

ROYAL BOROUGH OF KENSINGTON AND CHELSEA
HOUSING AND COMMUNITIES SELECT COMMITTEE – 13TH MAY 2024

DIRECTOR OF HOUSING MANAGEMENT

LEASEHOLD SERVICE CHARGES

The report describes the system and process for calculating service charges for leaseholders and tenants. These costs have recently increased significantly bringing into question the transparency of the process and the accuracy of the charges. The committee is requested to review and comment on the transparency of the process and resultant accuracy of the charges and to recommend any improvements.

FOR DISCUSSION

1 EXECUTIVE SUMMARY

- 1.1 Leaseholders and tenants are charged service charges as their contribution towards the cost of delivering services to their blocks and/or estates. Although these charges are legally chargeable under the terms of the lease and tenancy agreement, the Landlord and Tenant Act mandates that the cost should be fair and reasonable.
- 1.2 We have in recent times seen significant increases for services such as gas, electricity and buildings insurance etc. which have had a considerable impact on leaseholders' invoices.
- 1.3 The report sets out how the service charges are calculated for both tenures and how officers work towards fairness and reasonableness. It also describes how errors may arise and how they are put right.
- 1.4 We strive to improve the process continuously and the report will touch upon the initiatives in place to affect this.

2 RECOMMENDATION

- 2.1 To consider the attached report and decide whether the Committee wishes to make any comments or recommendations to the Leadership Team regarding its contents, or any procedures or proposals contained therein.

3 QUESTIONS TO CONSIDER

- 3.1 The Committee's views are sought on the following:

- Does the Committee think that the processes for calculating both leasehold and tenanted service charges are transparent?
- Has sufficient assurance been provided concerning accuracy, calculation and rectification of charges?

4 INFORMATION ABOUT THIS REPORT

4.1 The report does not relate to any key decision.

5 MAIN REPORT

5.1 The Housing Department within RBKC manages 9,616 dwellings of which 19 are traveling sites, 7,069 are rentable dwellings (6,714 held by the Housing Revenue Account and 355 by the General Fund) and 2,528 leasehold.

5.2 The total service charges charged to tenants at the start of the financial year was £6,109,999 and the total estimated service charges allocated to leaseholders for 2024/25 was £6,378,103.

5.3 The Council is obligated by the Housing Act, tenancy agreements and leases to deliver services to the buildings and estates and, in turn, a charge can be made for such services called a 'service charge'.

5.4 Parking charges do not form part of service charges and are paid separately.

5.5 The calculation methodology for service charges made to tenants and leaseholders are not identical and the report will focus first on tenants and then leaseholders.

Tenanted Service Charges

5.6 General need tenants would pay rent and service charges. The rent calculation is in the main set and the annual increase dictated by government. The rent charge would include any costs incurred towards repairs and maintenance of the structure, any internal repairs or improvements needed in the flats, such as the installation of decent kitchens and bathrooms or communal services, such as installing a lift.

5.7 Service charges usually reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than being particular to the occupation of a dwelling. Service charges are limited to covering the cost of providing the services.

5.8 Registered providers are expected to set reasonable and transparent service charges which reflect the service being provided to tenants. Tenants should be supplied with clear information on how service charges are set. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge. We do this annually by providing a Rent Increase letter explaining the increases and including a breakdown of the

service charges. A link to an explanation of what each service entails is included in the letters (refer to Appendix A for a copy of the list of charges).

- 5.9 Registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI (as at September in the previous year) + 1 percentage point, to help keep charges affordable. The uplift for the 2024-25 charges was 6.7 per cent and was applied to the previous year's charge for the majority of 'heads of charges' (this is the collective term used to refer to individual elements that may attract a service charge e.g. concierge, garden maintenance etc.) The exceptions will be explained below.
- 5.10 Caretaking and supporting people (related to tenants in sheltered accommodation) are services that are delivered in-house, and the increase applied was 4 per cent to reflect the increase in salary costs.
- 5.11 The cost of energy, both for gas and electricity have increased exponentially in recent times. Energy is bought in batches throughout the year and the new rate is only set at the start of the financial year; this is beyond the date by which all Rent Increase letters should be issued. We therefore rely on Crown Commercial Services, our brokers, to advise as to the likely percentage increase. In 2023-24 the cost of electricity was increased by 125 per cent and we were able to apply a slight decrease to 0.66 per cent for 2024-25.
- 5.12 Where new or extended services are introduced, and an additional charge may need to be made, registered providers should advise tenants of the charge a month before making the charge. This was done for new services such as communal water charges and security patrols at Worlds End Estate.
- 5.13 Heating charges are calculated for each block based on the average consumption of gas by the block during the last three years multiplied by the anticipated price and then apportioned across all flats. As part of the calculation officers would also review if there was any over or undercharge for the last complete financial year. Any overspend is absorbed by the Council and any underspend is applied to the calculation of the next year's charge.
- 5.14 The exceptions are Trellick Tower and Hazlewood Tower, as individual meters are installed within each of the flats and the charge made is based on the consumption by each flat.

Leasehold Service Charges

- 5.15 Service charges are made both for day-to-day services delivered such as buildings insurance, caretaking, grounds maintenance, gas and electricity etc. (the full list of charges made by the Council can be found in Appendix B) and also for major works carried out to blocks and/or estates which typically relate to larger schemes of work such as cyclical repair and maintenance of roofs or windows etc.
- 5.16 The Council do not have sinking funds and often the invoices associated with major works can be for large amounts. We have worked with leaseholders

designing payment options to assist with affordability, payment options range between 2 to 20 years. Where possible we also offer to buy back properties. This report however focusses on day-to-day charges.

- 5.17 Although the lease would stipulate which services the Landlord should deliver and for which a service charge can be made, it is also subject to legislation. The Landlord and Tenant Act defines what a service charge is (s18) and that the service charge cost must be reasonably incurred, and the service or works must be carried out to a reasonable standard (s19).
- 5.18 Service charges can go up or down without any limit, but the landlord can only recover those costs which are reasonable. Leaseholders have rights to challenge service charges that they feel are unreasonable at the First-tier Tribunal (Property Chamber).
- 5.19 Usually, the lease simply provides for the landlord to recover its outlay for maintenance, repair and upkeep of the building, including management costs, from the leaseholders. The landlord is reimbursed for his expenditure but is not given the opportunity to make a profit from the management.

Estimated (budgeted) and Actual Service Charges

- 5.20 Each year in March/April, leaseholders receive a set of estimated charges for the financial year 1 April to 31 March. These are the predicted cost of what the Council expects to spend in managing and maintaining the building, block and/or estate. The terms of the lease allow for service charges to be collected in advance and sometimes in arrears, though they may also be paid in monthly instalments.
- 5.21 At the end of the financial year, we compare the actual cost of delivering the service to the predicted cost at the start of the financial year and the difference is then applied to accounts in September/October in the form of a credit or an additional invoice, also known as a Final Account Adjustment.

Service Charge Process

- 5.22 Our aim is for the estimated costs to match the actual costs as closely as possible as it assists leaseholders to budget effectively, and to receive funds and budget for future expenditure. In order to match the estimated costs as closely as possible to the actual costs, we carry out an analysis of the actual costs for the past three years, for each service charge heading: 'Building Repairs', 'Internal Communal Repairs', 'External Siteworks' etc.
- 5.23 We increase these costs in line with inflation, using published indices, so that the costs are set to an equivalent level for the new financial year and are more realistic. We will frequently base the new estimate on an average amount calculated across the last three years. Sometimes, however, we will need to take other factors into consideration, such as where there was an unusually high cost of repairs one year, or where a gardening contract was not previously in place.

- 5.24 We will also take account of any procurement undertaken within the year which may impact on the charges for the next year. As an example, we may have tendered for a new lift servicing and maintenance contract during the year, and we will therefore use the tendered rates of the winning bid for service charge purposes.
- 5.25 Utilities are bought in batches throughout the year and the new rate is only set at the start of the year, too late to be used in calculating the estimated invoices that are issued. In this case we rely on Crown Commercial Services, our broker's advice as to the likely percentage increase to apply.
- 5.26 Producing the Service Charge Final Accounts is a complex and time-consuming process. Although Home Ownership calculates the charges to leaseholders at the end of the financial year, costs are incurred throughout the year by service delivery teams such as Estate Services and Repairs etc. These teams would keep individual records of the work undertaken and arrange for purchase orders to be raised on the Council's Finance system, IBC, so invoices can be paid.
- 5.27 At the end of the financial year, after the Council has signed off the year-end accounts, Finance provides the final General Ledger report containing all transactions for the financial year to Home Ownership; this is circa 25,000 transactions. This report is the starting point for generating the service charges.
- 5.28 The service charge accountants would then work through this report, coding each transaction so that they are grouped for each building, blocks or estate. They then identify non-rechargeable costs that should not be passed on to leaseholders. For any services where we make regular payments for a service, charges have to be apportioned to all the leaseholders within the block who may benefit from that service. An additional complication is that some one-off invoices do not cover one specific block.
- 5.29 After each line has been coded with a location identifier, the Service identifiers can be added. Once all of the above has been completed, the accountants review each item description to validate the recharge. In a lot of cases this may mean that the accountants would have to refer back to the records held by the different teams and compare the IBC data and copy invoice to assign the appropriate codes. Queries are raised with the individual teams and/or Finance as needed.
- 5.30 When this work is complete, all the data is transferred to the service charge spreadsheets which are used to apportion the costs. Once all the data above has been updated, a review of the adjustments is undertaken which looks at the reasonableness of charges at estate, block and property level. For repairs, further checks are needed as any charge for an individual repair that exceeds £250 will need to be capped unless we have served a S20 Notice.
- 5.31 The result is checked by managers within Home Ownership and the service delivery heads of services are also provided with the opportunity to scrutinise

the cost before signing it off. Once completed, the charges are discussed with the Director of Housing and changes are made where needed.

5.32 Once satisfied with the checks and analysis, the charges are sent to Finance to audit. During the audit, Finance would raise all relevant queries and once they are satisfied, the cost is certified by the Executive Director of Resources and Assets. It is only after the process reaches this point that adjustment notices are prepared, printed and sent to leaseholders.

5.33 The process may be best explained by looking at what steps are followed in the example below where a repair has been raised for a roof tile replacement:

- A call is logged to Customer Services via their system, Service Connect, and they arrange a contractor to attend. For the sake of the example, we will assume that an external contractor has been assigned the job.
- The contractor inspects and provides a quote which is accepted by the Council.
- Purchase order is raised via IBC.
- Council accepts the quote and the operative attends to replace the roof tile.
- Invoice is loaded in the finance system (IBC), goods receipted by the Council and paid.
- The Repairs team can, at this stage, indicate on Service Connect if the repair should not be rechargeable.
- At the end of the financial year, all the repair orders logged via Service Connect are provided to Home Ownership in a report (approx. 4,000 lines) and Finance also provides the full list of all transactions logged on IBC during the year.
- The Service Charge Accountant would code the repairs listed on the Service Connect report to the building and assign an identifier.
- The Service Charge Accountant would then identify the transaction on the IBC report and add the cross reference.
- The description would be read, and a decision would be made whether the repair is indeed rechargeable or not. If there is any doubt, the accountant would view the invoice and see if any further information on Service Connect may be of assistance. If not, queries would be raised with Repairs or Finance as appropriate.
- Checks are done as to whether a S20 notice was required, and if so, whether the notice was issued. If not, the cost would be capped to £250 for the individual repair.
- Contemporaneous notes taken during the year about non-rechargeable works would be checked to see if this repair was on that list.
- Where needed, a further check is done with colleagues in Capital Projects to find out if the repair may have been carried out shortly after a major works contract and therefore still be within the Defects Liability Period. If so, the repair would not be recharged.
- All the repairs for the particular building are grouped together.

- The total cost is apportioned over all the flats in the building/estate.
- The total cost is compared to the estimates cost and the difference identified.
- After the charges are verified and checked, they are audited by colleagues in Finance.
- Once agreed, the adjustments are issued to leaseholders.

This process is repeated for each of the repairs raised. Last year circa 4,000 communal repairs were raised. The process is also repeated for each of the other heads of charges.

Challenges with service charge calculations

- 5.34 As Housing operates several different recording systems, there is no common denominator between the finance system and the data kept by the service delivery teams. Consequently, in many cases the matching invoices to lists of works must be done manually. For Repairs as many as three different systems are in play: Service Connect used by Repairs to log the repair, IBC, the Finance system for payments and One Housing where all housing data is kept. Most of the work done by the service charge accountants is carried out in Excel, combining and comparing spreadsheets and reports from all the different systems; these would not necessarily contain unique identifiers to assist the collation of data, which results in a lot of manual work matching data. Should one system be used from start to finish, it would ensure a quicker, more efficient and accurate approach to service charge calculation.
- 5.35 An added complication is that service charges have seen sharp increases in the last two to three years. Energy has increased by up to 330 per cent due to the war in the Ukraine and although we are starting to see some minimal reductions, we have been warned that the cost will never return to pre-2021 levels. Coupled with that, inflation has been very high, impacting on every head of charge. Most recently we have also seen an increase of circa 100 per cent in Buildings Insurance due to difficulties being experienced in that market. A further explanation of the situation and what we have done is contained in Appendix C.
- 5.36 The estate care function which includes caretaking and cleaning was brought in house during October 2021 and some leaseholders would have seen an increase in cost as a result. The cost to the Council has reduced, taking into account inflation, but regardless, some service charges have increased. The reason for this is that bringing the service in house gave the Council the opportunity to review all the costs incurred and the charges made. Some leaseholders have benefited from artificially low charges in the past and these have now been corrected.

Corrections

- 5.37 Despite staff diligence, because these processes are so complex there will always be a risk that mistakes are made due to the sheer volume of transactions and the manual processes involved. In some cases, officers may spot an error

after the invoices are released, or leaseholders may raise queries after they had the time to scrutinise their invoice.

- 5.38 We always investigate and discuss the concern raised with the relevant service delivery department where needed. Corrections are made as soon as a decision is reached and all the leaseholders within the block's service charges would be adjusted, not just the leaseholder who raised the matter.

Transparency

- 5.39 The above report explains the process adopted to enhance the accuracy of the charges. To ensure transparency of charges, s22 of the Landlord and Tenant Act provides that leaseholders can request, within six months of receiving the costs, reasonable facilities to inspect, or make copies of, all the invoices or supporting documentation. We would normally deal with these requests by sending invoices directly to the leaseholder so they can examine these documents at their leisure. If any queries are raised, they are investigated and, where required, adjustments made as explained in 5.42.

Continuous improvements

- 5.40 As stated above, it would be beneficial to have the entire process on one system but as that is unlikely to be possible in the near future, other initiatives have been introduced to enhance the accuracy and transparency of service charges:
- 5.41 A working group with tenants was established during 2021 to discuss service charges. The tenants suggested improvements which were adopted and a leaflet was co-designed, explaining each head of charge. We are about to start a working group with volunteer leaseholders from the Homeowner Panel looking at service charges. The first meeting will take place on 30 April 2024, when the terms of reference will be confirmed. We are hoping to work through each of the heads of charges and that improvements will be identified together.
- 5.42 The Homeowner Panel, open to all our leaseholders, is used as a soundboard and forum where service charges are regularly discussed. Caretaking, grounds maintenance, insurance and repairs have been discussed during the last year and any comments and suggestions made were taken forward by the teams as a result.
- 5.43 The annual Homeowner Event in autumn provides an opportunity to meet a great many of our customers face to face. As service delivery teams are also in attendance, concerns can be discussed by all the relevant parties at the same event, and if they are not resolved at that time, they will be followed up and resolved at the next available opportunity.
- 5.44 In February/March 2024, the service charge process was subject to internal audit, with the outcome due to be provided within the next few weeks. The early indication is that we may expect to receive a couple of minor recommendations.

- 5.45 Home Ownership is working very closely with all the service delivery teams and will be undertaking specific training around service charges with Repairs officers during May. The aims of the training will be two-fold: firstly, to ensure that when an order is raised the description is clear as to the location and reason for the repair and secondly, to ensure that S20 Notices are issued for any repairs that may exceed a contribution of £250 for any leaseholder.
- 5.46 The feedback loop with the different heads of service delivery teams must be strengthened and we are continuously working to achieve this. It is important that all services understand the importance of service charge recovery in a context where the HRA is under increasing pressure. All officers must ensure that the work and services they undertake are set out and paid for in such a way that leads to an accurate service charge.
- 5.47 In the same vein, Home Ownership arranges 'lessons learnt' sessions at the completion of each service charge cycle to discuss any system improvements or process improvements that should be made for the next cycle. This ensures that continuous learning is adopted.

6 TIMESCALE FOR CONSIDERATION

- 6.1 We would like to incorporate any recommendations in the Actual Service charges where possible, ideally by July 2024.

7 FURTHER INFORMATION

- 7.1 Appendices attached as below:

Appendix A - Full list of day-to-day service charges made to tenants

Appendix B - Full list of day-to-day service charges made to leaseholders

Appendix C – Email from Cllr Sof McVeigh to colleagues re buildings insurance

FOR DISCUSSION

Doug Goldring
Director of Housing Management

Background Papers used in the preparation of this report: None

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Appendix A

Full list of day-to-day service charges made to tenants (note that all tenants would not necessarily receive a charge for each of the headings):

Building Costs	Description
Bulk refuse clearance	Removal costs relating to refuse that has been dumped at or around your building/estate that cannot be traced to any particular individuals. If the Council finds out who has dumped bulk rubbish and they are a resident on the block/estate, they will be charged for the full amount for the removal of the fly-tip. The cost of the recharge will include all the costs incurred in removing the items.
Caretaking and Cleaning	The share of costs associated with providing a caretaking service which includes monitoring the buildings and estates as part of fire risk assessments and requesting and carrying out any minor repairs such as changing light bulbs, recurring door handles etc. This also includes the cost of supervisors that manage the service. Cleaning is the costs associated with providing regular cleaning to the communal areas of the buildings. This service was previously delivered by OCS but has now been brought in house. You may be in receipt of one or both of these services dependent on the nature of your building.
CCTV maintenance	Costs for maintaining and servicing equipment and obtaining CCTV images when required.
Common parts electricity	Costs attributable to the use of electricity for communal lighting, lifts etc.
Concierge	The provision of a concierge security system.
Digital Television	The provision to access a digital television service
Estate lighting consumption	Costs attributable to the use of electricity for communal lighting etc. to the estates.
Estate garden maintenance	Maintenance of any communal garden areas, such as planting flower beds, pruning trees, soft landscaping, etc.
Fire Risk Assessment	The cost to check the fire doors and the cost of carrying out fire risk assessment.
Heating	The cost of energy to heat your home.
Hot water	This cost of energy to provide hot water to your home.
Heating and hot water	There are homes for which energy for heating and hot water is supplied by the Council and this cost is shown under "Heating and Hot Water".

Building Costs	Description
Paladin cleaning and maintenance	Cleaning, repair and maintenance of the communal refuse paladins.
Health & Safety – Pest control	Costs associated with the treatment to remove pests or vermin from buildings. Please note that this is not for treatments to individual flats but when the Council believes that a block or building treatment is required.
Porterage and supervision	The provision of a Porterage service.
Supporting people	The provision of staff to support people in the community.
Water tanks	Costs associated with the maintenance of any cold-water storage system your property may be connected to. This can include items such as water quality testing and water regulations compliance checks.
Window Cleaning	The cost associated with the cleaning of the communal glass/windows
Hostel electricity	The cost of providing electricity to the Hostel.
Hostel gas	The cost of providing gas to the Hostel.
Communal Heating	The cost of communal heating supplied to the communal area of the building such as the lounge/communal hall.
Communal water	The cost associated with the supply of water in the communal area

Appendix B

Full list of day-to-day service charges made to leaseholders (note that not all leaseholders would necessarily receive a charge for each of the headings):

Building Costs	Description
Repairs to Building	Repairs to the structure of the building including windows to individual flats.
Cleaning and Caretaking	The costs associated with providing regular cleaning and/or caretaking services to the communal areas of the building. The caretaking element includes monitoring the building and requesting any works, services or repairs that are required. This also includes the cost of supervisors that manage the service. Please note that properties that receive only cleaning or caretaking service will still have the service described as cleaning and caretaking.
CCTV Maintenance	The maintenance of CCTV systems in properties to optimise the performance of the CCTV systems.
Water Tank Maintenance	The regular inspection of water tanks for leaks or damage, and the regular cleaning of the water tanks.
Porterage & Supervision	The provision of a porter service where expected under the terms of the lease agreement.
Internal Communal Repairs	Repairs to the internal common parts of the building This could include items such as internal flooring, notice boards etc.
Concierge	The provision of a concierge security system or CCTV for your building.
External Siteworks	Minor repairs carried out to the external areas of your building. This could include items such as boundary walls or fences and footpaths.
Garden Maintenance	Maintenance of any communal garden areas, including planting flower beds, pruning trees, soft landscaping, etc.
Health & Safety – Pest Control	Costs associated with the treatment to remove pests or vermin from the building your property forms a part. Please note that this is not for treatments to individual flats but when the Council believes that a block or building treatment is required.

Building Costs	Description
Common Parts Electricity	Costs attributable to the use of electricity for communal lighting, lifts etc. to the building.
Common Parts Electricity Repairs	Maintenance to the lighting for communal areas.
Digital Television	The provision to access a digital television service
Bulk Refuse Clearance	Removal costs relating to refuse that has been dumped at or around your building that cannot be traced to any individuals.
Lift Insurance	The cost of the statutory inspection service of the lift.
Lift Repair / Maintenance	Repairs and maintenance of any lifts that exist in your building.
Paladin Maintenance	Repair and maintenance of the communal refuse paladins
Fire Risk Assessment	The cost of Fire Risk Assessments, which includes servicing of fire detection and firefighting equipment.

Estate Costs	Description
Estate Concierge	The provision of a concierge security system or CCTV for your estate.
Estate Paladin Maintenance	Repair and maintenance of the communal refuse paladins serving your estate.
Estate Cleaning and Caretaking	The costs associated with providing regular cleaning and/or caretaking services to the communal areas of the buildings and/or estate. The caretaking element of the service includes monitoring the buildings and estates, and requesting any works, services or repairs that are required. This also includes the cost of supervisors that manage the service. Please note that properties that receive only estate cleaning or estate caretaking service will still have the service described as estate cleaning and caretaking.
Estate Lift Insurance	The cost of the statutory inspection service of the lift.
Estate Health & Safety – Pest Control	Costs associated with the treatment to remove pests or vermin from the estate. Please note that this is not for treatments to individual flats but when the Council believes that an estate treatment is required.
Estate Lighting Repairs	Costs attributable to the provision of communal lighting across the estate but excluding electricity costs.
Estate Lighting Consumption	Costs attributable to the use of electricity for communal lighting, lifts etc. to the estate.
Estate Garden Maintenance	Maintenance of any communal garden areas, such as planting flower beds, pruning trees, soft landscaping, etc.
Estate External Siteworks	Minor repairs carried out to the external areas of your estate that you share in common with other residents. This includes items such as boundary walls or fences and footpaths.
Estate Bulk Refuse	Removal costs relating to refuse that has been dumped in bulk at or around your estate that cannot be traced to any individuals.

Other Costs	Description
Management Fee	The share of costs of the Council's costs in providing services in relation to the management of your account, building or estate including dealing with enquiries, invoicing, income management etc.
Building Insurance	The share of the insurance premiums relating to your property
Cyclo Controlled Heating	Provision of the cyclo-control system associated with the district heating system.
Maintenance, Heating, Ventilation & Pump Systems	The annual planned maintenance of the district heating system and/or planned maintenance of ventilation and pump systems.
Heating – Electrical	Electricity usage for the district heating system.
Heating – Gas	Gas usage for the district heating system.
Boiler Repairs	The repair, renewal and maintenance of the district heating system.
Boiler Insurance	The cost of the statutory inspection service of the boiler.
Communal Water Charges	The cost of providing water to the communal areas of estates and blocks of flats which have communal taps.

Appendix C

Cllr Sof McVeigh wrote to colleagues on the 23 March 2024 explaining the position around building insurance and actions taken:

Dear Colleagues,

As many of you will be aware, local authority residential leaseholders across the UK are facing soaring costs for insurance. This is also the case for Kensington and Chelsea and this year we have seen a near doubling of premiums when compared to last year. If your residents get in touch with you I thought the below information and action would be helpful to know.

This issue first emerged for many Local Authorities last year, and we were able to shelter our leaseholders from the full force of the cost rises by negotiating with our insurer to self-insure the first £100,000 of any claim. To protect the Council from a catastrophic loss we had an aggregate cap in place.

This year, we went out to tender for the insurance and offered a number of options to try and secure the best deal for our leaseholders. We again offered to self-insure the first £100,000 of any claim and also offered insurers the chance to insurer block-by-block, reducing costs for some leaseholders.

Unfortunately, all of these options were refused by the market and we only received one bid for full insurance without any self-insurance. This wasn't the outcome we had hoped for, so we went out to tender again, speaking directly with insurers to encourage them to bid, but again only received one bid.

This is disappointing, and in effect has created a monopoly in the market. I have met with leaseholders to hear their concerns and ideas, and I have written to Lee Rowley MP and the ABI to raise the issue and ask for urgent intervention and to review the situation for future years.

If you need further information please contact Jana or Ray on the copied emails.

Thank you

Best Sof

Cllr Sof McVeigh

Lead Member for Housing Management, Housing Safety and New Homes
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