



Hanover House  
1 Bridge Close  
Staines  
TW18 4TB

t 01784 446017  
e catherine.hastings@hanover.org.uk  
www.hanover.org.uk

Ref: Leonard Hackett Court, Bournemouth

1 August 2014

Dear Mr O'Kelly

Thank you for your enquiry concerning a number of issues in relation to Leonard Hackett Court, and also for your courtesy in providing Hanover with the opportunity to comment on these issues prior to publication. As I think you are aware our Chief Executive, Dame Clare Tickell, has asked me to respond to these issues on her behalf since she is unavailable to do so within the time period offered. We are grateful for your interest in this matter.

As you may be aware, Dame Clare recently arranged a meeting to which all residents of Leonard Hackett Court were invited (ie the Residents' Association and other interested residents). This was attended by Conor Burn MP, and by Nick Sedgewick, Interim Director of Retirement Housing & Property for Hanover, and Mark Lake, Assistant Director of Retirement Housing.

Following that meeting we agreed to provide a summary of the main points raised by residents, and the proposals which were put forward by Hanover to address the issues raised. Mr Penberthy, Chair of the Residents Association, has received a draft of this summary, which will be sent to all residents next week. They will then have until the end of August to discuss the proposals and to vote on their preferred approach. The questions you raise cover three main areas, as follows:

#### **1. Sale of Estate Manager's flat**

Leases for Leonard Hackett Court originally required a resident Estate Manager. This requirement has since been reviewed, and Hanover has held a series of discussions with residents about the level of Estate Manager service needed. In 2012 residents voted to discontinue the services of a resident Estate Manager (although a level of

service is still provided on a part-time, non-resident basis). At the time of this decision residents were advised that the flat would be sold.

As the freeholder and landlord of the estate, there is no question but that the freehold of the flat is in Hanover's ownership.

Any surpluses Hanover makes from property sales are pooled for the benefit of *all* residents; since as you know, we are a not-for-profit body, and must recycle any surplus made, for the benefit of all residents, existing and future. Nevertheless it is our standard practise when selling properties under a tenure-neutral policy on rented estates, to return £15,000 of the proceeds to the residents of the estate concerned. This action reflects our strong commitment, as a Housing Association, to provide social housing that is both good quality and affordable, and we are active in seeking ways of helping support both the quality and the affordability of our homes and services for residents.

Hanover accordingly advanced £15,000 to the residents at Leonard Hackett Court. Such contributions are usually used by residents for 'extras' on the estate, which are chosen by the residents themselves. In the case of Leonard Hackett Court, however, I understand it was put towards the reserves fund. A further £15,000 was later offered as a gesture of goodwill in relation to the discussions concerning the reserves fund (see below).

I can confirm that the estate was built in 1982 and that the current leases date from that time. The leases are provided under the framework of the Government's Leasehold Equity Sharing Scheme for the Elderly, and are offered in order to allow residents to buy the lease at 70% of market value (with Hanover retaining the remaining 30%). Although the Residents Association at Leonard Hackett Court has asked whether Hanover could sell its 30% retained equity to residents, the Homes & Communities Agency (HCA)'s Capital Funding Guide 2014 explicitly states that such leases 'must not provide for the leaseholder to acquire the landlord's interest under an option to purchase'. This is to ensure that the same affordable options are available for further leaseholders in the future, as were available for the current residents.

## **2. Reserve fund and repairs at Leonard Hackett Court**

There have been some historic issues in relation to the reserve fund at Leonard Hackett Court. Leaseholders are responsible for the cost of repairs and maintenance on their estate, and there is clear documentation to show that successive Housing Managers have proposed increases to the reserve fund, which would allow any significant repairs, maintenance and improvement works to be done on a planned basis without the need for unexpected calls on residents' ability to pay. Hanover has

made residents aware that the alternative would be that they would incur one-off invoices for works as and when these were needed. However, over the years residents have on occasion chosen this option instead, as a result of which the reserve fund reached low levels.

Hanover's role is to act reasonably, consult and take into account the views of residents when setting reserve fund contributions. We have recommended reasonable contributions to the reserve fund, whilst informing residents of the consequences of not having appropriate reserves in place. We have also developed our approach to reserve planning, using newer technology to undertake 30-year stock condition surveys which will help homeowners protect the value of their homes, and introducing a reserve fund policy to ensure that robust funds are in place.

In the case of Leonard Hackett Court, we also offered a further £15,000 as a goodwill gesture (in addition to the initial £15,000 already provided in relation to the sale of the Estate Manager's flat), as a contribution to the reserve fund. A specific issue has been raised in relation to the lift at Leonard Hackett Court. I can confirm that a survey was commissioned in 2010 to advise on options for full replacement of the lift, following a high number of technical issues and concerns about its age and reparability. A budget figure of c £110,00 was suggested for replacement. However, the Residents Association were able to secure a revised quote of £40,000 to cover renovation of the lift. While this will only provide a solution over the next 5 years or so rather than the longer term, given the position of the reserve fund, Hanover agreed with this alternative proposal, and in the light of this, refunded the £1,440 survey fee.

While we have made goodwill payments to the reserve fund at Leonard Hackett Court, we want to work in partnership with residents to help to find a solution for the future. We have proposed to residents that we should discuss with them, and agree, what programme of works is necessary over the next few years, and what can be afforded. This will include consideration of what works are necessary in terms of the roof and for fire safety measures.

We are also offering to allow the reserve fund to go into a deficit, to an agreed maximum amount for an agreed period, provided residents keep up the agreed payments and provided that works that have been identified as necessary are carried out. Conditions for this arrangement will need to be agreed with the Residents Association.

Details of all these proposals were discussed at the recent meeting with residents, and are summarised in the letter which is due to go to residents next week, and which has been provided in draft form to the Chair of the Residents Association.

### 3. Smartsource

Hanover has recently issued a full statement to all our residents about Smartsource (see attached copy). As this letter clearly states, no residents have lost any money as a result of this issue (which was caused by the bankruptcy of a contractor, leaving Hanover as an unsecured creditor). We have worked closely with our regulator, the Homes and Communities Agency, throughout the process of investigating this incident. As a result of this rigorous process, we believe this to have been a one-off incident which is not liable to any repetition.

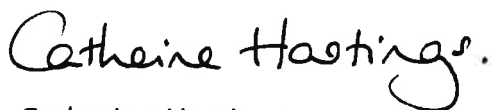
There have been a number of staff changes since this unfortunate event; we cannot comment on statements by previous employees of Hanover in connection with this issue.

To reiterate, no residents have been affected by this issue. The Smartsource loss, bearing in mind Hanover's overall surpluses for reinvestment over the year of £23m, has no connection in any way with matters at the Leonard Hackett estate.

-----

As already indicated, these issues are the subject of a series of discussions with the residents of Leonard Hackett Court in order to seek a resolution. We are keen to satisfy their concerns, and to that end have issued a comprehensive response to their initial complaints earlier this year, in addition to arranging the recent meeting in July. The letter summarising our proposals following that meeting will go to all residents next week, and they are invited to discuss and vote on these proposals, and to respond to us by the end of August. At that point if they remain dissatisfied, they are entitled to take their case to the Housing Ombudsman, and Hanover will of course abide by the Ombudsman's decision. Nevertheless we hope that the various issues can be resolved through open and constructive discussion in partnership between the residents and ourselves.

Yours sincerely



Catherine Hastings

Head of Communications