

**Section 20 Landlord and Tenant Act 1985**



**Notice of Proposal**

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To the Leaseholder of 1 Meakin Estate

**20 August 2014**

1 Meakin Estate  
Rothsay Street  
London  
SE1 4QN

*Reference:* cwg-14/013  
*Contact:* Gloria Johnson  
*Telephone:* 020 7525 0046  
*Fax:* 020 8929 9387  
*LBS Property:* 1 Meakin Estate  
*Property Ref:* 1711

**Meakin Estate 1- 123 External Repairs and Redecorations**

**The Council is proposing to carry out external repairs and re-decorations work to your block. A Notice of Intention was previously served on 4th February 2014 describing the work to be carried out and explaining why it is necessary.**

**Why are we writing to you?**

I am now writing to you, prior to awarding the contract, to consult with you on the estimates that were received, and to tell you what your service charge contribution will be.

Section 20 of the Landlord and Tenant Act 1985 requires leaseholders to be consulted before the council carries out any works. The Commonhold and Leasehold Reform Act 2002 introduced new requirements for this statutory consultation. The council is required by these acts to consult leaseholders on works where their contribution towards the works will amount to £250 or more. This is called Section 20 consultation.

The council has previously sent you a Notice of Intention asking for comments on the proposed works and nominations for a contractor to quote a price for these works. This Notice of Proposal is the second stage of Section 20 consultation.

The purpose of this notice is to provide estimates for the proposed work, provide a summary of observations made in the first stage of consultation and invite leaseholders and Recognised Tenants Associations (RTA) to make observations in relation to any of the estimates for the proposed works. An observation form is included in this notice and you have 30 days to reply.

Your contribution towards this work is estimated to be £8,564.13 and will be invoiced in February 2015. Details of the charges are set out within.

This notice is not an invoice and the council is not yet seeking any payments, however if you are selling your property you should advise your solicitor that you have received this notice. Further information on your service charge and payment options is provided on the enclosed sheet.

## Statement of proposed works

Below is a general outline of the proposed works contained in the entire contract:

- Repairs and cleaning to external concrete beams
- Brickwork, access panel improvements
- Rainwater goods renewal
- Drainage improvements and subsequent external decorations

Leaseholders and RTA were invited to make written observations regarding the proposed works in the Notice of Intention.

## Summary of Observations

*There were no observations received*

## Statement of estimate cost

Section 20 requires the council to obtain at least two estimates for these works.

The council obtained the following estimates for this contract:

Lakehouse Contracts.....	£966,609.21
Standage & Co.....	£979,221.68
R & S Builders .....	£1,070,587.00
Repex.....	£1,072,232.00
Borras Construction.....	£1,254,187.00
A & E Elkins .....	£1,329,520.11

Subject to this consultation exercise, the council plans to appoint Lakehouse Contracts as the contractor. There is no connection, as defined in *The Commonhold and Leasehold Reform Act 2002*, between the council and this contractor.

## Your estimated service charge

Attached to this notice is a calculation spreadsheet that summarises the works and costs proposed for your building, as priced by the proposed contractor. Leaseholders *do not* pay for any items in the non-rechargeable column. The below apportionment method is explained in more detail later in this notice.

You have a 2 bedroom property which is assigned 6 units. There are a total of 135 units allocated to your building. Your rechargeable-block-cost is £167,632.01. You are required to pay a proportion of this cost.

Your proportion of the cost of works to your building is then:

$$\frac{6}{135} \times £167,632.01 = £7,450.31$$

Your estimate for this contract is therefore:

Major works to your building	£7,450.31
Estate works	£0.00
	<hr/>
	£7,450.31
Professional fee @ 4.5%	£335.26
	<hr/>
	£7,785.58
Administration fee @ 10.00%	£778.56
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<b>Estimated service charge</b>	<b>£8,564.13</b>

Please note: The council is not yet asking for money and this is not an invoice.

#### **How do leaseholders make legal observations?**

Section 20 requires the council to allow leaseholders and any RTA to submit written observations regarding the estimated costs of the proposed works in this contract, within 30 days from the date of this notice. If you would like to make such observations, they should be addressed to:

Gloria Johnson  
Capital Works Team  
Home Ownership Services  
153-159 Abbeyfield Road  
Rotherhithe  
London SE16 2BS

Or email: [Gloria.Johnson@Southwark.gov.uk](mailto:Gloria.Johnson@Southwark.gov.uk)

Observations must reach the capital works team by **Tuesday, 23 September 2014**. For your convenience an observation form is attached to this notice. Observations do not have to be made using this form.

#### **Further information**

The detailed estimates for these works are available for inspection at the Home Ownership Services, 153-159 Abbeyfield Road, Rotherhithe, London, SE16 2BS, Monday to Friday between the hours of 10am and 4pm. No appointment is necessary to view the estimates - however if you would like to discuss this contract in detail or to arrange a more convenient time to inspect the estimates, please telephone to make an appointment. Alternatively a copy of the detailed estimates can be sent out but this may incur an administration charge of £25.00. A copy can be sent out by email free of charge where possible.

If you have any further questions regarding the contents of this notice, please contact me at your earliest convenience.

Yours sincerely

*Gloria Johnson*

Gloria Johnson  
Capital Works Team  
Home Ownership Services  
Tel: 020 7525 0046  
Email: [Gloria.Johnson@Southwark.gov.uk](mailto:Gloria.Johnson@Southwark.gov.uk)

## **Information about your service charges**

Your lease is a legally binding agreement between the council and you. It sets out all of the rights and obligations of both parties relating to your property and the building or estate in which it is situated.

In general, as a leaseholder you are responsible for the repair and maintenance of everything inside your home and the council is responsible for the structure, exterior and common parts of the building. The council is also responsible for the provision of routine services such as communal heating and lighting of common parts, for example stairwells and entrances.

As a leaseholder you will be required to pay a fair proportion towards the costs of maintenance, repair or renewal to your building or estate, also towards the costs of any services provided by the council for communal use. These contributions are known as service charges.

### **About your estimate**

The law allows leaseholders to be invoiced on an estimate if the lease allows it - Southwark's leases do allow this and your service charges will be invoiced on an estimate calculated directly from the priced specification. This is the best estimate of your contribution that the council can give at present.

The specification of works was written following surveys of the relevant buildings, Provisional sums may have been included in order to ensure that funding is available to carry out all necessary work without having to ask for further, and possibly higher, quotes from the contractor. During the course of the contract and following more detailed inspections, any unnecessary work – including any provisional items - will be omitted. We will recalculate your service charges in accordance with the actual costs incurred once the contract has completed. Leaseholder's accounts will be credited or debited accordingly.

### **Administration and Management Fees**

The council will use specialists (both in-house and external) such as building consultants and quantity surveyors, to prepare the specification of works and oversee the contract. These professional services incur a cost and are charged as a percentage of your contribution.

Administration fees are also charged in accordance with your lease at a fixed 10% rate. This fee covers the costs incurred by various teams in the housing department to carry out Section 20 consultation, preparing and managing service charge accounts and to manage the housing stock condition.

### **Calculating your proportion**

Your lease states the council may adopt any reasonable method for calculating your service charge and may adopt different methods in relation to different items of costs and expenses. Service charges are fairly proportioned between all properties in your building. The council pays the proportion relating to rent-paying tenants from the rents received. The cost of services to tenants is not subsidised in any way by leaseholders.

Typically, for works to the structure of a building such as roof, windows or external decorations, service charges are based on a unit system. This is calculated by adding four to the number of bedrooms in a property. For example, a bedsit has four units, a one-bedroom-flat five units. The

number of units for each block or estate is totalled and divided into the cost to give a cost per unit, and that cost is multiplied by the number of units for each individual property to come to the charge for that property. This means that the owner of a three bedroom property will pay more for an individual service than the owner of a one bedroom flat in the same block. This method was agreed by the Home Owner Council.

- For contracts that are specific solely to service items, such as lifts, door entry systems, water tanks etc. costs are equally proportioned to all properties. The costs relating to estate-works such as drainage or lighting are also equally proportioned to all properties.

### **Repayment of service charges**

We are aware that some leaseholders are not in a position to settle their major works charges within a relatively short period of time as set down in the terms of their lease. We can therefore offer various payment options to help leaseholders. These include:

- Payment of interest free monthly instalments over 36 months. Please note that if the standing-order payments do not commence promptly, upon receipt of the invoice, and if any payment is missed then this scheme will no longer be available and you will be required to pay in accordance with your lease. This option is not available for leaseholder's who sublet their property.
- We may be willing to offer a discretionary service charge loan, which would help you to pay by monthly instalments over a period of up to 25 years at 1.5% above the base rate of the National Westminster Bank plc, provided there is sufficient equity in your property to cover the loan. There is an application fee which covers the council's costs in securing the loan against the property; this amount can be added to the loan.
- We may also be willing to offer a discretionary voluntary charge loan which will allow you to repay the debt at a time the property is sold or transferred. The interest rate is 2% above the National Westminster Bank base rate, there is an administration fee which can be added to the loan. This option is only available provided there is sufficient equity in your property.

Further details on these and other payment options will be included with the invoice. Should you require any further information in this regard, including confirmation of interest rates, please telephone the capital collections team on 020 7525 1400.

### **If you are selling your property**

If you are in the process of selling your property please pass a copy of this notice to your solicitor or telephone 0207 525 0573 for more information.

**Section 20 Landlord and Tenant Act 1985  
Schedule 4 part 2  
Notice of Proposal**

**14/013: Meakin Estate 1- 123 External Repairs and Redecorations**

**Leaseholder Observation Form**

This form has been included to help you make observations regarding the estimates for the proposed works outlined in the Notice of Proposal. If you choose not to use this form please include the information in the grey-box in your reply.

◆ I have the following comments regarding the estimates for the proposed works:

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*Name (print)*     Mr / Mrs / Ms

*Address*         1 Meakin Estate  
                        Rothsay Street  
                        London  
                        SE1 4QN

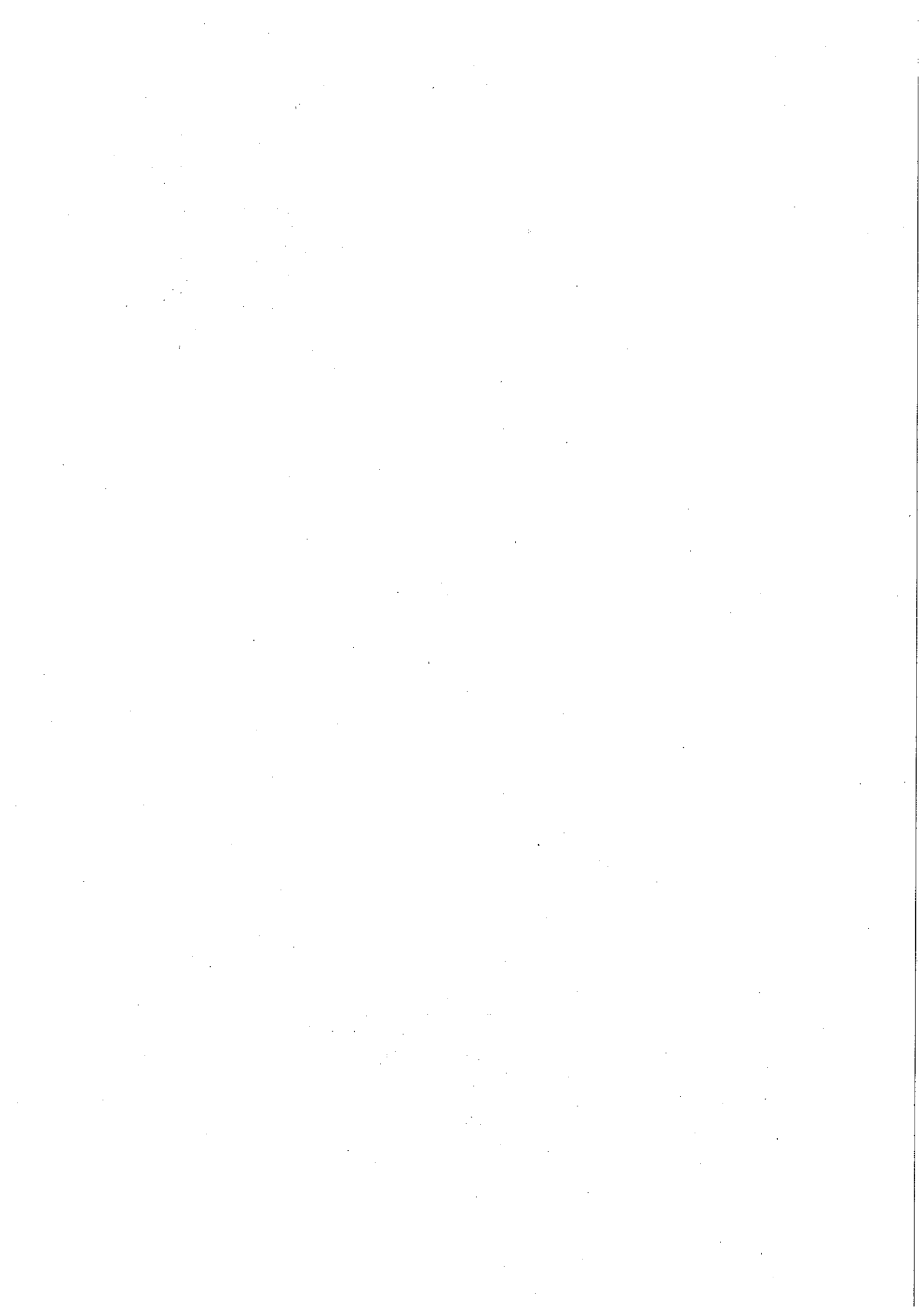
*Signature*        \_\_\_\_\_

*Date*                \_\_\_\_\_

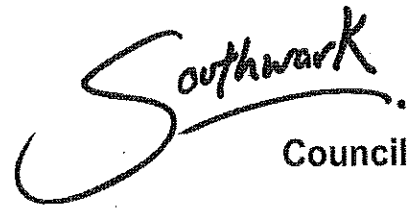
*Contract*     14/013  
*LBS add*     1 Meakin Estate  
*LBS ref*     1711

*Return to*     Gloria Johnson  
                        Capital Works Team  
                        Home Ownership Services  
                        153-159 Abbeyfield Road  
                        Rotherhithe  
                        London SE16 2BS

*Due by*        23 September 2014







**Notification: Service Charge Account 2014/2015**

Account Number: 6100801267

Property Reference: 1711

Property address: 1 Meakin Estate, Rothsay Street, London, SE1 4QN

Date: 20 August 2014

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**Revenue Service Charge:**

Estimate Revenue Service Charge for 2014/2015 £2,225.21

A breakdown of the service charge, how it has been calculated and what is included within each service charge heading was issued to you on 22 January 2014

**Major Works Service Charge:**

Estimated Major Works Service Charge for 2014/2015 £6,851.31

A breakdown of the above service charge, how it has been calculated and what is included within each service charge heading is contained on the Section 20 Notice enclosed with this notification.

Previously notified on 22 January 2014 Major Works Service Charge £0.00

**Total due for the year 2014/2015 payable quarterly in advance in accordance with the terms of your lease (Actual revenue service charge for 2014/2015 will be issued in October 2015).** £9,076.52

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## **What is this Notification?**

This notification of service charges is sent in order to comply with the terms of your lease, which require that the council notify you of all of the estimated charges for the year, including both major works and day to day annual charges.

Traditionally the council have not broken down the major works charge to show what is to be spent in each financial year. Instead they have billed all of the costs for the work in one invoice that is separate from the annual charges. This allows the council to offer longer term payment schemes to leaseholders for major works, which are not available for the annual service charge.

Leaseholders who do not want to take advantage of the payment schemes available, and who want to pay all of their charges within the financial year that they relate to, are entitled under the terms of their lease to do this, and a recent legal decision means that the council will in future be required to notify all leaseholders that they have this right, and to set out what the annual charge would be as shown overleaf.

## **Do I have to start paying now?**

No. If you want to make arrangements outside of the lease terms you can wait until the council sends an invoice for the major works charges in February 2015. This means that instead of arranging to pay all of the major works charges for this year now, you wait for the council to invoice you, and make an arrangement with the council to pay the charges according to various payment schemes that are available for major works which will allow you to spread the payments.

## **If I wait until I receive the invoice, how can I spread my payments?**

Leaseholders who are resident at the property can spread payments over 36 months, and sometimes longer, without paying interest. Other schemes are available to spread payments over a longer period. These schemes are available to all leaseholders but interest is payable on the debt. Full details of the schemes available can be discussed with the collections team. Their telephone number is below.

## **If I want to start paying now, what do I do?**

Your lease allows for payments to be made on each quarter of the year for the costs that the council estimates that it will incur within that year. The attached notification details the proportion of the total cost that the council estimates for the major works for this year.

If you want to pay in this way you should contact the collections team, who will calculate your payments for each quarter and set up a payment arrangement for the full estimated service charge for the year. You can contact the collections team on 0207 525 5936.

You should note, that if you decide to make payments on this basis, you cannot at a later date decide that you wish to take up the more extensive payment plans for major works that the council offers.

# Service Charges: Summary of tenants' rights and obligations



[www.southwark.gov.uk/tenantsowners](http://www.southwark.gov.uk/tenantsowners)

## Introduction

This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge.

The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.

1. Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.

2. You have the right to ask the First Tier Tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine

- Who should pay the service charge and
- Who it should be paid to
- The amount
- The date it should be paid by and
- How it should be paid.

3. However, you do not have these rights where

- A matter has been agreed or admitted by you;
- A matter has already been, or is to be, referred to arbitration or
- Has been determined by an independent arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose or
- A matter has been decided by a court.

4. If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.

5. Where you seek a determination from the First Tier Tribunal, you will have to pay an application fee and, where the matter proceeds to an oral hearing, a hearing fee, unless you qualify for fee remission or exemption. Making such an application may incur additional costs, such as professional fees, which you may have to pay.

6. The First Tier Tribunal and the Upper Tribunal (in determining an appeal against a decision of the First Tier Tribunal) have the power to award costs in accordance with Section 29 of the Tribunals, Courts and Enforcement Act 2007.

7. If your landlord

- Proposes works on a building or any other premises that will cost you or any other tenant more than £250 or
- Proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period.

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or the First Tier Tribunal has agreed that consultation is not required.

8. You have the right to apply to the First Tier Tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.

9. You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must

- Cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
- Cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods.

10. The summary must be given to you within one month of your request or six months of the end of the period to which the summary relates whichever is the later.

11. You have the right, within six months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.

12. You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.

13. Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.

#### Home Ownership Services

153-159 Abbeyfield Road  
Rotherhithe  
London  
SE16 2BS

Telephone: 020 7525 1400

Email: [hsg.homeownership@southwark.gov.uk](mailto:hsg.homeownership@southwark.gov.uk)

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Prelims	137,768.35
Dayworks	0.00
Provisional & contingency	76,000.00
Scaffolding	98,818.78
Measured Works	654,022.08
<b>Total</b>	<b>966,609.21</b>

Specification Item	Re-chargeable	Other non-rechargeable	Total Non-rechargeable	Total	Description of Works
Block Scaffolding		18,145.06			
A-L (3/9)	20,148.10		0	20,148.10	Works to all existing metalwork, railing, balustrade, fencing soil stacks etc; including works to all communal stairways inclusive of string and underside of staircase.
E-G (3/10)	3,119.30		0	3,119.30	Works to all stack vents to provide galvanised wire balloons to prevent bird nesting; to include access to each stack for inspection, repointing and repair.
A-D (3/10)	6,416.78		0	6,416.78	Repointing & brickwork repair
A-I (3/11)	1,027.20		0	1,027.20	Works to Flat Roofs to Staircases and Calorifiers (hot water tank room)
J-K (3/11)	10,700.00		0	10,700.00	Brick cleaning
L-M (3/11) & A-J (3/12)	22,178.06		0	22,178.06	Works to all balcony gulleys, rain water pipes etc.
C-H (3/13)	15,836.20		0	15,836.20	Works to balcony asphalt inclusive of full level survey ect.
I-K (3/13) & A-B(3/14)	4,627.44		0	4,627.44	Works to bike room; provision of lighting & renew security door etc;
C-H (3/14)	0.00	1,404.15	1,404.15	1,404.15	Roof works to TRA (Tenants Residence Association) Hall
I-K (3/14)	6,398.60		0	6,398.60	Works to ceiling ducts
L (3/14)	6,072.25		0	6,072.25	Flowcrete stair covering to all common stairs, entrances & landings for all blocks
A-F (3/15)	856.00		0	856.00	Carry out full CCTV surveys of vertical and below ground drainage from roof level to include up to the site perimeter
2.2 (3/4) - 4.4.11(3/8)	15,282.95		0	15,282.95	Concrete repair & protective work
<b>Totals measured works</b>	<b>112,662.88</b>	<b>1,404.15</b>		<b>114,067.03</b>	
<b>Prelims</b>	<b>23,732.19</b>	<b>295.78</b>	<b>295.78</b>	<b>24,027.98</b>	
<b>Dayworks</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Provisional &amp; contingency</b>	<b>13,091.88</b>	<b>163.17</b>	<b>163.17</b>	<b>13,255.05</b>	
<b>Scaffolding</b>	<b>18,145.06</b>	<b>0.00</b>	<b>0.00</b>	<b>18,145.06</b>	
<b>Totals</b>	<b>167,632.01</b>	<b>1,863.10</b>	<b>1,863.10</b>	<b>169,495.11</b>	

Rechargeable Block Cost 167,632.01

