

Dear leaseholder

Re: LEASEHOLDER CONSULTATION

We are writing to all leaseholder customers to consult them on the following matters:-

- **Five year major works programme**
- **Sinking funds**
- **Insurance arrangements**

We are very interested in your feedback. Please read each section and then complete the form enclosed. We will then get back to you on the feedback you provide. We will be sending a gift voucher of £20 to three randomly chosen forms.

Five year major works programme

As a leaseholder I am sure you will agree it is important that you are kept informed about any future works planned to your block. This is the regular feedback we get from leasehold customers, the Sutton Leaseholders Association and a leaseholder focus group.

I am pleased to inform you that Sutton Housing Partnership (SHP) now has a draft five year major works programme for the blocks it manages.

The programme includes work to your block **xxxxxxxxxxxxxxxxxxx** in **xyearx** for **type1, type2, type3, type4 etc**

If your block includes block door works this may relate to communal doors and / or balcony doors.

Works to wall surfaces include pointing / cladding or concrete works.

Costs are not available at this stage however we will of course consult with leaseholders and other residents as each project is planned.

As a leaseholder you will receive the required legal consultation notices and other information.

It is important to note that the five year programme is subject to SHP obtaining funding after an Audit Inspection in October 2009. The programme itself may be subject to change and works brought forward or put back.

The full programme is available on the Sutton Housing Partnership website under leasehold services. Alternatively if you would like a complete copy of the programme please tick the box on the feedback form.

Sinking funds

We are also seeking feedback on whether we should look to set up sinking funds. A sinking fund, also known as a reserve fund, is an individual savings account for leaseholders to put aside money to pay for future major works they will be asked to contribute towards. Sinking funds are common in the private sector when you have housing developments where all properties are sold. They are less common in social housing where block/estates have 'mixed tenure', that is, its residents are tenants and leaseholders

The money can be used towards the costs of major repairs or other major works, such as replacing a roof, windows or lift. A fund could also be used to cover cyclical items such as redecorations.

It is generally accepted that a well-managed sinking fund is beneficial to both leaseholders and landlords or their managing agents. It ensures that all leaseholders contribute to major works, not just those who are in occupation at the time the works are carried out. As payment is made over a period of time, it can lessen the chance of a one-off substantial demand for money to cover any major works and also assist leaseholders with their budgeting. It may also ease the sale of a property if there is a healthy balance in the fund. It should be noted, however, that if leaseholders sell their properties, they will not receive any money back from the sinking fund.

All of our leases allow for sinking funds to be charged, however this has not been done before for Sutton leaseholders. As a leaseholder you may not want to pay into a sinking fund but make your own arrangements to budget for future major work costs.

We are aware that leaseholders circumstances vary, eg works that may affect them, income, age etc. We are not looking to impose sinking funds on leaseholders but if there is widespread feedback that it is a good idea then we will look into options for setting them up.

Insurance arrangements

We would also like to seek your views about the current insurance arrangements.

Under the terms of the lease agreements we have an obligation to insure the structure of your block. In turn we recharge each leaseholder on a unit basis a share of the costs we incur. The current insurance charge per leaseholder in the 2008/09 service charge estimate is £88.36.

An alternative way to recharge leaseholders would be to do so depending on the size of the property, or the number of bedrooms it has.

As you will be aware as a leaseholder you are responsible for arranging contents insurance. We do not currently offer leaseholders access to contents insurance through our insurance company but we would like to see if there is much demand.

We held a focus group last year which indicated it was generally satisfied with the current arrangements. However we thought it only right to seek the views of all our leaseholder customers.

The feedback form also allows you to indicate if you would like a copy of the leaseholder handbook sent to you, and if there are any other matters you would like to raise.

Yours faithfully

Leasehold Services
Sutton Housing Partnership

