

## **FREEDOM OF INFORMATION ACT 2000**

Your request for information has now been considered and the Council's response to your questions is shown below.

### **You asked:**

#### **1. Does Leicester currently operate a sinking fund?**

Leicester City Council operate a reserve fund known as the designated reserve. The use of such a designated reserve fund was disputed at a hearing at the Leasehold Valuation Tribunal. His Honour Judge Huskinson sitting in London determined that the Council was correct in operating a designated reserve fund.

The designated reserve fund is operated for all flats and maisonettes sold subject to long term leases granted under the Right to Buy Scheme. There are currently 707 such properties.

#### **2. If no, why have you chosen not to use a sinking fund?**

N/A

#### **3. If yes, how long has it been in operation?**

The use of a designated reserve fund commenced in 1985.

#### **4. Is it in place for new builds, existing properties or both?**

Only for properties as detailed under 1 above.

#### **5. What financial arrangements do you have in place i.e. trust, separate account?**

As a local authority monies held in the designated reserve fund do not need to be held in trust or separate accounts.

#### **6. How often are payments made into the sinking fund?**

Calendar monthly contributions are made by lessees. The contributions are:

Repair contributions which are held on the designated reserve fund  
Service charges for facilities provided, the building insurance premium and the administration charge.

#### **7. What problems have you encountered? And how have you resolved them?**

The problem which can be encountered is non-payment of the calendar monthly service and repair charge contributions. This is resolved by advising the lessee and mortgagee of the breach of Covenants to the Lease by not making such payments.

If required an application is made to the Leasehold Valuation Tribunal to determine that the charges are reasonable, upon such determination notice is sent to the lessee and mortgagee.

If the lessee or mortgagee does not make payment in full of the amount determined by the Leasehold Valuation Tribunal after service of the legal notice, an application will be made to the County Court for forfeiture of the lease.

## **8. What lessons have been learnt?**

The use of a designated reserve fund prevents lessees being presented with invoices for large sums relating to works undertaken on the property, the block and communal areas. We do know that this caused major problems for local authorities undertaking works to improve blocks of flats and maisonettes which included leasehold properties.

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If you are dissatisfied with the handling of your request please write to:

**Information Governance Manager**  
**Information and Support**  
**Leicester City Council**  
**FREEPOST (LE985/33)**  
**New Walk Centre**  
**LEICESTER LE1 6ZG**  
e-mail: [info.requests@leicester.gov.uk](mailto:info.requests@leicester.gov.uk)

Your request for internal review should be submitted to the above address within 40 (forty) working days of receipt by you of this response. Any such request received after this time will only be considered at the Council's absolute discretion.

You can also complain to the Information Commissioner at:

**Information Commissioner's Office**

**Wycliffe House**

**Water Lane**

**Wilmslow SK9 5AF**

**Telephone: 01625 545 700**

[www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk)

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