

Further discussion points following the Ledbury Meeting Held 27.10.17.

Introductory Paragraph

The council met with legal counsel on the 17th of October 2017 and the following responses have been drafted with that advice in mind. Counsel did caveat all of his advice with the need to wait for the final ARUP report that has now been received. Counsel has not considered the Arup report yet, and depending on the contents, the advice could change. Likewise therefore, these responses could change based on consideration of the ARUP report.

Questions Relating to Compensation

Q.1 Leaseholders bought the right to live in their homes for 125 years, and expected to be able to do that. The Council not carrying out its maintenance functions has led to huge uncertainty and anxiety for leaseholders about security in their home. How will the Council compensate leaseholders for the stress and anxiety they have suffered as part of this process?

Southwark council considers it has supported leaseholders and tried to alleviate anxiety by offering to buy back properties through our enhanced voluntary buy back scheme which was agreed by cabinet on 12th December. We have also given a commitment that we will not asking leaseholders to pay for any of the works directly related to fire safety to the blocks to make them a safe environment. We have also compensated energy bill payers with a one off payment of £200 and £20 per week in recognition of the likely increase in power costs and other general inconvenience.

Q.2 Will you compensate non resident leaseholders for any loss of rental income if tenants terminate their tenancy?

See the response to Question 3.

Q.3 Are non resident leaseholders entitled to compensation from LBS if their tenants want to reduce the amount of rent they pay due to loss of amenities or their tenants refuse to pay their rent?

The legal advice LBS received was that leaseholders have a duty to mitigate their losses and are not entitled to compensation. However, we do recognise that non resident leaseholders could have been financially disadvantaged with tenants terminating their tenancies early or, reducing the amount of rent they paid during the period of the 11th of August to the 14th of October until the heating, hot water and cooking facilities were reinstated.

In recognition of this we have agreed to support non resident landlords for their financial losses who can provide proof of net loss or net reduction in rental income for this specific period. The process for claiming is as follows and documentation should be provided to the Ledbury Project Team:

- A copy of the tenancy agreement with their tenants covering the period from the 11th of August to the 14th of October.

- A copy of their bank statements for the 12 months prior to the 11th of August that show the weekly/monthly rental income received
- A statement of the nett losses incurred
- A copy of their bank statement showing the net rent loss for any time during the period from the 11th of August to the 14th of October
- A letter from their landlords insurance provider showing that they will not cover the rent income loss for that period
- Valid documentation showing their tenants vacated during this period because of the circumstances not because the tenancy had naturally come to an end
- Proof that rental income is declared to the Inland Revenue

Q.4 MSHO say that the Council will only pay for loss of rental income for existing tenants and not if the leaseholder was simply planning on getting tenants in. Anthony Gold solicitors, on the other hand, say that leaseholders can claim for loss of rental income from tenants/lodgers one was planning to rent a room/flat to. Will the Council reconsider its position?

See the response to Question 5.

Q.5 One leaseholder has just purchased a flat, but has not moved in because there are no basic amenities. As a result, he is paying rent to live somewhere else. Another leaseholder purchased a property but did not move in because of safety fears. Will you compensate them in these circumstances?

We have taken legal counsel on both issues and have been advised that leaseholders have a duty to mitigate their losses and we do not consider we have a liability for any anticipated loss of rent from any intention to let the property at a future date. The heating, cooking and hot water was restored and building made safe when the gas supply was terminated on 11th August.

Q.6 If the blocks need to be decanted to carry out major works, the Council have talked about funding around 60% of the cost of temporary accommodation. It would be much clearer if the Council set out how much they will pay for a 1 bedroom and 3 bedroom flat?

The Arup report shows that the level of work required to the blocks will mean that if the blocks are refurbished, leaseholders will have to be temporarily decanted for the works to be carried out. We will look to use vacant properties within the Ledbury Towers to rehouse both tenants and leaseholders at no extra cost. If a leaseholder does not wish to use this temporary accommodation we will pay 60% of the cost of any reasonable temporary accommodation costs. We can not give a figure on this, as this will depend on the cost of temporary accommodation at the time.

Q.7 LH stated that tenants seem to be happy with the choices and options offered to them by the Council but leaseholders feel they have been undermined.

Our intention throughout the difficult circumstances at Ledbury Towers has been to consider the needs of both tenants and leaseholders and we consider the offer to buy back

properties, provide compensation for loss of rental and our commitment not to recharge leaseholders for the fires safety related works as demonstrated this.

Q.8 LH stated that she feels the tone of Southwark Council has now changed since previous meetings and feels the council is now not being flexible on its decisions especially as the leaseholders are not requesting vast amounts of money to be compensated.

We apologise if there has been any inconsistency in our approach to dealing with the issues raised at Ledbury Towers. We hope we have demonstrated our flexibility through listening to leaseholders concerns and revising our offer of support.

Q.9 LH has stated they have called insurance companies and they have advised him they will not cover them in regards to the current situation at Ledbury.

As advised in our response to earlier questions we will now provide financial assistance and have put in place a process for non resident leaseholders to make a claim.

Q.10 LH has stated they need a final response regarding compensation for non resident landlords who have lost rental income. If the decision remains then they will prepare themselves to obtain legal advice for action against LBS

We have now addressed this issue and are offering financial assistance.

Q.11 LH has stated she recalls from the last meeting, Gerri Scott had stated LH will get compensation for general distress. There has been a video recording of this meeting and will send over the evidence of this statement.

The Council will wait for the evidence to be provided and review at that point in time.

Q.12 LH asked about major works and decanting the properties

The Arup report shows that the level of work required to the blocks will mean that if the blocks are refurbished, leaseholders will have to be temporarily decanted for the works to be carried out.

Q.13 LH requested in previous open meeting they want an independent expert representative who is not employed by Southwark Council when the ARUP report is made available to review the findings.

When the Arup report was published there was no request made for an independent expert to attend the public meeting that discussed the report. If there is a request for this now that the report is public, the Council will be happy to discuss this with the Resident Project Group.

Questions Relating to the Lease

Q.13 Does the lease allow LBS to force entry to carry out fire safety works or install the new heating and hot water systems?

The council will only force entry as a last resort. We will always make every attempt to contact residents and agree access. We would only force entry if we believe that residents'

health and/or safety may be compromised. We do not anticipate the need to make any forced entries now that heating and hot water has been restored. However other the utilities companies like SGN may need access and they have statutory rights to access properties. We will be urging them if they do, to work with Southwark Council to minimise any requirement for forced entry by them.

Q.14 When will the Council issue us with a new lease?

We are unable to specify a timeframe at the moment. As we have no intention to recover costs for the recently installed district heating system is diesel based, there is no rush and no timetable has been set. In the new financial year we will commence this process working with leaseholders on a timetable then. The new lease will need to be varied to ensure we have covenants for the:

- installation of new district heating system; and
- recovery of gas and maintenance costs.

Q.15 What is the process for issuing us with a new lease – will we need to instruct solicitors?

The process will be that LBS will apply to the First Tier Tribunal for a variation to the leases under s.35(2) Landlord & Tenant Act 1987 on the following grounds: (a) by agreement or (b) to make provision for services which are reasonably necessary to ensure that occupiers of the flat enjoy a reasonable standard of accommodation. You will need to instruct solicitors but LBS will cover the cost of any legal fees you may incur as a result of the variation.

Q.16 What does the Council propose given that it is in breach of the lease?

LBS does not consider it is in breach of its lease

Buy Back Offer Questions

Q.17 How long will the Ledbury Tower Buy Back Offer last?

We have provided our draft cabinet report which explains in detail our buy back offer and listened to your views and incorporated the changes you requested.

The offer to buy back leaseholders properties will remain open up to the point that any anticipated major works programme commences on your block. We apologise that it has taken far longer than expected for the valuations to commence. However they have been instructed and will be contacting those leaseholders who expressed an interest in a valuation in the coming weeks. The offer will remain in place whilst we review the recommendations of the Arup report and decide how we move forward.

Q.18 LH has asked why the ARUP report is relevant to the length of time the offer is left open for?

The council advised at the moment there is no time limit on the offer, the future is unclear at present until we review all the recommendations and agree the next steps and consult residents.

Q.19 LH requested a written commitment from the Council the offer made for buy backs will stay open once the Arup report has been received and a commitment that any change in the offer will not be less detrimental than the existing offer

We can assure you that the offer has not changed following the outcome of the ARUP report and will continue until we have a clear plan of what is needed at Ledbury Towers.

Q.20 LH has advised even with the 10% uplift she cannot afford to buy anywhere else and that the enhanced offer currently presented is not good enough, will you consider offering more than this.

Our current offer we consider very fair as properties are habitable and there is no requirement for leaseholders to move out. We are already providing financial assistance to support anyone wishing to move therefore we are unable to offer more than a 10% uplift for resident leaseholders and a 7.5% uplift for non resident leaseholders. This is in line with other leaseholder buyback options in the borough.

Q.21 LH has advised she does not know the valuation process- but feels the internal decorations in her property were much better prior to the repairs to the gaps and cracks in walls. How will this affect the valuation?

Valuers have been briefed and advised not to take into consideration the present condition of the property where the works carried out have affected the internal condition and decorations.

Q.22 LH has stated she requires more clarity from cabinet and can the cabinet draft report be amended regarding the final offer and – voluntary sale and financial support payments. Also would like to have the opportunity to address the councillors in a cabinet meeting.

The report for cabinet we feel is clear and clearly sets out the financial assistance we are offering leaseholders. The report and offer is based on the current circumstances. Should those circumstances change and necessitate a more enhanced offer for example rehousing options then a new offer would need to be approved by cabinet.

Q.23 Will the Council offer a like for like sized unit in the area?

In the current circumstances as all properties are habitable we do not feel it is appropriate to offer any rehousing options. As previously stated should the circumstances change and necessitate an offer with a range of rehousing options we will come back to leaseholders to discuss the options available

Q.24 Will you waive the right to buy discount repayment?

Yes, Southwark council will waive the discount repayment which is referenced in the draft buy back offer report

Q.25 How long will it take if from registering an interest in voluntary leaseholder buyback to selling back to the Council?

The earliest a buy back can take place if everything is in place on both sides would be approximately three months

Q.26 The value of homes in the Old Kent Road is likely to increase when the Bakerloo line stations are under construction. How will the valuation process take account of this?

The value of the homes will be based on the current market valuation. The current valuation of homes in the Old Kent Road area will already be affected by the Bakerloo Line announcements; however given actual construction is some time off, market valuations undertaken in the next year will not take that into account.

Q.27 Will the Council offer leaseholders the opportunity to purchase an equivalent flat (size, quality, etc) in the area rather than selling our flats back to the Council for cash – in other words, to swap their flats for something equivalent in the area?

No, LBS will not offer a like for like sized unit in the area. Our current offer is fair and purely voluntary therefore in the current situation we will not be offering leaseholders the opportunity to buy equivalent properties in the area

Q.28 At the Residents Meeting on 23 August there was discussion about options for leaseholders other than just buyout. What options are you offering for leaseholders who cannot get another mortgage such as:

- Leaseholders becoming Council tenants
- Shared Equity in another Council home
- Shared Ownership in another Council home

Other than our buy back proposal there are currently no other offers for leaseholders. This will be reviewed if a decision is made to demolish the Ledbury Towers. However, no such decision has yet been made. Now we have received the Arup report there will be consultation with residents on all the options that will be available for the future of the blocks. If a decision to demolish is taken, then consultation will have to also be held with leaseholders and what options may be open to them.

Electrical Works Questions

Q.29 When are the electrical works to increase the power supply likely to be completed?

They have been completed and now there is no restriction on power usage within the blocks.

Q.30 When the works are completed, will the Council issue new guidance on the maximum capacity for electrical appliances in the flats?

This is a good idea and as a result there was an article in the newsletter that went out to all residents on 10th November 2017.

Q.31 LH has asked if they will be notified in advanced when the fire drill will take place.

Yes, residents were made aware in advance when the fire drills were taking place. The new fire alarm system went live on Wednesday 13th December 2017.

Q.32 LH has requested when will the installation of hobs and cookers be completed.

Abigail Buckingham (Design & Delivery Manager) is leading on this and will inform residents of their appointments for their installation.

Q.33 LH has requested where have the gas meters gone, as her gas company has requested this. Keepmoat had taken these out of properties when they were carrying out repair works.

MT advised Leaseholder he will look into this – advised all leaseholders to make a note of the serial number.

Q.34 LH has asked if they will be taking into consideration any issues or concerns within the surrounding areas to Ledbury Towers.

The primary focus is on the Ledbury Towers but will be willing to look into any issues and concerns residents in surrounding areas may have. A deep clean will be done around the Ledbury Towers as well as surrounding areas which may have been affected.

Conclusion

The response to the questions raised by leaseholders at Ledbury Towers has been based on our obligations as a landlord and the legal advice we received and the suggested approach is fair and considered.