

## Safety in your building

29 August 2024

Tabriz Court and Shams Court,  
Fulton Road,  
Wembley Park,  
HA9

Dear residents,

### **Tribunal application for service charge costs – share your experience by 13 Sept**

Following the service charge letters that went out earlier this year, we have received several enquiries from leaseholders in your buildings. This is mainly related to the insurance portion of the service charge, but there were some queries about other aspects as well.

This update is going to focus on our new application to the tribunal (including in relation to the insurance aspect of the service charge). If you have any other service enquiries, please email [leasehold.services@networkhomes.org.uk](mailto:leasehold.services@networkhomes.org.uk) or write to the address at the top of this letter.

#### **New tribunal application**

HEB has refused to confirm what it will and will not charge us and you. We have therefore made another application to the First Tier Tribunal (Property Chamber) regarding the reasonableness of service charges related to building safety issues – both the cost of remedial works and increased insurance amounts. We've explained the background and what's happening in further detail below.

During this application process, there may be an opportunity to share your experience again with the tribunal – SNG will only share your views if the tribunal request this and you agree. Previously, in relation to our application for remediation order, we weren't able to give you much notice of this opportunity, so we're asking now to give as many of you as possible the opportunity to share your experience with us and therefore the tribunal.

Please make sure you've read this whole letter before sharing your experience:

- Deadline to send your message: **Friday 13 September**
- Please include within your message to us that you **consent to us sharing your message with the tribunal** – names, emails addresses etc will not be shared.
- Email us on: [BuildingSafetyTeam@networkhomes.org.uk](mailto:BuildingSafetyTeam@networkhomes.org.uk)
- Include in your message: how you have or may be affected by the increased insurance costs, and the situation in general.

#### **Background**

We first wrote to you in April 2022 regarding an increase in your insurance costs. As the neighbouring building Pinnacle Tower has ACM cladding on it – the type on Grenfell Tower – the government requires building owners to remove it. Your building's owner is HEB Assets and they have insured your buildings in the same policy as Pinnacle Tower.

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#### **A summary of this letter**

Following our initial application to the first tier tribunal, to compel your building's owner to remediate your building's issues, we are going to make another application in relation to the cost of the remedial works and increased insurance charges.

There may be an opportunity to share your views/experiences with the tribunal. If you would like to share your experience, we ask that you please send us a message and we will submit to the tribunal if they request us to. The deadline to share with us is **Friday 13 September**.

#### **Reminders**

Your building's fire strategy is currently: **simultaneous evacuation**, which means you must evacuate if you hear the fire alarm, even if you think it is a false alarm.

Please ensure yourself and your household do not access the scaffold for any reason as this is a health and safety hazard. Accessing the scaffolding is a trespassing offence.

Due to the presence of the ACM cladding, the previous insurer declined to renew the policy and so HEB had to source a new insurance provider. The new provider was significantly more expensive – approximately £1.03m compared to the previous circa £130,000 insurance cost. As a result, individual leaseholder’s insurance portion of the service charge rose significantly by up to £5,000, depending on the apportionment of charges received. You’ll have received the specific amounts in previous service charge letters.

SNG (then Network Homes) has engaged with government on this issue, writing to the then Building Safety Minister, and the Secretary of State for Housing in the previous government. We also agreed to cover the substantially increased insurance excess of £100,000 in the event of a fire or water damage incident.

At the end of last year, we wrote to you that we had issued an application for a Remediation Order in the First Tier Tribunal to ensure that HEB undertook the required remediation works – including the removal of the ACM cladding – to your buildings. Scaffolding work has now begun on Shams Court, and the proceedings are currently in a stay until September 2024 pending the progress of these remedial works. We have asked the freeholder for confirmation that the cost of this remedial work will not be passed on to leaseholders, however we have not received enforceable assurances to this effect. For the avoidance of doubt, whilst the freeholder has not confirmed that it will not charge leaseholders for the remedial works, it has also, to date, not included the cost of the remedial works within a service charge demand.

#### **Prohibition on recovering costs of remedial works**

Under the Building Safety Act 2022, there is a prohibition on relevant landlords recovering the cost of taking a “relevant measure” to remedy a “relevant defect” to a “relevant building” by way of service charge, if the relevant landlord is “associated” with the person who undertook or commissioned the construction of the building with a view to granting or disposing of interests in it.

We understand that HEB is “associated” with the developer of your buildings within the meaning of the Building Safety Act by virtue of a shared director, and therefore HEB is not entitled to recharge the cost of the remedial works by way of the service charge.

#### **Current situation regarding insurance costs**

We have sent out the service charge figures for 2022/23 and the estimates for 2024/25 which both include the increased insurance costs. Figures for 2023/24 will be sent out later this year. While in normal circumstances, the increased insurance costs would have become payable already, we have decided to pause collecting the increased insurance portion of the service charge. The remaining service charge payments should continue as usual. This was explained in our letter of the 7 March.

#### **Next steps**

We have commenced an application in the First Tier Tribunal under s27A Landlord and Tenant Act 1985 for a determination that:

- (a) no service charges are due, and could never be due, to the freeholder for remedial works by virtue of its “association” with the developer; and
- (b) the insurance costs from 2022 to date are unreasonable because they have occurred due to the freeholder’s failure to progress remedial works promptly.

If we are able to successfully demonstrate this to the Tribunal, then:

- (a) the freeholder will not be able to charge any leaseholders for the cost of remedial works;
- (b) SNG, and in turn, our leaseholders (to the extent that costs have been passed on to you) may be reimbursed for some or all of the insurance costs from 2022 to date – to the extent that the freeholder is ordered to repay these to SNG.

I want to share this update with you, but I want to make it very clear this is not a guarantee and we do not want to unfairly raise your expectations of a solution. However, we do want you to be aware that we are still working on your behalf to try and resolve this matter (including increased insurance costs) in a way that we see as acceptable. As a reminder, the insurance portion we pay for the tenants' share of insurance has also increased significantly, and so it is also in our best interest to try and reach a solution to this issue.

I know that this is not yet the answer or resolution that you want. I cannot reassure you and state that we will be successful in this matter, but I do want to assure that we are still trying through the relevant legal means. Any resolution may take months to reach – we will update you when we can.

### **Can I join the proceedings?**

Additionally and/or alternatively to sharing your views with us, you may wish to join these tribunal proceedings as an "Interested Party". That means being an active participant in the litigation. You may want to take legal advice about this step. If you do wish to join the proceedings, please let us know and we will provide the tribunal's contact details.

### **What if payments do have to be made for the insurance?**

We have spoken about this before but again wanted to remind you of how payments could be made. Informal payment plans can be made by contacting our leasehold team. We are also able to offer building safety related loans which can then be paid off by arrangement. This is a formal consumer credit arrangement with SNG, which is regulated by the Financial Conduct Authority<sup>1</sup>. There are relevant eligibility criteria, so it is not a guarantee that you will be able to successfully apply for this.

Alternatively, if you are looking to sell your home once the remediation work has progressed, it may be that we can agree with you to pay the insurance costs from the proceeds of the sale of your home. Either of these arrangements will be looked at on a case-by-case basis and depend on individual circumstances.

### **Further support**

As we have shared before, the resident-led End Our Cladding Scandal (EOCS) campaign advised that housing associations should share mental health resources with residents. So please, if you feel you are struggling or just need someone to talk to, there are a lot of organisations who may be able to help you. The EOCS has shared some links: <https://endourcladdingscandal.org/get-support/>. We have also listed some on our website: [www.networkhomes.org.uk/buildingsafetyresources](http://www.networkhomes.org.uk/buildingsafetyresources).

Check out our dedicated webpage for the building safety related updates we've sent: <https://www.networkhomes.org.uk/tabrizshamsbuildingsafety/>. Please get in touch with us on [customerservice@networkhomes.org.uk](mailto:customerservice@networkhomes.org.uk) if you have any questions.

Kind regards

Raj Gandecha  
Head of Resident Management (Building Safety)

<sup>1</sup> FCA consumer credit arrangements are regulated by the FCA and any complaints arising from these arrangements by the Financial Ombudsman Service; Sovereign Network Homes, reference number FRN 919890, is authorised to provide Limited Permission lending and debt counselling on a not for profit basis. Details of our FCA permissions can be found on the **Financial Services Register**.