



South Tyneside Council

item 4

Leasehold Management Policy

This document has been classified as: **Not
protectively marked**

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Cabinet – 5 November 2025

Report to Cabinet

Cabinet Portfolio/Lead Member: Cllr Jane Carter, Lead Member for Housing and Community Safety

Report of Stuart Wright - Director of Place Strategy

Subject: Leasehold Management Policy

Date: 5 November 2025

Wards affected: All

Council ambitions: All

Does the report and any appendices contain information which has been identified as confidential or exempt?

- No, this report does not contain information identified as confidential or exempt.

For Executive Decisions only:

Is the decision a Key Decision? Yes

Is it included in the Forward Plan? Yes

If not in the Forward Plan is the report: N/A

Relevant Scrutiny Chair: Cllr McCabe

Is the decision eligible for call-in by Scrutiny? Yes

(If the decision is anything other than any executive decision made by the Cabinet or a Key Decision made by an officer under delegated powers, call-in is not applicable. This should be explained in the report).

Purpose of Report

1. To seek approval for the introduction of a Leasehold Management Policy (Appendix 1).

Background Information

2. The Landlord and Tenant Act 1985 and 1987 established statutory duties for Local authorities acting as landlords for leasehold and freehold properties, holding specific legal responsibilities to ensure transparency, fairness, and compliance with housing regulations.
3. Local authorities, as freeholders, are responsible for managing leasehold properties and ensuring compliance with statutory obligations, including:
 - a. Service Charges and Transparency – Leaseholders must receive itemised service charge demands, ensuring costs are reasonable and properly accounted for.
 - b. Consultation Requirements (Section 20) – Before undertaking major works exceeding statutory thresholds, local authorities must consult affected leaseholders.
 - c. Lease Extensions and Freehold Purchase Rights – Leaseholders have legal rights to extend leases or collectively acquire freehold ownership under leasehold reform provisions.
 - d. Right to Manage – Leaseholders may apply to take over management of their building, subject to legal criteria.
4. Freehold Management - Local authorities managing freehold housing stock must adhere to statutory duties, including:
 - a. Maintenance and Repairs – Obligations to maintain communal areas and structural components in line with lease agreements.
 - b. Ground Rent and Estate Charges – Fees levied on leaseholders must be transparent, reasonable, and legally compliant.
 - c. Dispute Resolution Mechanisms – Leaseholders and freeholders must have access to structured complaint processes for service charges and management decisions.
5. Leasehold properties make up 5% of the Council's housing stock, including properties sold to eligible tenants through the Right to Buy (RTB) scheme. There has been an increase in the number of RTB applications in the last year, since the reforms were introduced in 2024.

6. In 2024 the Council commissioned a review of leasehold service charges and a key recommendation from that report was the need for a Leasehold Management Policy.
7. An aligned and clear policy for the management of leasehold properties will allow for the Council to have a clear procedure in the fulfilment of its statutory duties as a freeholder.
8. The policy will also improve internal processes and hence the delivery of service to leaseholders.

The Policy

9. The Policy outlines the key responsibilities and obligations of the Council (freeholder) and the leaseholder in accordance with the applicable lease agreement and relevant legislation.
10. It will ensure that our responsibilities as the freeholder, as contained in the lease, are met. It will ensure that leaseholders adhere to the covenants and provisions of their lease agreements and take appropriate action if there are breaches.
11. The Policy outlines a core framework which will guide the provision of efficient, leaseholder focussed management services, that offers best value for money.
12. The Policy will also ensure transparency and rigor in our approach to service charges, repairs and maintenance, major works and leaseholder engagement.
13. The Policy clearly explains key issues such as:
 - Who is responsible for repairs and maintenance.
 - How we will charge and bill leaseholders.
 - Service charges, building insurance and ground rents.
 - Section 20 consultations.
 - How we handle enforcement, disputes and complaints.

Main issues and Options to be Considered

14. The Policy sets out what our statutory duties are to leaseholders, whilst also presenting an opportunity for a broader improvement of service delivery to those living in leasehold properties.
15. There are two options to be considered:
 - a. Option one: approval of the Policy, which will ensure that the Council delivers an improved and compliant service to 837 leasehold households. The Policy will inform new internal and external processes and will be monitored for effectiveness.

b. Option two: do nothing and continue without a Leasehold Management Policy.

16. It is recommended that option one be agreed. This option is the more favourable for the Council, and its approval will allow for any further risk to be identified and mitigated.

Implications

17. As a Freeholder, the Council has certain obligations as outlined in the covenants of the lease agreements to fulfil. The Policy provides a core reference to what these obligations are and demonstrates good practice in service delivery. It outlines how the service will be managed and outlines our approach to mitigating financial and legal risks.

18. The Policy sets out the importance of understanding leasehold and for staff to be fully trained and briefed to respond accordingly where it is appropriate to do so.

19. Engagement with leaseholders should be undertaken with a full understanding of our legal relationship with them as freeholders.

Financial and Resources

20. The Policy will not require any additional resources to be committed to initial implementation.

21. The introduction of the accompanying procedures will generate efficiencies, which will fund the improvement of the leasehold service as set out in the Policy.

22. As per the Equality Impact Assessment (Appendix 2), all financial implications have been considered in detail. As per The Social Landlords Discretionary Reduction of Service Charges (England) Directions 2014, the Council will consider and apply discretion to the individual circumstances of each leaseholder.

23. The Policy outlines our financial approach to leasehold management. Income and Strategic Finance teams have been consulted in detail and are part of the wider service improvement internal group. There is commitment to ensure that we can fulfil the financial management elements of the Policy, with various procedures being reviewed for improvement.

24. The implementation of the Leasehold Management Policy may carry financial and resource implications for South Tyneside Council, particularly as further provisions of the Leasehold and Freehold Reform Act 2024 (LFRA 2024) are enacted through secondary legislation.

25. While some reforms, such as the removal of the two-year ownership requirement and changes to the Right to Manage, are already in force, many others are still pending and may require additional administrative capacity, legal oversight, and system updates.

26. The Council will need to remain agile in responding to these changes, which could impact staffing, budgeting, and service delivery as leaseholder rights expand, and regulatory expectations increase.

Legal and Governance

27. There is no statutory duty for South Tyneside Council to have a Leasehold Management Policy, but it is regarded as best practice for Leaseholders and internal teams to have a single point of reference for leasehold management. South Tyneside Council's new Leasehold Management Policy has been developed in line with our statutory responsibilities and recent legislative reforms, including the Leasehold and Freehold Reform Act 2024. This Act introduces significant changes to leasehold housing, such as enhanced transparency around service charges, extended lease terms, and strengthened rights for leaseholders to manage their buildings.
28. The Policy reflects our commitment to delivering a fair, modern, and accountable leasehold service that complies with national standards and supports leaseholders in understanding their rights and responsibilities. By embedding these legal requirements into our operational practices, we aim to improve service delivery, reduce disputes, and ensure leaseholders are treated equitably and consistently.
29. The Leasehold Management Policy sets out clear guidance on the roles and responsibilities of both the Council and leaseholders, aiming to improve transparency, service delivery, and communication.

Risk

30. If the Council do not publish and implement a policy, there is a risk that leaseholders may not gain the support they need as they are unaware of how to interact with services or what to expect if advice is requested.
31. Without a policy there would not be a clear published document that sets out the expectations for leaseholders; the Policy will make it easier to challenge and hold to account processes and ensure a fair and consistent delivery of services.

Equality and Diversity and Community

32. The Council is committed to an approach which promotes equality, diversity and inclusion, and will carry out its duties in accordance with the Equality Act, Public Sector Equality Duty and related Codes of Practice and anti-discriminatory policy.
33. Any services relating to leaseholders will adhere to our commitment to Equality and Diversity and each case will be treated with respect and understanding whilst considering individual circumstances.
34. Please see Appendix 2 for the Equality Impact Assessment.

Environmental and Sustainability

35. There are no significant environmental and sustainability implications arising from the proposed recommendations in this report. However, there will be opportunities for Leaseholders to engage with various Health, Wellbeing, and Sustainability initiatives across the Council through the forum of the Leasehold Engagement Plan.
36. Interactions with leaseholders will provide opportunities to raise awareness of environmental issues and promote positive behaviour change. This includes sharing practical advice on energy efficiency, reducing resource consumption, and managing waste responsibly. These conversations not only support household wellbeing but also contribute to the Council's wider ambitions set out in the Sustainable South Tyneside Strategy, empowering residents to play an active role in creating a greener, fairer, and more resilient borough.

Council Ambitions, Policies, Strategies and Plans

37. Successful delivery of this strategy will complement other specific South Tyneside strategies as well as corporate priorities, including those identified in:
- The South Tyneside Vision 2023 – 2043.
 - The South Tyneside Council Strategy 2023 – 2026.
 - The emerging Housing Strategy.
 - Local Development Framework and emerging Local Plan.
 - Recovery and Renewal Deal for the North East.

Consultation and Engagement

38. An external public consultation was undertaken from 13th June – 8th August 2025, with three drop-in sessions being held at Hebburn Central, Jarrow Focus and South Shields Town Hall. The consultation was also held online, via Have Your Say, which included a Microsoft Form survey for leaseholders to fill in.
39. Across the duration of the consultation, we had the following engagement:

Response or engagement type	Number of Residents
Attendance at drop-in	14
Online submissions	7
Paper copies requested	27

40. Email and postal reminders were also sent out to leaseholders across the duration of the consultation to notify them of how to respond and dates of consultation drop-in sessions. This ensured that it was visible, reasonable and practical steps were taken to ensure people were reasonably aware of it.

41. The locations of the consultation drop-ins were chosen based on leaseholder density across the borough.
42. Internal consultation was undertaken across the Council which included Finance, Property Services, Legal and Housing Strategy and Regulation. The internal consultation provided officers with the opportunity to comment and suggest amendments to the Policy to ensure it aligned across other existing policies and procedures. The Policy was also discussed at Housing and Environment Scrutiny Committee.
43. Feedback from the consultation suggests that leaseholders would benefit from wider engagement on topics such as:
- Service charges
 - Major works
 - Repairs and maintenance
 - Understanding leases
 - Leasehold obligations
44. A Leasehold Engagement Plan has been developed following this feedback, outlining how we plan to work with leaseholders to drive service improvement and inform decision making.
45. Following the conclusion of the consultation, we developed a You Said, We Did feedback document, shared with all leaseholders across the Borough. This was developed in line with feedback from leaseholders and is a useful signpost to how we intend to use leaseholder's voices moving forward.

Recommendations

46. It is recommended that the Council approve the Leasehold Management Policy to improve service delivery for our residents.

Reasons for Recommendations

47. The new policy aligns workstreams across service areas and will ensure that service delivery is improved for leaseholders across the Council.

List of Appendices

Appendix 1: Leasehold Management Policy
Appendix 2: Equality Impact Assessment

Leasehold Management Policy

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location



South Tyneside Council

Leasehold Management Policy

**South Tyneside Council
xxx 2025**

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Introduction

Executive Summary

South Tyneside Council has developed this Leasehold Management Policy to ensure leaseholders receive a high standard of service and clear guidance on their rights and responsibilities. The policy reflects recent legal reforms and outlines how the Council manages leasehold properties effectively and fairly.

Why This Policy Matters

- Leasehold homes make up 5% of the Council's housing stock.
- With more homes sold through Right to Buy, it is vital to support leaseholders with clear, consistent services.
- The policy aligns with national reforms and local housing strategies.

Key Aims

- Clarify the roles of the Council (as freeholder) and leaseholders.
- Ensure leaseholders understand their obligations and the Council's responsibilities.
- Provide a framework for delivering value-for-money services.

Policy landscape

South Tyneside Council ("the Council") is committed to meeting our responsibilities to leaseholders under the terms of their lease agreements. The Council is committed to providing a high-quality management and maintenance service, whilst ensuring value for money.

Leasehold properties make up 5% of the Council's housing stock, including properties sold to eligible tenants through the Right to Buy (RTB) scheme. There has been an increase in the number of RTB applications in the last year, since the reforms were introduced in 2024.

We therefore recognise the importance of introducing a Leasehold Management Policy to outline the aims, obligations and responsibilities relating to the management of leasehold properties, in the same regard we have for the consistent customer care of our tenants.

Nationally, changes are being made to the leasehold policy landscape and the following legislation will have a key impact on the leasehold service in South Tyneside:

- **The Leasehold and Freehold Reform Act 2024** introduces sweeping reforms for the leasehold landscape. It extends standard lease terms to 990 years for houses and flats and removes the two-year ownership requirement for leaseholders to extend leases or buy freeholds. It increases the non-

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residential limit in mixed-use buildings from 25% to 50%, enabling more leaseholders to manage or buy their buildings. The act introduces more empowerment for leaseholders to have an active role in managing their building.

- **The Draft Leasehold and Commonhold Reform Bill (2025)**, aims to ban new leasehold flats and introduce a modernized commonhold framework to replace leasehold for new developments. These changes aim to simplify processes, reduce costs, and promote commonhold as the default tenure.
- **The Fire Safety Act 2021** and **the Building Safety Act 2022** are part of a raft of legislation introduced in response to the Grenfell Fire Inquiry. Both pieces of legislation introduce new requirements for the management of leasehold services, such as a 'Responsible Person' for fire management of communal areas, to amending the Landlord and Tenant Act 1985 for consultation requirements for building safety charges.

Regional and local landscapes for leasehold management are dictated by the changes in national legislation. There are various elements of sharing best practice around the region, and building partnerships across the North East will remain a priority.

Locally, the Leasehold Management Policy aligns with the core visions of several of the Council's other key strategic aims:

- South Tyneside Council Strategy 2023-2026 outlines the core actions the Council will take to reach our 20-year vision.
- South Tyneside Integrated Housing Strategy 2019, details how the Council will deliver: "high quality housing across all tenures and locations... [where] residents will be able to access homes to meet their needs throughout every stage of their lives."

Policy purpose and scope

This policy outlines how the Council will meet its statutory duties and obligations to leaseholders under the terms of their lease agreements. It explains how we will provide them with a good standard of care in the management and maintenance of their homes.

The content of this policy solely refers to those leasehold properties in the management or part ownership, of the Council. It does not supersede any policies relating to the management or part ownership of leasehold properties by a developer or Registered Provider (Housing Association), or any other local authority.

Policy aims

This policy aims to:

- Outline the key responsibilities and obligations of the Council (freeholder) and the leaseholder in accordance with the applicable lease agreement and relevant legislation.
- Ensure that our responsibilities as the freeholder as contained in the lease as an agreement between us, and the leaseholder are met.

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- Ensure that leaseholders adhere to the covenants and provisions of their lease agreements and take appropriate action if there are breaches.
- Outline a core framework which will guide the provision of efficient, leaseholder focussed management services, that offers best value for money.

This policy provides information for leaseholders and staff involved in the delivery of services to leaseholders, including Housing Services, Asset Managements and Property Services.

Related documents and legislation

This policy should be used a point of reference in conjunction with individual lease agreements issued at the point of sale. Leases do vary, and leaseholders should always refer to the terms of their individual lease agreements for their individual legal position, regarding the Council's and their own legal obligations.

This policy has been written with regards to the Council's obligations and statutory requirements under current legislation, regulations and other corporate policies and strategies.

Internal documents:

- Repairs and Maintenance Policy
- The South Tyneside Vision 2023 – 2043
- Council Strategy 2023 - 2026
- Complaints Policy
- Anti-poverty Strategy

Legislation:

- Housing Act 1985, 1996 & 2004
- Landlord and Tenant Act 1985
- Leasehold and Freehold Reform Act 2024
- Human Rights Act 1998
- Commonhold and Leasehold Reform Act 2002
- Leasehold (Ground Rent) Reform Act 2022
- Fire Safety Act 2021
- Building Safety Act 2022
- Regulatory Reform Order Fire Safety 2005
- Housing (Service Charge Loans) Regulation 1992
- The Housing (Shared Ownership Leases) (Exclusion from Leasehold Reform Act 1967 and Rent Act 1977) (England) Regulations 2021
- The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020

Other important documents:

- Individual lease agreements
- Relevant insurance policy documents
- Right to Buy: a guide for local authorities
- [Capital Funding Guide - Guidance - GOV.UK](#)
- South Tyneside Electrical Safety Procedure

Definitions

For this policy, the following definitions apply:

‘We’, ‘our’ and ‘us’ refer to South Tyneside Council.

‘The property’ refers to a leasehold or shared ownership dwelling, of any type including any outside areas that form part of the property, such as gardens, patios or balconies.

A ‘leaseholder’ is someone who owns a property on a lease, typically for 99, 125 or 999 years. The length of the lease decreases year by year until it eventually runs out. This can also apply to those whose property is partially owned by the Council, under shared ownership.

A ‘freeholder’ is an individual or organisation that owns the freehold of the property or land. In the case of this policy, the Council is the ‘freeholder’.

A ‘Service charge’ is defined by section 18 of the Landlord and Tenant Act 1985 as an amount which: ‘Is payable by a tenant of a dwelling as part of, or in addition to, the rent. Is payable directly or indirectly for services, repairs, maintenance, improvements, insurance or the landlord's management costs.’

‘Ground rent’ is rental payment made by a leaseholder to the freeholder who owns the land that the property is built on. It is a standing charge.

‘Major work’ refers to maintenance and repair, and sometimes improvement, of the exterior and structure of the building and common parts. Examples of major works might cover: repairing, replacing or decorating the roof, window frames, exterior brickwork, communal areas, soffits, fascias, external guttering, downpipes and pathways. These are rechargeable to the leaseholder under the terms of their lease agreement.

A ‘lease’ is a legal document that allows the holder to occupy a property for a specific period of time. It contains the terms of the contractual arrangement, such as what landlord costs can be recharged to leaseholders via a service charge, any restrictions on the leaseholder’s ability to sublet or make alterations. Changes or alterations cannot be undertaken without the express agreement and permission of the Council, the leaseholder(s) and where applicable mortgagee.

‘Communal areas’ refer to internal and or external areas which have shared access and use by all leaseholders or tenants, such as stair wells, landings, lifts and corridors that are also managed and maintained by the Council.

A ‘First-Tier Tribunal’ (Property Chamber) deal with various matters including service charge disputes, lease variations and the determination of premiums for freehold purchase and lease extensions. This tribunal covers matters previously heard by the Leasehold Valuation Tribunal in England.

Policy statements

Leasehold management

The Housing Strategy team oversee the management of all Council leasehold properties, with support from other relevant services including Property Services, Asset Management, Legal Services and Finance.

We will comply with all regulation relating to leasehold management and service charge calculations, all of which have been identified in section 4.

It is anticipated that leaseholders will be provided with a copy of their lease agreement, by their solicitor upon the completion of purchase, and will be notified of the covenants and any existing service charge implications.

Further information regarding copies of leases can be obtained from HM Land Registry, the Council can also provide a copy of the lease for a charge. Important information regarding services leaseholders receive is contained in the welcome letter received upon purchase.

Repairs and Maintenance

Reporting repairs

Repairs and maintenance for communal or shared areas is carried out by internal works teams. Leaseholders should report these directly to our Housing Services customer service centre (Connect2) as soon as they become aware of any issue.

Below is a schedule of repairs, showing the repairing obligation of the Council and the leaseholder:

Structure and Exterior		
Repair	Example	Who?
Foundations	• Subsidence	South Tyneside Council
Roofing and Chimneys	• Full renewal flat and main roofs • Repairing leaks caused by roof covering or chimney • Repairs to missing / loose tiles and ridge tiles • Work to valleys • Pointing and repairs to chimney-stacks	South Tyneside Council

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Loft space and roof supports	• Repairs to joists or beams	South Tyneside Council
Guttering, rainwater goods and soil pipes	• Full renewal, repairs, leaks, blockages	South Tyneside Council
Drains and manhole covers	• Blocked drains and repairs to sewers and manholes	Northumbrian Water
Woodwork / UPVC cladding	• Repairs to fascia, soffits, and external plastic cladding	South Tyneside Council
External Walls	• Pointing • Brickwork cracking • Rendering • Renewal of wall ties • Damp proofing	South Tyneside Council
Balconies	• Repairs to structural parts • Repairs to balcony boards / railings • Decoration	South Tyneside Council
Window Frames	• Repairs or renewals of frames in flats (unless fitted by the leaseholder) and communal areas	South Tyneside Council

Communal Areas		
Repair	Example	Who?
Door Entry Systems	• Repairs and renewals to door and intercom system including regular maintenance	South Tyneside Council
Communal doors in blocks including on landings, lobbies, bin chutes and utility cupboards	• Repairs • Renewals • Lock changes	South Tyneside Council
Walls dividing flats from common halls / landings / stairs	• Repairs and decoration to exterior face of such walls	South Tyneside Council
Windows dividing flats from common halls/ landings/stairs	• Repairs • Renewals • Lock changes	Leaseholder

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Landings, steps and passages	• Repairs and decoration to communal areas	South Tyneside Council
Unblocking bin chutes (outside of the demised premises)	• Repairs • Clearing	South Tyneside Council
Communal staircases	• Repairs • Decoration	South Tyneside Council
Lifts	• Repairs • Maintenance • Renewal	South Tyneside Council
Communal lighting systems	• Repairs • Renewal	South Tyneside Council
Communal central heating	• Repairs to tanks, pipes, cisterns, boilers including regular maintenance and cleaning	South Tyneside Council
Communal aerials where applicable	• Repairs • Maintenance	South Tyneside Council
Front and back doors to individual flats (including in communal blocks)	• Repairs • Lock changes • Gain entry • Renewals	Leaseholder

Gardens and Outbuildings		
Repair	Example	Who?
Fencing and gates (timber or metal)	• Repairs or renewal in communal gardens	South Tyneside Council
Fencing and gates (timber or metal)	• Individual gardens where no T is marked on boundary plan	<i>Refer to the Lease</i>
Fencing and gates	• Individual gardens where boundary lines are marked with a T on the plan	Leaseholder
Concrete path / step repairs	• In communal gardens	<i>Refer to the Lease</i>

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	• In individual gardens	
Grass cutting	• In communal gardens	South Tyneside Council

Inside your flat		
Repair	Example	Who?
Interior face of walls, floors and ceilings	• Repairs including plastering and plasterboard • Decoration	Leaseholder
Internal cupboard doors and frames	• Repairs • Renewal	Leaseholder
Window glass	• Repairs • Renewal	Leaseholder
Joists or beams attached to ceilings or floors	• Repairs • Renewal	South Tyneside Council
Interior surface of window frames	• Decoration	Leaseholder
Bin chute access doors	• Maintenance	Leaseholder
Cisterns, tanks, pipes, wires used solely for leasehold property	• E.g. Washing machines, toilets – repairs, leaks, floods, renewals	Leaseholder
Central heating	• Repairs • Servicing • Renewals	Leaseholder
Gas servicing	• Maintenance	Leaseholder
Electricity servicing	• Maintenance	Leaseholder
Staircases (inside your flat)	• Repairs	Leaseholder
Gully drains	• Blockages • Repairs	Leaseholder

Under the terms of the lease, leaseholders will be charged for their ‘due proportion’ or share, of relevant costs incurred. Under statutory obligations, we will consult with leaseholders on the costs of the repairs if they exceed £250 per leaseholder, prior to the commencement of any works. Any changes made by the Secretary of State, or legislation will be reflected in this policy.

We reserve the right to charge any relevant costs incurred to the leaseholder no longer than 18 months after the cost was incurred to the Council, under Section 20 B (1) of the Landlord and Tenant Act 1985.

Leasehold improvements

An improvement or alteration involves undertaking works on a property with the aim of improving / enhancing the property. Leaseholders must not carry out improvements, alterations or additions either inside or outside of their home without first obtaining our written permission. Among other things this includes:

- Conservatories
- Garages
- Out-buildings
- Sheds
- Greenhouses
- Garden ponds
- Walls
- Fences
- Satellite dishes
- Surveillance equipment
- Aerials
- Driveways or car hard standing
- Changing or installing a central heating system
- Replacing windows
- Installing a new kitchen or bathroom
- Building a porch or other extension
- Removal of internal walls / building internal walls
- Any work which could breach fire compartmentation
- Electrical rewires or alterations

This list is not exhaustive, and approval should be sought for any improvement or alteration.

The Council retain the right to refuse permission or place conditions where the requested improvement or alteration may cause future issues, such as:

- Health and Safety (e.g. garden pond)
- Future maintenance (e.g. specific servicing of solid fuel appliances)
- Cosmetic (e.g. external paint or render colouring)
- Obstructive (e.g. blocking natural light into a neighbouring property)

Where the requested improvement or alteration will cause a fundamental change to the asset (i.e. change to number of rooms, additional buildings, change of size of building footprint) the area surveyor must refer the application to the Asset Management team for consideration.

Failure to obtain permission before commencing works would represent a breach of the tenancy agreement and / or the lease and could result in legal proceedings.

Health and safety

It is the responsibility of the leaseholder to ensure that all gas and electrical appliances, such as boilers, are serviced in compliance with the manufacturer's

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instructions and a failure to provide certified evidence of this to the council will constitute a breach of lease. The leaseholder must therefore have their boilers serviced annually by an engineer on the Gas Safety Register.

Leaseholders can have gas appliances serviced every year by our Gas Servicing Team. The charge for the service of the main appliance is £52.80 (includes VAT). Additional appliances can be serviced for £21.60 (includes VAT) each.

Leaseholders can have an Electrical Installation Condition Report (EICR) completed by our Electrical Servicing Team, for a cost of £170 (excluding VAT).

Building insurance

We arrange and purchase the leasehold building insurance. This policy is purchased for all leasehold properties and individual property premiums are calculated and included in the annual service charge. This insurance only covers leasehold properties, any shared ownership properties must obtain full insurance coverage separately.

We will not provide contents insurance. This must be arranged and paid for by the leaseholder separately.

Service charges

Service charges will comply with the provisions set out in the Landlord and Tenant Act 1985 and 1987 (amended). All charging and billing of service charges will adhere to the statutory requirements set out in this legislation and regulatory framework.

As per the lease agreement, service charges will be variable. This means that the nature and extent of the service provided to the property will determine the costs calculated for each leaseholder.

A notice of rights with demands for payment will be provided as required under the Commonhold and Leasehold Reform Act 2002. Any associated service charges for Right to Buy (RtB) are regulated by the Housing Act 1985, of which are covered in the Right to Buy process.

Services provided to leasehold properties are referenced in the lease agreement, charges will be administered in reference to this and in accordance with current legislation.

We will provide leaseholders with timely and accurate information about service charges, broken down by relevant costs including but not limited to:

- Routine repairs
- Communal or shared spaces maintenance and utilities, such as heating and lighting
- Major work and repairs (e.g. structural issues, roof repairs – that would lead to a very large increase in service charge costs)
- Door-entry system
- Management fee
- Buildings insurance
- Ground rent

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- Administration charges

Surpluses and deficits will be used in the calculation of variable services charges, any surpluses will be carried into the next financial year to contribute to future service charge payments.

Prior to the beginning of the financial year, the Council will send to leaseholders a demand for the estimated service charge for the forthcoming year. At the end of the financial year and no later than September of that year, the Council will issue the resident with a statement of the amounts paid compared to the actual cost of services. This will show whether an underspend (surplus) or overspend (deficit) has occurred.

The Council will comply with the provisions of sections 18-30 of the Landlord and Tenant Act 1985. This means that the costs will: (a) be reasonably incurred, and (b) relate to services or works which are of a reasonable standard.

Shared ownership

Regardless of the share of the property, leaseholders will be required to pay and organise all internal and non-structural repairs to their property.

Some shared ownership properties may have an 'initial repair period' which applies to new model shared ownership properties, which at present the Council has very few. More detail about this period can be found in the Capital Funding Guide.

If the leaseholder breaches the terms of the lease, this may impact the Council's repairing responsibilities.

Subletting – Right to Buy

Leaseholders do not need the Council's permission to sub-let their leasehold property, but they do need to notify the Council of the sub-letting.

If Leaseholders do let sub-let their home, or have bought the property as an investment, leaseholders must tell the Council within one calendar month (notice of underletting) and pay a fee of £103 to register the underletting.

The Council needs details of:

- The tenancy start date and how long the property will be sublet for
- A copy of the tenancy agreement
- Who is sub-letting the property
- Address of the Leaseholder for correspondence

If leaseholders sub-let their property there are certain clauses of the building's insurance, which the leaseholder will no longer be covered by. This is specific to each insurance provider and will change with providers. The insurance will no longer cover:

- Theft or attempted theft

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- Accidental damage to drains, pipes, cables and underground tanks used to provide services to or from the buildings
- Accidental loss or damage

Leaseholders remain responsible for the property and the behaviour of their tenant until they assign the lease. They will be responsible for paying all service charges and ground rent.

Leaseholders must provide up to date contact details for themselves, their tenant and any Management Company in case of emergencies or problems caused by defects within their property and so we can consult on any issues such as service charges.

If a leaseholder sub-lets their leasehold property this means they are a landlord to a tenant, with legal obligations such as provision of a gas and electrical safety certificates. Gas and electricity servicing that is available for direct leasehold properties is also available to sublet properties at the same cost to the leaseholder.

The tenant also has legal rights, in line with the Landlord and Tenant Act 1985. It is the leaseholder's responsibility to ensure they understand the rights and obligations of both parties, being a landlord and providing for tenants.

Leaseholders must ensure that tenants do not breach the conditions of the lease. We will take legal action against the leaseholder as the lessee if conditions are broken. If the issues are not resolved, we may apply for Forfeiture of the lease and reclaim the lease.

Ground rents

'Ground rent' is usually included as a line in the service charge statement. Details of this ground rent will be included in the lease agreement. Leaseholders should consult their individual lease agreements.

Since the introduction of the Leasehold Reform (Ground Rent) Act 2022, landlords are prohibited from charging ground rent on some leases. In general, a leaseholder will not have to pay ground rent if their lease:

- Was granted on or after 30 June 2022
- Is a long lease (exceeding 21 years) for a single dwelling
- Was granted for a premium. This also includes where a lease has been changed by a 'deemed surrender and regrant' and no premium was required.
- Is not an excepted lease.

More guidance on whether a lease is or is not included can be found on [the government website](#).

Summary and balances

Under section 152 of the Commonhold and Leasehold Reform Act 2002 (substituting section 21 of the Landlord and Tenant Act 1985), leaseholders have a statutory obligation to ask for a summary of the service charge accounts for their property. The request for the accounts must be submitted in writing by the leaseholder, which

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can request a summary of the 'relevant costs in relation to the service charges payable' for the last accounting year, or the past 12-months if accounts are not kept by account years.

The Council will provide these statements within 1 month (or within 6 months of the end of the 12-month accounting period whichever is later).

Management and administration fees

The Council can charge a management of the services provided to leaseholders, including staff time. A breakdown of this fee can be requested by leaseholders.

The Council can charge administration fees when a leaseholder requests a particular service or when we must carry out major works on a block. Administration fees can also be charged if specific work must be carried out in circumstances of a breach of lease, such as legal costs. This may be when there is a non-payment of service charges, for example, to cover court costs.

Section 20 consultations

We will ensure that all leaseholders are consulted in compliance with Section 20 of the Landlord and Tenant Act 1985 (as amended). This requires consultation with leaseholders on the cost of proposed qualifying major works or improvements for which they are required to pay. This consultation requirement also covers any qualifying long-term agreements.

In emergency circumstances, we may not be able to complete consultation due to a short time scale. The Council, in these circumstances will apply to the First Tier Tribunal for a dispensation order.

Income management and collection

The Council expects all leaseholders to settle all invoices issued in accordance with the payment terms on the invoice and covenants of their individual lease agreement.

The Council will operate a fair and transparent approach to the collection of arrears and will take legal action to recover outstanding debt.

Where a debt remains outstanding, enforcement mechanisms against the leaseholder will be considered which includes the right to seek forfeiture of the lease.

The Council has options for extending payment for leaseholders affected by housing related programmes of works.

Where leaseholders are unable to pay their charges in full, they will be supported and signposted to the appropriate debt advice and given an opportunity to act upon this advice prior to any enforcement action being instigated.

Enfranchisement

Under certain conditions, leaseholders of multi-occupancy buildings have the right to collective enfranchisement if they and the building they live in qualifies. Any matters relating to enfranchisement should be referred to independent legal advice. Any attempts for acquisition of the freehold will comply with the Commonhold and Leasehold Reform Act 2002.

Lease extensions and variations

Leaseholders have the right to an extension to the term of the lease and can apply for a new lease at any time if they meet certain conditions. There is an informal route, whereby the Leaseholder can ask the Council whether they would consider a lease negotiation. As the Freeholder, the Council has no obligation under the regulation to respond.

Formally, a Leaseholder can extend their lease if certain qualifying conditions are met, that:

- it must be a 'long lease' – a lease with an original term of more than 21 years when it was first granted
- it is not a business or commercial lease

The Council will consider and process requests for variations to an existing lease agreement or where an order has been issued by the First-Tier Tribunal. The Council will review the request and assess its feasibility, compliance with regulations, and potential impact on the property and other residents. The decision will be communicated to the leaseholder within a reasonable timeframe. Approval may be subject to conditions.

Leaseholder engagement

Any engagement with leaseholders will be done in accordance with the current engagement strategies legislative and statutory requirements. Engagement is important for the information of this policy, it may take the form of face-to-face meetings, surveys, questionnaires and may include other service areas to ensure that we provide leaseholders with robust and rounded responses to feedback given.

Key performance measures will allow for the monitoring of engagement to continue and inform any future annual policy reviews to remain resident focussed on our response and delivery.

Enforcement

Before considering enforcement, the Council will engage with the relevant parties involved in the dispute, and will base any decision of enforcement on facts accounting for the relevant information and contact with applicable authorities or professional bodies.

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If there is evidence of a leaseholder breaching the terms of their lease agreement, then appropriate action will be taken. Examples of breaches include, but are not limited to:

- Refusal of access to South Tyneside Council staff, or contractors working on behalf of the Council
- Unapproved alterations to the property
- Anti-social behaviour such as harassment or nuisance, extending to neighbours, family members and visitors living at the property who may not be a leaseholder
- Improper use of the property, such as illegal activity
- Non-payment of rental income for 21 days after becoming payable

The Council's enforcement action will take the general route of:

- Resolution with the leaseholder(s) verbally
- Formal and final written warnings
- Pursuing legal action against the leaseholder(s)
- Referral to relevant enforcement authorities

Given that the above have been satisfied by staff involved in the resolution of the issue, legal proceedings may be considered if:

- A leaseholder continues to be in breach of their lease agreement past the final written warning
- There is no other reasonable alternative for resolution or avenues to maintain the leaseholder in their home are not possible

Where a breach of lease agreement occurs, we may seek to recover any or all of the costs associated with legal action. This can include an administration fee for the works carried out.

Anti-social behaviour

We recognise that Anti-Social Behaviour (ASB), can have a very disruptive impact on neighbourhoods and communities and does not just affect those who are directly involved in the situation. Feeling safe and secure increases the sustainability of neighbourhoods and promotes community cohesion, health and wellbeing.

Therefore, any reports of anti-social behaviour made to us, either about the leaseholder(s), and any other associated individuals staying at or visiting the property, will be dealt with in accordance with our Anti-Social Behaviour policies and procedures.

Selling the property

When a leaseholder is in the process of selling their property, the Council will furnish upon request, information on service charges and planned major works to the current and/or prospective leaseholder and their advisors. A reasonable administration fee will be charged for this service.

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In compliance with legal obligations, a leaseholder selling their property must inform the prospective purchaser of any notices served on them or the property.

Leaseholders are not obligated to seek permission from the Council for selling their property however, if the property was acquired under the Right to Buy scheme, they must offer the Council the first right of refusal within ten years of the original conveyance. If the property is being sold within the discount repayment period, the Council will pursue repayment of a proportion of the discount.

Any enquiries relating to Right to Buy, will be informed by [Right to Buy: a guide for local authorities - GOV.UK.](#)

Within one month of completion, the Council must be formally notified of the sale through a Notice of Assignment served by the purchaser's solicitors. There is a fee for administering this Notice. Failure to provide this Notice will result in the original leaseholder remaining liable for property charges and retaining the leaseholder status on Council records.

For granting of consent from the Council for any resales, mortgages, transfer of titles or compliance with covenants an administrative fee will be charged. Leaseholders will be informed of these rates at the point of request.

Dispute resolution, complaints and feedback

Complaints can be made verbally, in writing or electronically to any member of staff of South Tyneside Council. To ensure a rapid response, it is recommended that a complaint is made by:

- Website: www.southtyneside.gov.uk/article/56837/Leave-a-complaint
- Email: complaints@southtyneside.gov.uk
- Telephone: 0191 427 7000 or 0191 424 4679 for social care complaints
- Letter: Complaints, South Tyneside Council, Town Hall & Civic Offices, Westoe Road, South Shields, Tyne & Wear, NE33 2RL.

It is important to recognise that not all concerns raised will progress to formal complaints procedures. Where a concern is raised that can be dealt with at the point of contact, staff will aim to resolve the issue(s). Where this is not possible, the complainant will be advised how to escalate their concern as a formal complaint.

All complaints will be dealt with in line with the Council's [Complaints Procedure and Policy](#)

The Council will endeavour to support requests for Alternative Dispute Resolution (ADR) in cases which may require further investigation. This involves a less formal, more collaborative approach between the Council and the leaseholder. ADR is intended to offer a more flexible, often faster and potentially less costly means of settling disagreements without the need to involve formal legal processes.

Methods may include negotiation, mediation, arbitration and adjudication as supported by any required legal services.

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ADR can be used for the following disputes, not exclusive to:

- Service charges
- Repair and Maintenance
- Breach of Lease
- Noise and Nuisances

Any matter that cannot be resolved, the Council or the leaseholder can apply for dispute resolution through the First Tier Tribunal (FTT) for guidance. Disputes such as service charges and major works, present or future, can be raised at the FTT. An application cannot be made to the FTT if:

- The matter has already been agreed or admitted by the leaseholder; or
- The matter has been determined by a court; or
- The matter has been or is to be referred to an arbitral tribunal where agreement to go to arbitration has been reached after a dispute has arisen; or
- The matter has been the subject of determination by an arbitral tribunal where agreement to go to arbitration was reached after a particular dispute has arisen.

Equality and diversity

Equality, Diversity, Inclusion and Belonging (EDIB) are a set of related values that we recognise as important in making South Tyneside a place where people live happy, healthy and fulfilled lives. We are committed to being 'respectful' and 'understanding', which are key parts of our 'PROUD' organisational values.

An Equality Impact Assessment (EIA) was conducted for this policy in accordance with the Public Sector Equality Duty (PSED) when carrying out our duties (S149 of the Equality Act 2010), and mitigations put into place where potential negative impacts to individuals with protected characteristics were identified.

Monitoring and review

The Council's Leaseholder Group will monitor effectiveness of the leasehold service against this policy via a suite of KPIs (or measures of success) and will publish a report to leaseholders on this on an annual basis.

This policy has been written in respect of all current and relevant legislation, considering other Council policies and will be reviewed every year. Reviews will also take place in response to changes in national legislation, regulation, internal structures or to address operational change.

Delegations for minor changes will follow authorised internal routes.

Major changes to the policy will involve internal consultation with Senior Officers, the Council's legal team and other relevant stakeholders before new items are added to the policy.

Equality Impact Assessment (EqIA)

All public authorities are required to, in carrying out their functions, show due regard for the need to: eliminate unlawful discrimination; advance equality of opportunity between people who shared a protected characteristic and those who don't; and foster good relations between people who share a relevant protected characteristic and those who do not (Equalities Act 2010).

Services are responsible for ensuring that EqIAs are completed to help inform decision making on all relevant Key Decisions, new or revised policies and any substantial proposed changes to services.

This process helps decision makers to assess, and evidence that they have assessed, the potential implications of a proposed policy or service change on service users with protected characteristics. It supports reflection on implications for different groups and prompts the identification of any mitigation activities that may need to be taken to minimise potential inequalities that could result from the proposal.

Directorate	Place Strategy	Service	Housing Strategy
Responsible Officer (Title)	Leaseholder Officer	Date of Assessment	
Brief description of the proposed new or altered policy or service?			
The proposal is the introduction of a Leasehold Management policy, which aims to: outline how the Council will meet its statutory duties and obligations to leaseholders under the terms of their lease agreements. It explains how we will provide them with a good standard of service in the management and maintenance of their homes.			
Who are the main customer or employee groups affected by this new or altered policy or service?			
The main resident groups impacted by this policy are leaseholders, tenants and a small number of private landlords. The employee groups affected are property services teams, legal services, repairs and maintenance, housing strategy, community operations, finance.			
What evidence and engagement has been considered to inform this assessment? <i>(Please reference and summarise data sources or engagement exercises and their findings)</i>			
The main source of evidence for this policy was a review undertaken, which highlighted that no leasehold policy was in place. Hence it was deemed necessary to develop a leaseholder policy to help meet our statutory requirements to leaseholders.			
We have also consulted on a draft policy with leaseholders, inviting them to share their views on the accessibility and clarity of the policy. This was sent via post and online to ensure we are reaching those who do not have digital skills.			

Identification and description of impact. Please identify where there is a positive, neutral or negative impact. Then describe in more detail the nature of any identified potential disproportionate negative impact, including any potential barriers to access, existing or anticipated unequal outcomes or experiences, and effect on intra-group relations and community cohesion:		
The Nine Protected Characteristics (as identified by the Equalities Act 2010)		
Age	Neutral / No Impact	
Disability	Neutral / No Impact	Limited Awareness & reading age – Some leaseholders, particularly those not fluent in English or unfamiliar with leasehold law, may not be able to interpret how variable charges are calculated or challenge inaccurate fees.
Sex	Neutral / No Impact	
Sexual Orientation	Neutral / No Impact	
Gender Reassignment	Neutral / No Impact	
Marriage or Civil Partnership (in employment only)	Neutral / No Impact	
Pregnancy and Maternity	Neutral / No Impact	
Race (including colour, ethnicity, nationality or national origin)	Neutral / No Impact	Limited Awareness & reading age – Some leaseholders, particularly those not fluent in English or unfamiliar with leasehold law, may not be able to interpret how variable charges are calculated or challenge inaccurate fees.
Religion or belief	Neutral / No Impact	
Other Groups		
Care Leavers	Neutral / No Impact	
Armed Forces Veterans	Neutral / No Impact	

Those at risk of socio-economic disadvantage	Negative	Financial Strain on Low-Income Leaseholders – Leaseholders who rely on fixed charges may struggle with fluctuating costs, particularly those on fixed incomes, pensions, or benefits. This could result in difficulty budgeting for unexpected service charge increases. Unequal Outcomes or Experiences • Disproportionate Financial Burden – Leaseholders in high-maintenance buildings (e.g., older properties or high-rise flats) may face higher charges due to greater repair needs, while others in newer developments may experience more stable costs. • Differing Service Quality Perception – Leaseholders in areas with frequent major works or compliance-related upgrades may experience higher annual charges, creating disparities in service satisfaction across different properties. • Impact on Leaseholders with Disabilities – Increased costs could limit financial flexibility, affecting leaseholders needing property adaptations or accessible maintenance services. Effect on Intra-Group Relations & Community Cohesion • Leaseholder-Tenant Divide – The new charging structure may create friction between leaseholders and tenants, particularly where costs related to communal services disproportionately impact leaseholders. • Disputes Over Transparency – Concerns over calculation methods, fairness of charges, and the Council's justification for cost variations may lead to an increase in formal complaints and disputes. • Potential Engagement Gaps – Some leaseholders may disengage due to confusion, resulting in lower participation in service improvement discussions. Mitigation Measures To minimize negative impact, the Council will: • Enhance targeted financial support (arrears plans, hardship funds). • Improve engagement accessibility (translated materials, hybrid consultation methods). • Strengthen transparency on charge formulation (clear breakdowns, independent scrutiny).
Please indicate what actions you intend to take to mitigate negative impact, where it has been identified		
To mitigate the impact of potential higher risk of financial hardship, we are implementing an arrears and financial hardship procedure to ensure that those leaseholders who are disproportionately affected by the changes accompanying the policy have the tools they need. This will also ensure that the council recognises the impact of the policy changes on the leaseholders, with mechanisms in place. As above, we will enhance targeted financial support, improve engagement accessibility and strengthen transparency on charge		

formulation through arrears plans, translated materials and clear breakdowns with independent scrutiny.

We have been working with the anti-poverty team to understand the support that is available to residents, and we will be utilising this in our engagement sessions to ensure that they have all the information they need to find support. They will be signposted to the anti-poverty strategy within the policy too. Engagement will continue with leaseholders in an open forum, with various sessions being hosted on topics of their choosing to ensure that we focus on the leasehold voice and prioritize their needs.

We have also been collaborating with the environmental team to understand how charging for leaseholders works under carbon efficiency and how leaseholders may be able to save money in other ways.

Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is still appropriate to proceed with the proposal.

Unfortunately, the increase in costs to leaseholders with the change from fixed to variable service charges is an impact that cannot be avoided due to the council currently being non-compliant with our legal obligations as landlord.

The new policy will allow for a better service to be delivered to leaseholders, to remove confusion between the council and leaseholders in their obligations and allow for the service to be run more efficiently.

We will do everything we can to ensure that any cost implications passed onto leaseholders are reasonable, as by our statutory duty under the Landlord and Tenant Act 1985 (as amended by the Commonhold and Freehold Reform Act 2002, Section 151)

How do you plan to monitor ongoing impact and the effectiveness of any identified mitigation activities?

The introduction of the Leasehold Management Policy will bring a suite of KPIs, of which arrears and income management are one. The KPIs will also cover leaseholder engagement and satisfaction to ensure that clear communication channels can remain open throughout the process. We will continue to have regular contact with leaseholders to ensure they can meet the payment demands that accompany major works or service charge invoices.

We will continue to refer to the anti-poverty strategy and make referrals where necessary to other financial support systems across the council. Due to the nature of the legally binding relationship between leaseholders and the council, we are unable to offer specific legal or financial advice, but we can signpost to other supporting agencies, such as the Leasehold Advisory Service, which is central government run. There are various services available through this scheme which leaseholders can access free of charge.

Importantly, leaseholders have been consulted on the policy, and they have been able to share their concerns and feedback with us.

Responsible Officer Title & Sign-Off Date	Rebecca Saxon – Leaseholder Officer	Head of Service Title & Sign-Off Date	Phil Dixon 03/09/2025	Lead Member & Sign-Off Date	
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