

HOUSE OF COMMONS

Minutes of Meeting

PORTCULLIS HOUSE
Room 0-10:00am

O'RIORDAN, KatherineE
10/10/2014

[Follow up meeting (from 10/2/14) with Janet Entwistle CEO of Peverel Group, to discuss concerns affecting leaseholders and the leasehold sector]

Minutes of Meeting

Portcullis House Room 0- 10:00am 10th October 2014

Attendees: Sir Peter Bottomley MP, Jim Fitzpatrick MP

Martin Boyd and Sebastian O' Kelly of the Leasehold Knowledge Partnership and Carlex, Janet Entwistle CEO, Peverel Group, Rebecca Barnes, Head of Communications, Peverel Group,

Katherine O' Riordan, Parliamentary Assistant to Sir Peter Bottomley

JE - was asked to provide an introduction on the current position of her company

ARMA Q Membership

JE - confirmed Peverel have applied for accreditation of ARMA Q. The application process is expected to be completed by January 2015. Currently, Peverel are accredited with ARMA (multiple membership). She agreed with the view that the sector needs a single, unified code.

JE- Peverel Retirement has never been a member of ARMA only ARHM.

Confidential – JE - had not disclosed with her own staff that Peverel Retirement have applied for ARMA membership.

It was agreed this would be kept confidential until Peverel staff have been informed.

PB - welcomed Peverel's agreement for a single unified code as it provides for higher standards for everybody.

JE Consensus for a single code. Recognition that currently ARMA Q sets the highest standards in the sector.

JE CMA Outcome of studies of the investigation of leasehold property management services expected to be issued during November 2014

Peverel's Name Change

JE- 'FirstPort' reason for name change- shift away from being identified/confused as a landlord. JE wanted a fresh name to try to rationalise the complex Company structure.

New name to be activated by early 2015 (no set deadline)

MB - does the brand name now match the Company name *cf* trading names, Peverel Management Services, Peverel Retirement etc., will you stop things like Peverel Management Services Limited being the trading company for Peverel Retirement.

JE- eventually, this is Peverel's aim as it has 10 brands in its property section and 16 brands overall with additional trading entities.

Freeholds being sold off by Tchenguiz Family Trust

SOK- is this 70% of Peverel's business?

JE- confirmed it is around 50% of the properties the Peverel Group manage

SOK- who might buy the retirement freeholds when they come up for sale?

JE- Peverel provides management services for owners of freeholds who change from time to time. They provide a service to manage the properties irrespective of the identity of freeholders.

JE- we recognise that from time to time we will lose properties in the normal course of business

JE- the reality is, this is a sector which needs better regulation.

Collusive Tendering

MB – concerning the goodwill gesture offered by Peverel for the overcharging of installations (collusive tendering), is JE willing to enter into mediation to finally put this matter to rest for many pensioners?

JE - No – as we do not have any complaints for which to consider mediation.

JE – Peverel is very sorry all this happened and invited unhappy individuals to make a complaint direct to her. Each of the installations were made during 2005 – 2009. JE stated the individual installation were bespoke to each individual site. There was no standard product. If any site has information to show it has been charged more than the goodwill gesture we have paid, we would be prepared to look into individual cases. Peverel will continue to be open to look into any individual cases.

MB- will you agree to mediation?

JE – No - Peverel have their own independent complaints procedure which is accessible for those who believe they have been overcharged. If anyone is not happy with the outcome of our complaints process, they can refer it to the Ombudsman at no additional charge.

MB- since there was no authority by the OFT under the Chapter 1 investigation to look into the matter fully, the OFT could only rely on the evidence provided by Peverel, who were subjected to the investigation. It is not clear whether the OFT were privy to all the evidence throughout the investigation and there is no legal right for the OFT to pass the evidence onto the leaseholders. Will Peverel agree to disclose that information to relevant sites.

MB- disappointed that JE will not look at this matter in more detail

MB- there only needs to be one claim to be successful in the tribunal. This will set a precedent and others will surely follow.

JE- she will reflect on what has been said. JE confirmed Peverel Retirement has had meetings with each of the sites where there was full and proper discussions.

JE – was not made aware the CMA are embarrassed following the investigation. If they had concerns they should contact her.

CMA Proposal for change of managing agents.

MB – Peverel supported the CMA's proposal for 50% of leaseholders to instigate a change in

managing agents to be allowed, if required.

JE- yes, Peverel are in general consensus with this.

MB – currently, there are some sites where there are tri-partite leases which do allow for a change of managing agent however, 75% of leaseholder votes is required.

JE - Peverel, as managing agents cannot avoid complying with the terms of the lease.

MB - another problem with the tri-partite leases is leaseholders must indemnify the managing agent for potential future losses.

JE- asked MB to provide evidence if he thinks this is happening in Peverel.

JE- this is a technical area which has some peculiar features

SOK- will JE be resigning from Metcalfe Court as there this is a majority decision by leaseholders in accordance with their lease in support of a right to manage.

JE- no comment on an individual case and its detail.

Recognised Tenants Associations (RTA)

MB - LKP, Carlex and others have worked to persuade the Government to support DCLG to reduce the required number of residents needed to create a recognised tenant's association. DCLG have committed to reviewing the position in the autumn 2014 - historically, Peverel were not always in support of RTAs and were often obstructive in their creation. What is Peverel's position now?

JE- does not agree Peverel have been obstructive. They believe residents associations are positive and people set them up to create a community within a development, a coming together to make collective agreement. Residents Associations are helpful to property managers. As a property manager, it helps with communication. They need to be representative to be effective.

JE- working with un-official unrepresentative tenants association causes problems.

MB- clarified the difference between residents associations and an RTA since JE's comments relate to RA's only, which have no powers.

MB- currently, two problems exist for the formation of an RTA:

- 1) How are leaseholder contacted (where no database exists)- under the 1993 Act there is a legal right allowing a landlord the right to ask leaseholder for their contact details.
- 2) Does the 93 Act provide for the supply of ABI (alternative billing address) details?

Does Peverel consider it better for leaseholders to provide their contact details or should the managing agents write a letter to each leaseholder to obtain their address and maintain a database for these.

JE – suggested she could seek the views of various landlords to ask their views on the matter since MB felt the inability to get names and address is an impediment to forming RTAs.

JE- agreed to revert to MB with our understanding of the legal position with regard to gaining access to information of leaseholders. JE has had some negative experiences of working with non – recognised RTAs when they are not representative but she would prefer working with recognised RTAs

The Sale of House Manager's Flats

MB- LKP and Carlex have had a lot of enquiries on the sale of house manager's flats and whether the sale is legal. Do Peverel have a legal right to sell these flats.

JE - confirmed the position at the last meeting, she will repeat. It is straightforward and we have the right to sell them. They have leases for flats where there is a resident house manager who lives in the flat. When there is no further need for the house manager, or where a visiting house manager is preferred, the flat is sold and a voluntary contribution of £10k per flat is made to the resident's contingency fund.

MB -there are flats sold where no liability to contribution has been made to the service charges.

JE- no, this is not the case.

JE- agreed to get back to MB concerning whether ex-house manager flat leases have been varied to make a contribution to the service charge.

JE- confirmed no house manager's flats are sold on without a contribution to the sites contingency fund.

SOK - the leases containing the house manager's flats were mainly issued in 2009, hardly any pre- date 2009 and are a substantial asset to Peverel. Is it correct a £25 million loan with the Bank of Scotland was secured against these flats to take Peverel out of administration in 2012.

JE- Peverel have a modest loan for the size of its Business

End.