK GDPR regulate the processing of information relating to individuals, which includes the obtaining, holding, using or disclosing of such information.

We need to collect and use certain types of information about our service users in order to carry out our everyday business and to fulfil our objectives and statutory functions.

We operate a [Privacy Policy](#) and this explains how we as a data controller collect use and protect your personal data.

We are signed up to the [Kent and Medway Information Sharing Agreement](#) and will abide by the conditions set out in this document that applies to all ABC directorates. The agreement ensures that appropriate information is securely exchanged between the agencies when dealing with management transfer cases, and that such information is used appropriately in accordance with the Data Protection Act 2018, UK GDPR, and the Human Rights Act 1998.

We will treat all information received with the strictest of confidence wherever possible. Information relating to management transfer cases may however be shared with other agencies for lawful purposes such as the purpose of preventing domestic abuse, anti-social behaviour, crime or if there is a safeguarding concern.

Equalities Impact Assessment

We are committed to welcoming and valuing diversity, promoting equality of opportunity and tackling unlawful discrimination in accordance with the Equality Act 2010. We, in delivering this policy, will have regard to the Public Sector Equality Duty and ensure that no individual is discriminated against based on their sex, sexual orientation, marital status, pregnancy and maternity, gender reassignment, race, religion, belief, disability or age.

The Public Sector Equality Duty is a duty on us and that responsibility cannot be delegated to a contractor/service provider and is a continuing duty.

An Equality Impact Assessment has been undertaken to assess the impact this policy will have on affected persons with protected characteristics. The review concluded there were no known circumstances of a negative impact.

Policy Review

This Policy will be reviewed every three years, or sooner, in the event of major legislative or operational changes.