

Agenda

Leasehold Forum Meeting

6-7.30pm, Thursday 27 July 2023

	Item	Lead
6:00pm	<ul style="list-style-type: none"> Question and Answer session 	H&F Officers
6.45pm	<ul style="list-style-type: none"> Welcome and Introductions 	Cllr Umeh – Chair
6.50pm	<ul style="list-style-type: none"> Minutes and matters arising – attached 	Cllr Umeh – Chair
7:00pm	<ul style="list-style-type: none"> Leasehold Service Updates <ul style="list-style-type: none"> Leasehold Buildings Insurance Landlord’s Certificate and Leaseholder Deed of Covenant Handbook 	Ciaran Maguire – Head of Home Ownership
7:30pm	Close	

**Leasehold Forum
Meeting Minutes
20 February 2023
Online Meeting on Microsoft Teams**

Meeting chaired by Cllr Frances Umeh, Cabinet Member for Housing & Homelessness

Item	Description & Actions
1	<p>Welcome, Introductions, Apologies: Cllr Umeh introduced herself and welcomed everyone to the meeting and reflected that it's clear from the Question and Answer session that there is still a lot of work to be done. Cllr Umeh emphasised that her focus is on ensuring leaseholders don't have to raise the same issues time and time again. If officers have put their contact details in the chat, please do contact them direct by email and you are welcome to copy me into these. I will ask for follow up from officers.</p> <p>Introductions of the officers.</p> <p>The panel at the meeting: Fiona Darby (FD) – Assistant Director Place Services Daniel Miller (DM) – Head of Resident Involvement & Participation Ciaran Maguire (CM) – Head of Home Ownership Services Danny Rochford (DR) – Head of Finance Stephen Fitzgerald (SF) – Principal Service Charge Accountant Beverly Mills (BM) – Assistant Head of TriBorough Insurance Rob Kyle (RK) – Sustainability Asset Manager Richard Shwe (RS) – Director of Housing Declan Teague (DT) – Neighbourhood Services Manager Kim Shearer (KS) (Minute taker) – Community Assets, Safety & Participation Lead</p> <p>Apologies</p> <p>Declaration of interest KS advised that she is also a tenant of the council but attending the meeting in her role as council officer.</p>
2	<p>How to use Microsoft Teams & how the meeting will work – <i>Daniel Miller</i></p>
2.1	DM explained how MS Teams works and the code of conduct for the online meeting.
3	<p>Minutes of the previous meetings – Chair</p>
3.1	Previous minutes were agreed for their accuracy. There were no matters arising.
4	<p>Leasehold Services Update – <i>Ciaran Maguire - Head of Home Ownership Services</i></p> <p>Please also refer to presentation slides from 20/02/23.</p>
4.1	<u>Formal Consultations</u>

	<p>CM advised there is a large-scale consultation at present for the new cleaning contract. This is not a new service - name changed from Caretaking to Cleaning to align with core function. The notice has gone out to about three-quarters of our homeowners (anyone who currently pays for a cleaning service). If there are gaps in existing provision, please use this as an opportunity to bring to our attention</p>
4.2	<p><u>Pivot away from Leasehold?</u></p> <p>Government has recently indicated they are looking at moving away from leasehold to commonhold. This follows on from the Government decision to abolish Ground Rent on all brand new flats since July last year.</p>
4.2.1	<p>It's early days and we will have to see how this takes shape but in future we may see the following:</p> <ul style="list-style-type: none"> • Easier to lengthen leases (possibly cheaper in future)? • Abolish marriage value? • Easier for lessees to buy the freehold?
4.3	<p><u>Energy Performance Certificates (EPCs)</u></p> <p>Each property has an EPC with grades from A through to G. Almost half of our lessees sublet and a rule change is going to impact them. From April 2025, a sublet property must have a minimum EPC score of C. If you currently let out, you have until April 2028 to achieve this. Check score here: https://www.gov.uk/find-energy-certificate</p>
4.4	<p><u>Leasehold Handbook</u></p> <p>This is a work in progress and we have a dedicated working group of residents. We intend to launch it online in stages. It will be more expansive, accessible, and helpful. We also have plans to launch a HomeBuy handbook.</p>
4.5	<p><u>Thames Water Billing</u></p> <p>Since April 2020 (and April 2021 in some cases), Thames Water charge directly for water. You cannot switch suppliers in the same way you can with gas and electricity. However, you can switch tariffs.</p>
4.5.1	<p><i>Help and support available</i> - Thames Water seek to support customers struggling with bills through discounts and different schemes. Qualifying criteria include debts, a medical condition, lower income, in receipt of certain benefits.</p>
4.5.2	<p><i>Water meters</i></p> <p>Contact Thames Water directly on 0800 316 9800 or online at Request a water meter Water meters Help Thames Water</p> <p>Thames Water aim to contact you within 14 days to arrange a survey date. They aim to install the meter within 6 weeks, but there is high demand at the moment. They always aim to fit the meter outside your home but can fit one within the property.</p>
4.5.3	<p><i>What if a water meter is not possible?</i></p> <p>Thames Water is not always able to install water meters in buildings with complex plumbing. If not possible, they use the Assessed Household Charge tariff. These tariffs are only available if you've applied for a meter, but Thames Water have been unable to fit one. • There's a cheaper rate for single occupants. If Thames find that it's cheaper for you to stay on your current charges, they won't change it over.</p>
	<p>Questions</p>

Q. Why doesn't the council take the lead on making things better for leaseholders now rather than waiting for the Government?

A. The council faces lots of challenges and we do need to look after our social tenants as well. There is a difference between street properties and purpose-built blocks in terms of possible changes to leasehold. We will have to see how the picture develops.
Cllr Umeh added that we will start to look at work behind the scenes for what this might look like.

Q. I don't want a water meter. Can you clarify that we don't need to get one and that it is entirely our choice?

A. Yes, this is the current position.

Service Charge Team Update – Danny Rochford – Head of Finance

Please also refer to presentation slides from 20/02/23

4.6 2023/24 Estimates

Invoices for your estimated service charges for 2023/24 period to be issued in March. Unfortunately, the Council is affected by the cost-of-living crisis like everyone else and is experiencing very significant increases in costs. The expected average charge for next year of just over £1,200 is a 32% increase on the 22/23 estimated charges and a 26% increase on the 21/22 actual charges.

4.7 Key Drivers

There are four main factors causing the increase, but by far the most significant impact is on *Insurance*. The average insurance charge will increase by 50% from around £320 this year to just under £500 next year. If we exclude insurance from your service charges, the increase from last year (2021/22) to next year (2023/24) is a little more than 8%. That's below the current level of inflation so it is really insurance that is causing the large increase. See separate agenda item to follow.

The other factors are Caretaking, Landlord Electricity, and Estate Support & Security.

4.7.1 Caretaking

Caretaking charges are increasing for two reasons: firstly, to take account of contractual inflation but also to recover the full costs of the caretaking contract. Historically we have not been recovering the full costs, but we do now need to do this to ensure that we can continue providing the service. We are doing this for both tenants and leaseholders.

As mentioned earlier, consultation is currently underway for a new cleaning service, and we invite your comments and observations on what you would like to see in the new contract.

4.7.2 Landlord Electricity

The average cost is increasing from £65 in 2021/22 to £125. This 93% increase since last year is made up of a 35% increase for this year plus another 43% increase for next year. The council is subject to the cost increases experienced by the wider energy market. Increases are based on projections provided by our energy management service. There is reduced consumption incorporated for buildings where an LED lighting upgrade has occurred, or is scheduled for 2023/24

4.7.3 Estate Support & Security (also known as the Concierge Service)

These costs will be increasing significantly with the average increasing from £342 in 2021/22 to £608 in 2023/24 (77%). Full cost of service has not been recharged in full to date but has now been incorporated into estimates. There is a new cost for Gibbs Green Estate where properties

	benefit from service but were not previously charged. Consultation on enhanced service at Edward Woods & West Kensington Estates was undertaken recently, estimate costs based on enhanced service.
4.7.4	<p><i>Payment Plans</i></p> <p>The standard payment plan is unchanged but we are well aware that these increases are really significant and so we are putting in place additional support for any leaseholder experiencing financial difficulty. This includes welfare and money management advice as well as options to spread the cost over a longer period. We would encourage you in the first instance to contact our Leasehold Income team who are on hand to support and advise you.</p>
4.7.5	<p><i>Heating/Hot Water fuel charges</i></p> <p>These are billed separately for properties connected to a district heating system. The increases are not within the council's control and are significant ,with the average cost increasing by 108%. We are currently benefitting from a gas tariff fixed before prices started increasing. This is ending as of 31 March - we will soon be subject to prevailing market prices. The invoice will be sent in March and is payable in 12 instalments April 2023 to March 2024.</p> <p>Questions</p> <p>Q. We understand that it's about transparency but it's the less clear charges that we are querying, like the admin charge.</p> <p>A. The admin charge includes the cost to the council of having to administer billing as well as the cost of officer time answering questions on service charges.</p> <p>Q. Gas costs are predicted to come down. Can we have reassurance that this will be passed on to leaseholders?</p> <p>A. Yes. In the news it is saying that the wholesale price of gas is expected to come down. The council only seeks to recover costs and no more. We will make sure we only charge tenants and leaseholders what we pay.</p> <p>Q. There is a poor quality of delivery. With costs increasing we want better quality of service.</p> <p>A. FD responded – Quality of service delivery is the first and foremost importance to us. We monitor our contractors and hold them to account. We always look for quality delivery. I will be in touch with you on your individual issues.</p> <p>Q. Is the admin charge based on a percentage or an actual charge?</p> <p>A. SF responded that the admin fee is unchanged since 2014/15 and consists of two parts:</p> <ul style="list-style-type: none"> • Fixed fee depending on property type <ul style="list-style-type: none"> ○ £25.30 street property ○ £50.60 property in a gap site building ○ £82.22 property on an estate • 18% of total charges <ul style="list-style-type: none"> ○ Min £35 ○ Max £125 ○ Ground rent & insurance excluded from calculation ○ Nil if only charges are ground rent and/or insurance
5	Buildings Insurance Update – Beverly Mills – Assistant Head of TriBorough Insurance

	Please also refer to presentation slides from 20/02/23
5.1	<p><u>Leasehold Buildings Insurance Market</u></p> <p>The insurance market is already limited for Councils. The last tender was in 2019 when 4 bids were received - Avid, Zurich, Ocaso, Protector. In 2022 Ocaso left the market, followed by Avid and Zurich. The market is now even more limited, with Protector being the sole insurer. Luckily the council had started the conversation with Protector early, unlike some other councils.</p>
5.2	<p><u>Reasons for premium increases</u></p> <p>A key factor in determining the premium prices is reviewing previous claims performances and using the 'Loss Ratio' as one of the determining factors. The Loss Ratio determines how good or bad the claims performance is in terms of profitability by measuring the total cost of claims divided by the premium. In the past 2 policy years, Avid have been operating at a loss on the LBHF account, recording over 100% losses in each year.</p>
5.3	<p><u>Renewal 2023</u></p> <p>Avid indicated a premium increase of 60%. The council considered this increase unacceptable and sought alternative quotations. Avid advised that Accelerant, their own insurer, had made decision to terminate the agreement so they were unable to offer renewal.</p>
5.4	<p><u>The impact on London Boroughs</u></p> <p>This is a market-wide issue and not a Council issue. Other London boroughs already insured with Avid or Zurich will not be able to renew their insurance policies. Others will be forced into retendering or exploring other available options</p>
5.5	<p><u>Protector Quotation</u></p> <p>The overall total premium increase from 2022 is approx. 48.5%</p> <p>This is a 12 month arrangement from 01 April 2023 with £100 excess. Cover is as existing arrangement with Avid. There is an inflation uplift to Building reinstatement value of 17.5%</p>
5.6	<p><u>2024</u></p> <p>There will be a full tender of all Council insurances which will put us in a stronger position to negotiate most favourable terms and premium available. The market has stabilised and Avid have secured a new insurer and re-entered the market. The council will be in a position to consider alternative options.</p> <p>Questions</p> <p>Q. Improving repairs would go a long way to reducing claims (for example a leak from the flat upstairs not fixed for months).</p> <p>A. We would want to look into this issue. We do need to get better, and we value you helping us.</p> <p>Q. Why don't you run insurance for 4/5 years, not each year, with a break clause or penalty? Also is there an admin fee?</p> <p>A. There is no admin fee, the charge is just recharged to leaseholders. We can certainly look at options.</p> <p>Q. Why do the insurance people send contractors from outside London?</p>

	<p>A. Insurers appoint the contractors not the council. I can only assume it's cheaper.</p> <p>Q. I've had leaks before where the issue was with the contractors. I put it through the council, not as an insurance claim. Is there guidance you can give on this? If people don't put through on insurance, would it mean a cheaper premium?</p> <p>A. If it's insured it should go through insurance. We have regular (quarterly) meetings including repairs colleagues with our insurers to look at trends and see what we can do to drive down the loss ratio. We can consider at the next tender looking at different policies for certain parameters (e.g. estates, areas). Maybe at a future meeting we could look at certain trends for example postcodes.</p> <p>If leaseholders have any specific problems on a claim, you can contact me on Beverly.Mills@rbkc.gov.uk or the team inbox RBKCIInsurance@rbkc.gov.uk</p>
6	<p>Cost of Living Support</p> <p>Cost of living support London Borough of Hammersmith & Fulham (lbhf.gov.uk)</p> <p>The cost-of-living crisis team can help you to access support for the cost-of-living crisis. The team can provide guidance and advice on services and support across the council and wider.</p> <p>You can:</p> <ul style="list-style-type: none"> • get a fast response by sending us a message using our cost-of-living enquiry form • contact us on our free phone number 0800 917 6994. The line is open 8am to 6pm, Monday to Friday • visit us at 145 King Street in Hammersmith, between 9am and 5pm, Monday to Friday. • Alternatively, you can email us at costoflivingteam@lbhf.gov.uk <p>Or use our web assistant to help you find the information you need. You can ask for help from an advisor during office hours. See the speech icon in bottom-right corner of the screen on the webpage.</p>
7	<p>Holdover of agenda item for a standalone meeting: H&F's Response to the Climate Emergency & Net Zero Objectives</p> <p>7.1 Due to time constraints and wanting to give leaseholders a full opportunity to ask questions, it was agreed that this agenda item would be held as a standalone meeting.</p> <p>7.2 Cllr Umeh asked leaseholders for items that they would like covered within the standalone meeting. Suggested items were:</p> <ul style="list-style-type: none"> • Solar Panels • Greening and plants that cut pollution <p>Any further suggestions to Daniel Miller - Daniel.Miller@lbhf.gov.uk</p> <p>Q. What about putting solar panels on Emlyn Gardens whilst you are doing the major works including the roof?</p> <p>A. RK responded that loft insulation is being considered there. Unfortunately, not all roofs can have solar panels.</p>
8	<p>Proposed dates for future meetings – hybrid (both online and in person)</p>

8.1	<p>The proposed dates are:</p> <ul style="list-style-type: none">• Monday 10 July and• Monday 23 October <p>There will also be an additional standalone meeting on H&F’s Response to the Climate Emergency & Net Zero Objectives. This is likely to be towards the end of April.</p> <p>Cllr Umeh welcomed leaseholders thoughts on the move to hybrid meetings.</p>
9	Meeting Close