

Reference:
Phone: 020 8227 2906
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E-mail: leaseholdservicecharges@lbbd.gov.uk
Date 31 July 2012

Dear

**NOTICE OF PROPOSAL TO ENTER INTO LONGTERM AGREEMENT
Section 20 of the Landlord and Tenant Act 1985, as amended by Section 151 of
the Commonhold and Leasehold Reform Act 2002**

Property:

This letter contains important information about the provision of buildings insurance cover provided to all leasehold flats sold by the Council under the Right to Buy.

This notice is given following the notice of intention to enter into a long term agreement issued on 2 December 2011. The consultation period in respect of the notice of intention ended on Friday 6 January 2012.

The written observations in relation to the proposals received during the consultation have been summarised and are enclosed as 'Appendix B'.

Following placement of advertisement in the Official Journal of European Union three insurers requested copies of the tender documents. These are as follows:

Zurich Insurance PLC – The Zurich Centre 3000 Parkway Whiteley Fareham
Hampshire PO15 7JZI
Ocaso Insurance Co – 110 Middlesex Street 3rd Floor London E1 7HY
Aspen Insurance Co – Plantation Place 30 Fenchurch Street London EC3M 3BD

Only one of these companies, Zurich Municipal submitted a bid. Zurich Municipal is the current provider of buildings insurance cover.

Following evaluation of the bid submitted, we propose to award the tender to Zurich Municipal commencing 29 September 2012 for 3 years with the option to extend the contract for a further two years. The insurance policy includes 'extended accidental cover' at a premium rate 5p per £1,000 less than previously charged by Zurich Municipal.

The table below shows the expected premium for each property type from 29 September 2012. The sum insured is based on the aggregate value of the properties based on the number of bedrooms.

No. Bedrooms	Sum Insured*	Premium (£1.19 per £1,000)
One Bed	£127,061.00	£151.20
Two Bed	£152,918.00	£181.97
Three Bed	£172,219.00	£204.94
Four Bed	£208,958.00	£248.66

* Please note some premiums could be higher if the Mortgage Lender has requested a higher sum insured or because of the type of building e.g. listed buildings etc. The above figures are for the period 29 September 2012 – 28 September 2013 with the sum insured £index inked by 6%.

Entering into a three year Long Term Agreement will guarantee the premium rate £1.19 per £1,000 for the term of the first three years.

A copy of the proposal may be inspected by appointment at Roycraft House, 15 Linton Road, Barking, Essex, IG11 8HE between (10.00am – 4.00pm, Monday to Friday), Tel: 020 8227 2906.

We invite you to make written observations in relation to the proposals by sending them to:

Richard Kober Home Ownership Manager
Home Ownership & Leasehold Management
London Borough of Barking & Dagenham
PO Box 48,
Dagenham
RM10 7DE

Observations must be received within the consultation period of 30 days from the date of this notice. The consultation period will end on Friday 31 August 2012.

Yours Sincerely

Richard Kober.

Richard Kober
Home Ownership Manager
PO Box 48
Dagenham
RM10 7DE

Enclosures:

Appendix A – Section 20 Notes

Appendix B – Summary of Comments and Observations

Appendix C – Observations Form

Appendix A - Section 20 Notes

1. The landlord is required to present one proposal in respect of the matters described in a notice of intention. This need not relate to the lowest estimate. The landlord is required to state any connection with the proposed contractor. The proposal must contain a statement of the intended duration of the agreement.

Each proposal should state the estimated contribution relevant to the leaseholder's unit of occupation. If it is not reasonably practicable to provide that information the landlord may provide an estimate of the overall cost estimated under the agreement or a unit cost or daily or hourly rate.

If it is not reasonably practicable for the landlord to provide any estimate of cost the proposal should provide a statement of reasons why the information cannot be provided and a date by which it is expected to be available. The landlord must then provide the estimate within 21 days of obtaining the necessary information, by notice to all recipients of the contract statement.

2. Where a notice specifies a place and hours for inspection:
 - (a) the place and hours so specified must be reasonable; and
 - (b) copies of the proposals must be available for inspection, free of charge, at that place and during those hours. If facilities to enable copies to be taken are not made available at the times at which the proposals may be inspected, the landlord shall provide to any leaseholder, on request and free of charge, a copy of the proposals.
3. The landlord has a duty to have regard to written observations made within the consultation period by any leaseholder or recognised tenants' association and must reply in writing to each individual respondent within 21 days stating his response to the observations.

Appendix B – Summary of Comments and Observations received Proposed Long Term Agreement

Observation

Will the cost be cheaper in the long run than at present, what will be the cost?
The council should chose the best contractor with the best quote

Response

We will not know the cost until we have evaluated the tenders but this method of commissioning contractors is likely to lead to the best savings.

Observation

Want to know if the insurance cover will cover Act of God, storm damage etc.

Response

The council are bound by the terms of the lease to insure the property and any other part of the estate against loss or damage by fire tempest flood and such other risks.

Observation

Sure the council will secure the best insurance deal for leaseholders
Leaseholders are happy for this proposal to go ahead

Response

The agreement will be subject to a competitive tendering process to ensure that there is competition between alternative service providers. This will ensure that the residents get value for money.

We will carry out further consultation in accordance with Section 20ZA of the Landlord and Tenant Act 1985 (as amended).

Reference: LH/INSURANCE2

Property Ref:

APPENDIX C – Observations Form

Notice of Proposal to enter into LONG TERM AGREEMENT

It is the Councils intention to enter into an agreement with Zurich Municipal PLC to provide buildings insurance cover including extended accidental damage to all leasehold flats sold by the council under the right to buy.

The agreement will be in place for three years, extendable by a further two years at the Council’s discretion.

Date served: - 31 July 2012

OBSERVATIONS FORM

NAME:
ADDRESS:

I wish to make the following observations on the proposal:

Signed.....

Date.....Telephone Number.....

Please return this completed form by no later than 16:00 on Friday 31 August 2012 to:

Richard Kober Home Ownership Manager
Home Ownership & Leasehold Management,
London Borough of Barking & Dagenham,
PO Box 48,
Dagenham,
RM10 7DE