

Tower Hamlets Leaseholders Association

'The voice of Council Leaseholders and Freeholders in Tower Hamlets'

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Editorial

Welcome to this issue of the THLA newsletter. It has been a while since we last published our Members' Newsletter but that has not stopped the Association continuing to work on behalf of its members and achieving some significant successes. This newsletter carries brief reports of those achievements.

But we are also aware of shortcomings. Like other organisations we have been affected by outside events – both the 'credit crunch' and many active members leaving the London Borough of Tower Hamlets. With the decline in membership and income we have been unable to continue paying THLA

workers. In this situation we have not always been able to deliver the service we want.

Despite these pressures, we have achieved a lot. The reasons why the THLA was established over 10 years ago, and has been campaigning strongly on behalf of leaseholders ever since, have not gone away. The Council has had a new managing agent since 2008, called Tower Hamlets Homes, and there has been much talk of improving the service and winning leaseholder confidence. But the reality on the ground is that leaseholders are still being faced with poor and failing services, and rising charges.

Those who have continued to

work for the Association are committed to improving the campaign to better the situation of THLA members and leaseholders in the Borough.

The Association is now 100% a voluntary organisation, dependent on the time individual leaseholders can give to our work. The more volunteers and assistance we get, the more we can do! We hope that leaseholders will come to the AGM and contribute to our discussion on strengthening our work, but also offer to assist in whatever way they can. **We hope to see you on September 23rd and in the weeks & months afterwards.**

NOTICE OF AGM

Tower Hamlets Leaseholders Association will be holding its
Annual General Meeting on:

Thursday 23rd September 2010

at

Collingwood Tenants & Residents Association Hall

Collingwood Street

London E1 5PY

7:00 p.m start

Both members and prospective members are welcome, but only members can vote. There will be a report on finances, election of a new committee and discussion on the future direction of THLA.

External Audit

An audit into Council leaseholder charges and services started in March, and is expected to report in the next month or two.

In April leaseholders received a letter inviting comments to the independent auditors, Beevers & Struthers. With typical efficiency, many received this only 2 days before the reply deadline – but 300 leaseholders still responded.

Beevers & Struthers have focussed on the 2008/09 charges, but have also examined the charges for 2009/10 and 2010/11. Major works have not been covered this time.

Throughout the audit, THLA and other leaseholders have spent a lot of time giving evidence and opinions to the auditors, trying to ensure that the final report provides an accurate picture of the service experienced by council leaseholders and all its failings.

For years the THLA campaigned for an independent audit, to shine a spotlight on leaseholder charges. Leaseholders strongly believe they have and are being ripped off, and the audit promised a professional examination of this situation. We believed that a proper exercise in opening the books would provide important independent verification of what leaseholders have and are still experiencing.

The result of this campaign was the cross party Council decision in October 2008 to set up the audit. The East London Advertiser described it as a “major victory” for the THLA and it was only the second of its kind in London.

The audit itself took another 18 months to get off the ground, but has now happened after the years of pressure. The final details of the auditors’ report remain to be seen. Nevertheless, we would expect it to

show, in many areas at least, the reality that leaseholders have faced with the ‘services’ they get and are billed for.

The audit would not have happened without the THLA and was, indeed, a major victory. Our input into the process itself has already been considerable. However, we believe that leaseholder input will need to continue. If the audit’s findings fall short then we need to make that clear, and positive findings will still need to be implemented – in many cases they will only be as good as we make them.

The spotlight will now shift from an independent investigation of the charges/services to proposals to improve the situation faced by leaseholders. The work of organisations like THLA will be as necessary now as it was in winning the audit in the first place.

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Campaign issues

Major Works rebate

This year many leaseholders received letters from THH informing them that they would now only be charged £100 for major works done during a period of 2007/08. There would be a credit for those who had already paid more.

The letter explained the change on new legal advice that the charges for these works would not hold up. What the letter did not explain was the full background, and the role played by the THLA.

In 2006/07 Tower Hamlets Council wanted to opt out of some leaseholder consultation regulations, and needed the agreement of the Leasehold Valuation Tribunal (LVT). In this they were following the lead of many other London councils. The

difference in this case was that leaseholders, through the THLA, organised opposition to what the Council wanted and, after much work, won the case. In Tower Hamlets at least the Council did not get their way and leaseholder rights were retained.

The LVT verdict only came a number of months after the actual hearings. However, the Council did not wait but started major works schemes without the full requirements of the consultation regulations. Despite legal advice at the time, they have now been told they were wrong to jump the gun.

Result? All council leaseholders kept their consultation rights and many also gained a sizeable amount because of the landlord’s mistake. Conclusion? Neither of these would have been happened without the THLA’s organisation.

Rising & Lateral Mains

In London, council leaseholders are charged for major electrical works (replacement of rising and lateral mains to their blocks) that are not charged to leaseholders in any other part of the country, where the different electricity supply companies foot the bill. In London EDF Energy charges the landlord for the work, and the council passes the bill onto leaseholders.

The THLA believes that London leaseholders should be treated the same as other leaseholders in the country. In some London boroughs (e.g. Islington) the landlord has acted to change the situation, and accepted a moratorium of rising & lateral mains works charges while action against EDF is settled.

For years THLA brought this to the Council’s attention, with little

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response. They seemed happy to shrug their shoulders and keep passing the bills onto leaseholders.

In 2008 there appeared to be a change in attitude. When THLA met the newly established Tower Hamlets Homes, their officials expressed an interest in changing the situation. They also agreed to a moratorium for leaseholders on bills for such work while the options for change were pursued.

Two years later THH says they are now discussing legal action against EDF with the Council, and also approaching other London Councils. THLA's campaign against this unjust situation continues.

Building Insurance

This year, the THLA took a special interest in the leaseholder buildings insurance because it is still handled by the Council and not by Tower Hamlets Homes. Under our leases, leaseholders must pay for the buildings insurance arranged by the Council. Tenants have separate buildings insurance provided at no cost by the Council.

However, when a tenant causes damage to a leaseholder's flat that should be covered by their buildings insurance, leaseholders have been told to claim on their own insurance although not responsible for the damage. Claims are recorded against leaseholders, which creates a false impression of the amount of leaseholder claims, because the figures include the claims from tenants causing damage to leaseholders property.

In theory, the leaseholder's buildings insurer could reclaim that money from tenants but in practice do not. Leaseholders also bear the policy excess and are out of pocket for this amount as well.

We are told that the poor claims record is reflected in the higher premiums despite much of the stock being sold to other registered landlords. The cost of claims is a major factor for

calculating premiums. So in a number of ways leaseholders are paying to insure tenants.

The market is limited, so if claims continue to increase no insurance company will eventually insure leaseholders. One way to reduce the total of these claims is to eliminate claims that are not the responsibility of leaseholders.

From 2010/11, the council made a 3 year agreement with our current insurer, but with no restriction on premium increases. The insurers can withdraw, impose additional terms and/or increase premiums but leaseholders have no such options. Nevertheless, THH leaseholders continue to pay much higher premiums than other RSL leaseholders in Tower Hamlets and other boroughs.

The lease requires premiums to be based on Gross Rateable Value, not bedrooms in a property. The Council say that any other method of calculation would cost more but have provided no figures. They also agreed to provide quotations for an increased excess from the current £50. This would reduce premiums but the Council have again not backed this up with figures.

A similar situation exists with contents insurance. Tenants are not obliged by the ALMO to have any contents insurance, so leaseholders have to pick up the bill caused by damage from uninsured tenants to their contents. **We want to know your stories/comments about the buildings insurance to take this further. Please get in touch.**

Water pressure

Everybody in Tower Hamlets agrees that water pressure has been going down for years. Because of this the Council had to fit water booster pumps to blocks which had not previously needed them.

Predictably, leaseholders have had to pick up the significant bills for the water pump works and their on-going maintenance.

THLA has long campaigned on this issue, arguing that leaseholders have not been responsible for the decline in water pressure, so they shouldn't have to pick up the bill. It's the responsibility of Thames Water and they should pay.

THLA raised this in its early meetings with THH officials. Here we learnt that Thames Water had contributed to the cost of the works caused by reduced water pressure in Newham, with leaseholders paying less.

We have continued to raise the issue but, after 2 years, progress has been slow. It was recently discussed at the Leaseholder Focus Group meetings, but Thames Water officials refused to budge. The campaign goes on.

Estate Improvement Grants: What Happened?

In May 2008, there was a TRA meeting on the Barleymow Estate [I live there] explaining that grant money was available for estate improvements. We asked whether this would be recharged and the answer was a clear 'no', which was recorded in the minutes. However, we were then charged for these improvements, often to the tune of about £300 per flat.

We know that the same sequence of events took place on the Locksley estate. The Barleymow TRA, the Locksley TRA and the THLA are now discussing the recharge for these works with Tower Hamlets Homes.

We have received different answers and proposals through the course of this, including 'anyone who attended the meeting needn't pay'. This is illogical and unacceptable – if you were ill that day and couldn't attend, you have to pay!

The discussion is still continuing and may lead to the Leasehold Valuation Tribunal. We hope that other estates that have been made the same promises will contact us.

Hugh Barnard

Campaign issues & THLA successes

Guidance on 2010/11 Service Charges *by John Bloxam*

Tower Hamlets Leaseholders Association

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OPENING TIMES:
SATURDAY
10:00 – 1:00PM

ALL OTHER TIMES BY
APPOINTMENT.

We're on the Web!

See us at:
WWW.THETHLA.CO.UK

SURGERIES

The Association is open for members to drop-in at the following times:

*Saturdays:
10:00-1:00pm*

If you are unable to call in person, please telephone.

As Surgeries rely on volunteer staffing, it may not be possible to answer the telephone at busy times. At all other times messages can be left.

We need your help!

The Association is always looking for Volunteers to help out in any way possible. Let us know if you can spare some time and get involved.

The 2010/11 estimated service charges leaseholders received this year were an inflation-busting 2.2% increase over the previous year's estimates and nearly 10% higher than the last set of actual charges (2008/09). Increased charges but, despite all the glossy THH promises, leaseholders have continued to face poor and unreasonable services. Nothing new, of course.

In past years THLA has responded to the estimated service charge bills by circulating a disputes pro-forma to members, to help them raise a proper dispute with the Council when they considered charges/services unreasonable.

Key to any dispute was collecting evidence of unreasonable services. It also involved paying those parts of the service charges that were reasonable while the disputed issues were resolved.

For the last 2 years THLA has not sent out the disputes form because of a 2008 Leasehold Valuation Tribunal (LVT) ruling, which effected our approach to **estimated** service charge bills.

Leases allow the landlord to charge money on account and for future services, which can then be corrected with the **actual** bills once the services have been delivered. The LVT ruled that leaseholders had only limited grounds for challenging **estimated** charges because they dealt with services in the future. If there were then disputes about the actual standard of services received by leaseholders they

could be challenged when the **actuals** were issued.

The THLA produced a large amount of evidence to the LVT showing that the poor services experienced by leaseholders were on-going, and should inform what was a reasonable level of estimated charges. The LVT disagreed and said it was only relevant when the actual bills appeared.

THLA appealed against the LVT ruling but was turned down. This meant that our approach to the **estimated** service charge bills has had to change.

Reasonable

Leaseholders should continue to collect evidence of poor and unreasonable services, and are entitled to pay only what is reasonable when faced by such examples. However, they must register a formal dispute with THH while this is being settled. (If not settled with THH it can then be taken to the LVT).

Actual bills

If appropriate, disputes can be raised as before when the actual bills are issued. At this point the standard of services can be easily established with evidence for the whole service charge year. (The next set of

actuals, for 2009/10, is due at the end of September).

Estimated bills

For the estimated bills, including the present one (2010/11), we advise leaseholders to start paying the monthly instalments, but continue collecting evidence of services they consider poor and unreasonable.

After a few months of doing this the situation changes. By September/October it is no longer a question of what might happen in the future, but what has already happened in the months before. At this later point, and when appropriate, a dispute could be started about what is reasonable to pay for services since the estimates were first issued.

In September/October the monthly instalments would not be complete, and the remaining payments could be changed if there was a formal dispute.

This approach for dealing with disputed estimated charges was also suggested by a THH officer as a possible way to proceed. He was speaking personally at a Leasehold Focus Group meeting. Similarly, the THLA believes it is a reasonable approach and in line with the LVT ruling.

THE FUTURE

These are exciting times for the THLA. Not only are we continuing our successful campaigning work on behalf of members but we are upgrading our office systems, improving our IT infrastructure and the way we communicate with our members. Make sure you check our website regularly for immediate updates or watch out for future newsletters from the Association!