

Notes/clarifications and further questions for Newlon from Old Barnsbury Leaseholders following meeting with leaseholders August 5th 2021.

Answers highlighted yellow from Bill Henderson Housing Services Director September 2021

Please note, there was an action taken by Newlon also to arrange a further meeting with Newlon and Old Barnsbury Leaseholders (in person and Zoom option) to discuss the specifics of Section 8 of the residents' charter and other questions raised/not responded to below. This will be arranged in due course.

General statement on our position.

Newlon had some feedback where it was said we were not being straightforward about our intentions and motivation and our financial position. So we thought it would be useful to say the following. We hope it is helpful

Newlon has very sound finances but also has very high financial pressures on it now and over the next few years, largely caused by fire safety responsibilities. This is true of many other social landlords. Unless and until we pursue what we propose at Barnsbury then it is unlikely that we can carry out responsibilities like cyclicals in a timely fashion, or any significant major works on the Barnsbury estate. That is not our choice but just where we are financially. The BEST project for Old and New Barnsbury was devised to address the needs of the whole estate and all residents and evolved from our knowledge of the current and future needs of the stock. The BEST offer balloted on tried to emphasise the good things being voted for. But the alternative is not us doing cyclicals as we would like and major works as we should like but a continued period where we cannot invest or spend.

If we do not do what we proposed, and which a majority of residents voted for, expenditure would largely be to meet our legal obligations, including decarbonisation measures, and making tenanted homes decent. That would mean service charging every element of works we can.

As a charity we are supposed to charge people where we can, but the BEST proposals allow us to avoid that. Doing what was balloted on allows us to make everything better for all residents irrespective of tenure. We feel what has been put forward for leaseholders is a very good deal and certainly compares well with what has been proposed on other transformation/regeneration projects.

Service Charges

1. Do monthly charges relate to the cost being charged to the individual block plus communal areas you live in only vs wider estate in Barnsbury or beyond? Please can you advise which areas would be considered communal? For example:
 - a. A car parking or refuse collection area in one area of Old Barnsbury, would this be considered communal across the whole of Old Barnsbury or just the adjacent blocks?

b. Would Old Barnsbury leaseholders ever get charged for any communal area work in New Barnsbury Potentially and vice versa.

Where costs are presented to us as block specific (e.g. most repairs) they are charged to that block. If estate wide (cleaning and gardening) then to the whole estate, Old and New together. That mirrors arrangements we had when BELMO managed the estate. In future it would probably be good to get down to Old and New and maybe to block level. We will consult on that

In somewhere like Barnsbury with a large amount of communal areas estate wide service are a reasonable principle but less precise.

Under the Transformation works there will be no charging between Old and New

2. Please confirm why leaseholders pay more service charges than tenants? We think this is because HA tenants do not pay for insurance, mgmt. or repairs but leaseholders do but we want to double check this.

This is the law, we are not allowed to charge tenants for some things; it is nothing to do with social housing or Housing Associations. Most private landlords (indeed almost all) do not charge tenants service charges but charge far higher rents - which social landlords cannot. Many Councils do not charge Service Charges though they can. The cost of repairs insurance and management is included in tenant service charges, so the landlord takes the risk on those; if those cost more however then it does reduce what Newlon can spend money on for tenants. Obviously leaseholders take the risk and benefit on property values

Section 20

Newlon was asked to explain why sometimes we receive Section 20 notices in Barnsbury for work or services which we don't receive here. Three out of five recent Section 20 letters have not applied to us recently. The problem with the letters is that we don't know which apply to us and which don't so they have to be checked individually. This wastes time all round, including Newlon's. This is an admin query vs anything about the contents, the letters need to be targeted.

1. In future, can Newlon include in the letters which addresses/blocks/estates are subject to the costs/charges and stop sending them out to us if not applicable?

We will ask the relevant teams but the same error might happen. Without involving you in internal matters letters are sent by the Service Charge Team on the basis of instructions from the teams who spend the money. The Service Charge Team do ask for a list of schemes and sometimes this has been wrong.

To give an example of how this happens all buildings or almost all have line called "Drainage and Water Pumps". But not all buildings have pumps and there are about four

or five different sorts of works that might be charged here and various contractors. Not all buildings have pumps and sometimes leaseholders might be consulted unnecessarily on appointment of a pump contract. This should not happen but is understandable. We will strive to get better. The Service Charge Team find it inconvenient too

The opposite is of more concern: if we failed to consult someone and later discovered we could not charge. So we would rather get consultation right 100% of the time but given a choice between over and under consulting

This should be put in the context of us getting very few replies to section 20 consultation. On a recent (non Barnsbury) consultation involving 1500 households we got 2 responses. For reasons I outlined in the presentation you are not as used to getting these letters and so they may have come as a culture shock.

One thing I think we need to be clearer on is the purpose of section 20 which is really about allowing residents to inspect documents make comments and nominate contractors.. But as we have said it is an awkward piece of legislation and I do not think it really achieves what it was intended to do.

Where a service is one where we can expect residents to be more interested then we should be doing more detailed consultation on the service, though legally Section 20 does suffice.

2. Aside from the transformation work, when can we expect Section 20 notices for cyclical decorations? These are overdue and Old B cannot wait for the refurbishment work as the estate will get further run down.

See the preamble about financial matters. If cyclical works are to be done then you will get section 20 letters. Our Asset Management Team devoted to Barnsbury will be speaking to all residents there shortly. To be clear it is unlikely that without the transformation works we will be doing anything very soon.

3. Invoices for Section 20 work can be issued up to 18 months after the work, do we always know exactly how much we will be charged before the work begins?

No, you should be given an estimate but not exact. If works change value during the contract we would expect further consultation to occur; the level of consultation would be determined by the level of variation. It is also currently 18 months after we have paid, which might be later than the works. There have been occasions when builders have charged us very late so charges on to leaseholders are even later. We are allowed to charge in advance and we have a number of ex Right to Buy properties where we are the leaseholder and this happens. We have not done this.

Old Barnsbury Refurbishment

Re. Newlon's proposals for charging non-resident leaseholders transformation fees up to £50,000 for the external refurbishment work planned. **Note: Section 8 of the Residents' is Newlon's text and was not drafted by residents and there was no or extremely leaseholder engagement in it so it's not something many of us feel comfortable with.**

We are happy to change it within reason. However it does exceed our responsibilities under the lease

Also note that a recent purchaser of an Old Barnsbury flat has advised that no details were provided about non-resident leaseholders paying 20-100% of charges for refurb work and this has come completely out of blue and did not get revealed in searches. It was not explicit in the estate transformation offer document either. The following are the current key unanswered questions we have:

The lease says leaseholders pay 100% of repairs and improvements costs. Our offer to charge less is a significant benefit, not a penalty or a diminution in rights. This offer to charge less than 100% might have been misconstrued as a commitment under the Consumer Code so we have referred purchasers to the BEST website for information on what might happen.

1. **What happens if you are a non-resident leaseholder and sell your property and the new leaseholder becomes a resident leaseholder?**

They would be subject to the same rules if they are resident at the relevant date (see below) then no charge if they stay.

2. **Do the proposed charges for non-resident leaseholders apply only if people leave after the works are finished, not if they leave before or in the middle?**

This would be dependent on the relevant date. If someone moves out after the relevant date then they would be charged 80% within a year, 60% within two etc.

3. **What if a resident leaseholder becomes non-resident? Is that treated the same as a resident leaseholder selling?**

Yes

4. **Hard to see how the cost of up to £50,000 can be justified for Old Barnsbury Leaseholder costs. What is behind this estimate/cap that Newlon has suggested?**

This is a ceiling not a target. There was some debate about whether we used it at all and of course we did not have to offer. It is supposed to have offered some comfort. On the basis of simple maths it is unlikely we will reach it though other regeneration/transformations certainly have reached far higher figures. How much the works costs will be determined by consultation with residents and Section 20 consultation will happen with those who might be charged.

5. When does Newlon expect to know the exact costs which could apply to NRLs?

The final cost will not be known until all the invoices are in but within say 2 years we should have some good "ball park" estimates. It is difficult and risky for us pretending to be more precise than we can be. We would not like to mislead you with a lower estimate or frighten you with higher one.

6. If the Residents' charter is owned by residents, why would Newlon's proposals for charging non-resident leaseholders be included in it?

To be transparent. In case anyone become non-resident. To show how we are treating everyone. I suppose we could take it out as our focus is ultimately on our residents

7. If the Residents' Charter is a non-binding draft document, how is it holding anyone to anything?

Without being too "legal" about it it is offered by us unilaterally and not being signed by every resident or in exchange for anything probably cannot be called a contract. But we are a public body and anything we put in writing can be held against us - I suppose ultimately "legally".

Our discretion cannot be completely fettered forever; if circumstances changed significantly and with the passage of time, but the document is there to show transparency, to show we are acting in residents' interests and to show that we are willing to exceed our strict legal obligations.

The alternative to it is to revert to your leases which set out your and our rights and obligations and offer far less. We do still retain the commitments we made in 1999 and indeed recently we were asked by the Council for a copy to show we had done what we said we would do. We have experience of another project where we offered such a document and it was declined by residents. And now twenty years later we have ended up in a debate over an issue that could have been dealt with.

8. Is the proposal that the Resident's Charter becomes binding after it is submitted as part of the planning application?

See above for my view on "binding" but really it applies when permission is granted. Without planning permission what we said in the offer document falls and so does the charter. I am not certain we are formally submitting it as part of the Planning Permission but are happy to share with planners.

9. If so, will it become binding to the extent we can object to any breaches through the planning process at Islington/GLA?

Obviously when the planning permission is applied for your views will be sought by the planners. It is really up them what they treat as a planning breach but that would only happen if the Charter was made a condition of the Planning Permission.

10. Would it be an ombudsman/service charge challenge appeal if there were Res Charter breaches by Newlon? Islington Council would likely be concerned if commitments made at planning were broken.

I think all of those are true. That would be down to third parties but I know the Ombudsman would take dim view if a breach was mentioned in an official complaint. So might the Council and likewise a tribunal

11. Is Newlon saying that there will be no Section 20 bills related to the transformation work for four years from now, i.e. nothing until at least 2026?

Four years from now is 2025. We cannot say definitely but we are unlikely to charge before then. We are allowed to service charge in advance but don't at present. If we continue to charge in arrears instead of in advance it would be about then.

12. What is Newlon's proposed mechanism for charging the 20 - 100% of the estimated 50k figure if resident leaseholders move out or sell? What is the impact of the phasing of works on works on this, assuming that the planned refurbishment work will be carried out over several years, what timeline apply to the billing?

We would have to invoice as we went along but the principle is subject to Leaseholders signing an agreement to pay/not pay. We are willing to say it will be 20/40/60/80% of the works post move out date.

13. There is no detail about the date for determining residency - what is this? And is it a snapshot date or one that gets checked ongoing? How will Newlon check this?

We are currently proposing the date planning permission is granted. We are used to checking occupancy and there are various places one can find information e.g. electoral roll. We may make it a condition that people tell us and are open and honest about moves.

14. Might payment plans for any NRL bills be possible or will bills have to be paid in one go?

In one go under current rules. Anything else constitutes a loan (even if interest free) and we are not registered with the FCA so cannot give loans

15. Are non-resident leaseholders able to opt in to the internal property refurbishments, paying for them but taking advantage of any economies of scale/shared disruption? We understand the resident leaseholders can, please confirm. Note: We are aware that the 'up to £50K charge' for NRLs proposed is for external common improvements only, not internal work.

We are not allowing NRLs can buy in. The up to £50k is for chargeable works as defined in the lease.

16. If Newlon moves the toilets in OB flats, the soil pipe will possibly cross the windows of the flat below contravening leaseholders' right to light. Newlon is asked to comment on

this please, will design of the refurbishment guarantee that this will not happen?

Only properties that have a separate toilet will be considered for new alteration works. These works are not compulsory and are tenant's discretion as not all households will want to lose their separate WC.

Those residents that have indicated that they wish for these works to be considered to their home will receive a visit from our architect PTE to ascertain if these works can be undertaken as it is likely that the new soil pipe will need to be core drilled through the slab. So we need to ensure that this will not affect the structure of the building before commencing these works throughout. But given that the building has deep foundations. We cannot see at these stage that these works would not be possible.

Please be assured that we will not be running soil pipes across windows. If there is no other option then the toilets will need to remain in their existing location.

17. Please re-confirm that Mount Anvil is not involved in the refurbishment of Old Barnsbury.

Yes

18. Concerns over quality of work across the estate. What will be different this time for the work being undertaken? There is lots of evidence of very poor workmanship in the flats over the years to current work being below standard. Newlon to comment please.

Building work is more regulated than it was at that time with for example more certification required. Newlon will employ its own construction quality manager(s) and Clerk(s) of Works which we did not have in 1999-2004. Specialist advice on e.g. fire and energy will be bought in.

19. How will Old Barnsbury leaseholders and their tenants be compensated for noise and dust etc. during the refurbishment works? It may be harder to rent out flats with adjacent building work going on.

There is no proposal to compensate as matter of routine. Compensation implies something has gone wrong but the periodic carrying out of works even on a large scale is quite normal.

20. What can be shared now about phasing for the Old Barnsbury work?

Not much at all - not because we are hiding anything but because we have not decided or consulted on this yet. It is usual to start with external works.

21. Please confirm that Newlon has said that it will not buy back any flats from non-resident or resident leaseholders in Old Barnsbury under any circumstances.

We can confirm that

