

STATUTORY INSTRUMENTS

1986 No. 2195

HOUSING, ENGLAND AND WALES

**The Housing (Right to Buy)
(Service Charges) Order 1986**

Made - - - - - 12th December 1986
Laid before Parliament 17th December 1986
Coming into Operation 7th January 1987

The Secretary of State for the Environment, as respects England, and the Secretary of State for Wales, as respects Wales, in exercise of the powers conferred on them by paragraph 16D of Part III of Schedule 6 to the Housing Act 1985(a), and of all other powers enabling them in that behalf, hereby make the following order:—

Citation and commencement

1. This order may be cited as the Housing (Right to Buy) (Service Charges) Order 1986 and shall come into operation on 7th January 1987.

Interpretation

2. In this order—

“the estimates” means the estimates contained in the notice,

“index figure” means an index figure in the “Public sector housing Repair and maintenance cost Index” in the “Housing and Construction Statistics” published from time to time by Her Majesty’s Stationery Office, but does not include a provisional index figure,

“notice” means a notice under section 125 of the Housing Act 1985(b), and

“relevant charge” means a service charge or an improvement contribution to which the provisions of paragraph 16B or 16C of Part III of Schedule 6 to the Housing Act 1985(c) are or may be relevant.

(a) 1985 c.68; paragraph 16D was inserted by section 4(4) of the Housing and Planning Act 1986 (c.63).

(b) Section 125(4) was substituted by section 4(1) of the Housing and Planning Act 1986.

(c) Paragraphs 16B and 16C were inserted by section 4(4) of the Housing and Planning Act 1986.

Inflation allowances: itemised works

3. The inflation allowance for the purposes of paragraphs 16B(2) and 16C(3) of Part III of Schedule 6 to the Housing Act 1985 shall be calculated, in respect of each item, by the formula—

$$I = \left(E \times \frac{C}{P} \right) - E.$$

where—

C=the index figure relating to the last date in the initial period on which costs were incurred in respect of the item (whether or not such costs were the full costs incurred in respect of that item),

E=the amount shown in the estimates as the tenant's estimated contribution in respect of that item,

I =the inflation allowance, and

P=the index figure relating to the date on which the landlord served the notice on the tenant (taking no account of any steps taken under section 177 of the Housing Act 1985).

Inflation allowances: other works

4.— (1) The inflation allowance for the purposes of paragraph 16B(3)(a) of Part III of Schedule 6 to the Housing Act 1985 shall be calculated by the formula—

$$I = \left(A \times \frac{C}{P} \right) - A.$$

(2) The inflation allowance for the purposes of paragraph 16B(3)(b) of Part III of Schedule 6 to the Housing Act 1985 shall be calculated by the formula—

$$I = \left(R \times \frac{C}{P} \right) - R$$

(3) In this article—

A=the amount shown in the estimates as the estimated annual average amount,

C=the index figure relating to the date on which the tenant is required to pay the relevant charge for which the inflation allowance is being calculated, or, if earlier, the date the initial period ends,

I =the inflation allowance,

P=the index figure relating to the date on which the landlord served the notice on the tenant (taking no account of any steps taken under section 177 of the Housing Act 1985), and

R=the average rate produced by averaging over the reference period all works for which estimates are contained in the notice.

Information for tenants: itemised works

5. The information which must be given to a tenant when he is asked to pay a relevant charge in respect of works itemised in the estimates is—

- (a) a description of the works to which the relevant charge relates, together with an identification of the item in the estimates to which the works relate,
- (b) whether or not further costs will be incurred in respect of such item in the initial period; and, if not, the last date in the initial period on which costs were incurred in respect of the item (whether or not further costs will be incurred after the end of the initial period),
- (c) the amount of any payment made by a predecessor in title of the tenant in respect of such item; and
- (d) an explanation in simple terms of the provisions of paragraphs 16B and 16C of Part III of Schedule 6 to the Housing Act 1985 and this order, to the extent that they are relevant.

Information for tenants: other works

6. The information which must be given to a tenant when he is asked to pay a relevant charge in respect of works not itemised in the estimates is—

- (a) a description of the works or that part of the works to which the relevant charge relates,
- (b) the extent to which costs were incurred in respect of such works or part of the works in—
 - (i) any part of the initial period falling within the reference period, and
 - (ii) any part of the initial period not falling within the reference period,
- (c) the amount of any payment made by a predecessor in title of the tenant which is relevant in relation to such works, and
- (d) an explanation in simple terms of the provisions of paragraph 16B of Part III of Schedule 6 to the Housing Act 1985 and this order, to the extent that they are relevant.

Nicholas Ridley,
Secretary of State for the Environment.

10th December 1986.

Nicholas Edwards,
Secretary of State for Wales.

12th December 1986.

EXPLANATORY NOTE

(This Note is not part of the Order.)

A tenant with a lease of a flat granted after 6th January 1987 in pursuance of the right to buy or the right to a shared ownership lease under Part V of the Housing Act 1985 has certain rights in respect of service charges and improvement contributions. His liability to contribute to the costs of repairs and improvements incurred during, broadly, the first five years of the lease is limited by reference to estimates given before the lease was granted, with an allowance for inflation. This order prescribes methods for calculating the inflation allowance. Different methods are prescribed for cases where the repairs or improvements were itemised in the estimates and those where they were not.

This order also prescribes the information to be given to such a tenant when he is asked to contribute to such costs incurred during that 5 year period.

SI 1986/2195
ISBN 0-11-068195-9

