

Major Works and Sinking Fund

What are Major Works?

These are works that your landlord carries out to the communal areas and the structure of the block. This would not typically apply to a leasehold house but please check your lease or with the Leasehold Team for further details. They may include the following:

- Refurbishing the roof
- Renewing windows
- Renewing the guttering and downspouts
- Refurbishing communal hallways
- Painting outside the block
- Major structural works
- Re-pointing
- Relaying paths, fencing and garden areas.

How we consult with you about major works and services

Under Section 20 of the Landlord and Tenant Act 1985 (amended by the Commonhold and Leasehold Reform Act 2002), we must consult all leaseholders who will be affected before we;

- carry out major work or planned maintenance that will cost any leaseholder more than £250
- agree a long-term contract (for over 12 months) with a contractor for services, goods or work that will cost any leaseholder more than £100 per year, or
- carry out work under a long-term agreement, if the work will cost any leaseholder more than £250 (even if we have already consulted you about the long-term agreement itself).

We will send you a 'Section 20' letter which explains the need for the works and an estimate of costs. The letter gives you 30 days to send us any written questions and comments you have.

We will always be happy to discuss the proposals with you and will arrange a site visit with the appropriate team who are managing the works if you require.

Sinking Fund

Sinking Funds do not apply to all properties. Please refer to your lease or contact us for details of whether they apply to you.

If your property has a Sinking Fund, this has been set up to pay towards the cost of planned maintenance and major works and to avoid you having to pay a one off substantial bill when works take place.

Your annual Service Charge bill includes a contribution to your Sinking Fund. The amount you are charged will depend upon what works are expected to be undertaken on or in your block or estate over the next few years.

The Sinking Fund can only be used to offset the cost of planned maintenance and major works, as described in your lease. When such works have been undertaken they will be charged to the Sinking Fund and you will receive a summary of the Sinking Fund in your account statement each year.

The Sinking Fund money is held on your behalf by LMH and interest is added to any credit balances each year. Interest may be charged on any negative balances to offset the interest charges that will be incurred by LMH.

You should note that when selling your lease the sinking fund remains with the property and transfers to the new owners.

Ground Rent

In addition to the services provided by the Landlord, all leasehold properties can be subject to a ground rent. This is a rental fee for the land which your leasehold property occupies. Please refer to your lease for the amount of ground rent and when it is due.