



LEASEHOLDER SERVICE CHARGE COLLECTION AND ARREARS POLICY

1.Policy	Leaseholder Service Charge Collection and Arrears	Draft	Review
2.Applies to	All Residents of Roupell Park Resident Management Organisation (RPRMO)	If Y date of draft	May 2023
		Date Approved	
Post holder responsible for review	Estate Director	Date for review	May 2025
3.Approval level	Board		

1. Introduction

- 1.1 This policy covers the aims and objectives of Roupell Park Resident Management Organisation (RPRMO) in its approach to the collection of service charges and ground rent and the recovery of arrears.
- 1.2 Service charge arrears in the context of this policy relates to: -
 - ☐ All arrears of service charges owed in relation to a long lease held on a property on Roupell Park between the leaseholder and London Borough of Lambeth.
 - ☐ Charges in relation to the day to day provision of services including repairs and maintenance, but not charges in relation to major works.

- Legal costs owed by current leaseholders that have accrued as a result of legal action being taken to recover any debt.
- 1.3 RPRMO recognises the need to ensure that there are effective measures in place to collect service charges due in order to meet its obligations to Lambeth Council under the terms of its management agreement to maximise income collection and reduce historic arrears.
- 1.4. Overall responsibility for the setting of service charges remains with the Council. It will use figures provided by RPRMO in relation to the services it provides as well as those provided by the Council itself. Dealing with any queries relating to the level of the service charge is the responsibility of the Council.
- 1.5 Service charges are applied to the lease not the individual. Therefore, when a property is sold any debt attached to it transfer with ownership. Any outstanding debt should be dealt with through the sales process and RPRMO will continue to pursue debt against the current owner, whenever it was incurred.

2. Aims and Objectives

- 2.1 This policy is designed to assist officers in the management of service charge collection to assist RPRMO residents understand the way in which it works to increase accountability to them.
- 2.2 We will manage service charge collection based on the management of risk and will act in a pro-active way based on a strong emphasis on personal contact in the collection of service charges.
- 2.3 RPRMO's aim is to maximise income collected, as such we positively support initiatives which are designed to assist leaseholders in maximising their income and enabling them to prioritise their debts in order to pay their service charges.
- 2.4 Service Charges are due to be paid within 28 days of the annual estimate being issued.
- 2.5 We will take the following approach to the collection of service charges-
 - All leaseholders will be contacted in writing to remind them that all payments must be made to the

current years account and quoting the invoice number. This will happen in the first month after invoices are issued.

- Leaseholders whose accounts from previous financial years are clear will be given 10 months to clear the years' service charges.
- Even if the account is clear the facility to pay by instalments will not be given to non-resident leaseholders.
- When any payment is made, we will ensure that this is allocated to the current year's day to day service charge account. Where this goes to any other debt, including major works we will have that payment reallocated to the current year.
- Where payment is not made in full on an agreement broken in relation to the debt current years debt, the case will be passed to our solicitors to pursue all outstanding day to day service charge debts, either by seeking payment through the mortgage lender, or by seeking a court judgement for the debt with a view to forfeiture should in not be paid.
- Where a leaseholder clears the current years arrears but is left with an outstanding debt from previous years, they will be given 6 months to clear the debt in total by instalments. Where this is not done or any payments are missed the matter will be passed to solicitors for collection.
- Where legal costs are incurred, these will be added to the overall level of debt and recovered via the Courts.

- 2.6 We believe there is a need to deliver a timely, informative and customer focused service to our leaseholders so that necessary arrears prevention and enforcement action is taken and that these procedures are properly documented.
- 2.7 We will seek to maximise income through the consistent promotion of a payment culture with the intention of preventing arrears.
- 2.8 During the existing cost of living crisis we recognise that some leaseholders will be under considerable financial stress and will have a number of pressures on their income from whatever source. We will therefore work with a variety of agencies listed below.
- 2.9 We recognise the needs of vulnerable people and will ensure that we work in a way that supports them to pay their service charges.
- 2.10 We will work with key partners in Lambeth Council, the Health Service and the voluntary sector to take a holistic view of residents to provide a more efficient recovery service.
- 2.11 We will work with the Council to set performance targets for RPRMO and monitor our performance against them. The Board will also set annual collection targets which may exceed those set by the Council.
- 2.12 We will ensure that staff are provided with regular training on good practice in the management of arrears and receive regular updates in relation to legislative changes.

3 Legal Framework

- 3.1 This policy is compatible with and compliant to current legislation including:-
- ☐ Landlord and Tenant Act 1985
 - ☐ Landlord and Tenant Act 1987
 - ☐ Housing Act 1996
 - ☐ Data Protection Act 2018
 - ☐ Human Rights Act 1998
 - ☐ Freedom of Information Act 2000
 - ☐ The Equalities Act 2010

4 Advice

4.1 We recognise the need to offer a co-ordinated multi-agency approach to providing advice regarding rent arrears and other debts. All staff directly involved with the arrears management process will receive appropriate training and will actively promote support programmes and agencies including:

- ☐ Every Pound Counts – The London Borough of Lambeth’s initiative which provides welfare benefits advice to encourage income maximisation.
- ☐ National Debt Helpline – Free telephone service which provides confidential and independent advice on how to deal with debt problems.
- ☐ Lambeth Citizens Advice Bureau – Free independent advice service that can provide welfare benefit, Housing Benefit and debt advice.
- ☐ Centre 70 – Free independent advice service that can provide welfare benefit, Housing Benefit and debt advice.
- ☐ Lambeth Law Centre – Independent legal advice service able to assist with legal advice with regard to Housing Benefit, welfare benefit and legal action.

4.2 Vulnerability

5.1 RPRMO is committed to ensuring that it takes into account the specific needs of different groups of its residents in considering the delivery of the service charge arrears service it provides and in determining the approach to arrears enforcement action taken.

5.2 We will signpost our vulnerable leaseholders to appropriate housing support services and liaise with other agencies about their particular care and support needs.

6. Payment Methods

6.1 Working with Lambeth Council we are committed to providing a wide variety of payment methods for its leaseholders. These take into account both traditional and more modern payment options and are designed to meet the needs of all our tenants.

6.2 Current methods of payment include:

- ☐
- ☐ Direct Debit
- ☐ Standing Order

- ☐ Internet payment via the Council's website
 - ☐ Automated Telephone payment line
 - ☐ By Post via cheque payment
- 6.3 We will promote Direct Debit as the preferred method of payment and will encourage all of our leaseholders to pay by this method.

7. Enforcement

- 7.1 Legal proceedings will be used when the leaseholder fails to make their contractual arrangements and where agreements to pay debt, current or historic, are broken . Where payment is not made or where agreement to pay arrears are broken RPRMO staff may either directly or through legal representatives:
- ☐ Contact the leaseholders mortgage company
 - ☐ Seek an order against the leaseholder for the debt either in the County Court or taking leaseholders to the small claims court.
 - ☐ Through the service of a Section 146 notice as the first stage towards the forfeiture of the lease.
 - ☐ Take action after the service of notice to forfeit the lease.
- 7.2 RPRMO may recover a reasonable administration fee from the lessee in respect of any action, including legal action to enforce covenants contained in the lease agreement on behalf of the Council.
- 7.3 Where RPRMO proposes to take legal action up to and including forfeiture, it will notify the Council in advance of any action_it proposes to take and will keep the Council informed of progress.

8. Equalities and Diversity

- 8.1 RPRMO does not discriminate against residents regardless of their race, religion, language, ethnicity, gender, gender reassignment, marital status, sexuality, age, health or disability, location, political or immigration status. We deliver our service charge collection and arrears function in accordance with our Equal Opportunities and Diversity Policy, ensuring that appropriate advice and assistance is given to those disadvantaged in the community, and that adequate translation and interpretation facilities, large print material, Minicom, induction loops etc. are available. All actions carried

out are in accordance with the provisions of the Human Rights Act 1998.

- 8.2 We recognise that vulnerable tenants have housing related support needs and will work with agencies to equip those needs.

9. Training and Promotion

9.1 RPRMO recognises that the success of this policy and its proper implementation is dependent upon the knowledge and ability of the staff delivering it. We are therefore committed to providing regular training to all staff to ensure that they are suitably skilled and have the up-to-date legislative knowledge required to effectively deliver the requirements of the policy and procedure.

9.2 We will therefore ensure that the training needs of all staff are assessed through the annual appraisal process and the annual training plan.

10. Implementation and Review

10.1 The overall responsibility for the approval of the leaseholder service charge collection and arrears policy will lie with the Estate Director with the scrutiny of the Board. The Board will monitor arrears performance along with the Lambeth Council Client Team.

10.2 This policy on a biannual basis unless there are significant changes in legislation that require revision at an earlier date.