



K C ESTATE MANAGEMENT LIMITED  
Management Office 552 Kings Road, London, SW10 0RR  
Tel: 020 7352 5752

Dear «TenantDear»

RE: NOTICE OF INTENTION TO CARRY OUT WORK AT KINGS CHELSEA

### **Overview - Cladding**

The Ministry of Housing, Communities and Local Government (MHCLG) has established the Building Safety Programme to make sure that buildings are safe - and people feel safe - now, and in the future.

The government has banned combustible materials in the external walls of high rise residential buildings of 18 metres and over, and following a review into its effectiveness, is now consulting on extending the ban significantly further, including lowering the 18 metres height threshold to 11 metres.

Since 2017, the UK Government has published a series of fire safety advice notes for owners and managers of tall buildings. In January 2020, these were brought together in a single document that relates to all residential blocks with cladding, regardless of their height. The only cladding present on the buildings at Kings Chelsea are on the Penthouses at the very top of the buildings. Following the Grenfell Tower fire, it is a requirement that all multi-storey residential buildings should be surveyed and certified as meeting minimum standards with respect to the spread of fire.

During October 2020 Horizon Facades UK Fire-Rated Cladding Specialists carried out complex and intrusive surveys that involved careful opening up and examination of the cavity walls and roof construction removing a small sample of the panel from the building's external wall system for close examination. The purpose was to identify all materials used and whether they had been installed according to manufacturer recommendations.

Unfortunately, it has become clear that with one notable exception (Clark House) all the blocks failed to meet requirements and that the actual cladding/roof construction exposed, does not conform to current regulations.

Kings Chelsea is currently in the process of submitting information, which will allow the Government to assess whether this development qualifies for the financial support that can be provided through a Fund.

By applying to the Fund, we are looking to obtain funding to cover potentially costly works needed to make sure that Kings Chelsea complies with the latest safety standards required by the Government.

### **Potential requirement for leaseholder funds:**

The Fund is worth £1 billion and, although this is significant, the industry's view is that it will not be sufficient to cover all the works that will be required for impacted buildings across England as a result of the changing requirements for building safety.

This means the Government must assess which developments registered will qualify for funding. This could mean that some developments that meet the Government criteria may not receive funds, or that only partial funding may be provided.

In those circumstances, additional funds would need to be raised through the service charge under the terms of your lease. We are legally required to formally notify you of the intention to undertake any qualifying works like this. This requirement is specified under Section 20 (as Amended) of the Landlord & Tenant Act 1985 and this notification is enclosed with this letter.

Every effort is being taken to make the case that all relevant buildings within Kings Chelsea should qualify for full funding from the Fund. However, it is important that we also initiate a contingency process that will enable us to proceed with works that we believe will be needed on the buildings at Kings Chelsea, by addressing the recovery of any potential shortfall that might not be covered by the Fund. At this early stage, we are unable to provide an estimate of the cost of the works. However, we are starting this process now so that we are prepared for all possible courses of action to carry out any remediation work needed.

### **Works that may not be covered by the Building Safety Fund**

The specific terms of the Fund are that it is available to cover “reasonable costs for the removal and replacement of unsafe non-ACM cladding systems on high-rise residential properties in England.” Importantly, there are several specific areas of work that are excluded from the fund. These include:

- works which are not directly related to the remediation of unsafe non-ACM cladding systems even where these may be planned to be undertaken at the same time (for example: wider redecoration, renewal and general maintenance, the replacement of windows or other elements, internal works or any other remediation, maintenance, repair or renewal costs);
- other structural works which are not directly related to the remediation of unsafe non-ACM cladding systems.
- other necessary fire safety works which are not related to an unsafe non-ACM cladding system.
- operational running costs, including those associated with interim measures such as waking watches.
- professional team fees in respect of non-qualifying items.
- buildings where a warranty claim for the full costs of remediation has been accepted.
- managing agents’ fees in respect of administering non-qualifying expenditure; and
- costs which would not otherwise be recovered from leaseholders through the service charge provisions in their leases.

At this stage it is too early to identify exactly what works may be required at Kings Chelsea. However, we need to be prepared to respond to any potential unforeseen costs which fall under this list of areas that are excluded from the Fund, including any potential further works that might be identified when external wall systems are removed and replaced.

If costs were to arise in these areas, we will first seek to identify alternative sources of funding. However, if an alternative source cannot be found then these costs would fall to leaseholders under the terms of your lease. This would be considered on a case by case basis and may trigger an additional Section 20 consultation if the scope of the works differs to the scope in the enclosed Notice.

## **Next steps**

The enclosed Notice includes further details on the Section 20 process, including setting out how any cost estimates and contractor appointments will be made. The notification also invites you to make any observations you may have in relation to the proposed works.

At this stage, this is a notification of our intentions only and not a request for funds. The Government has stated that the works will need to have commenced by 30 September 2021. This means it is very important that we provide this notification to you now so that we are prepared and in a strong position to move forward in line with these timescales.

Yours «TenantYours»

«PMName»

INITIAL NOTICE OF INTENTION TO CARRY OUT WORK IN ACCORDANCE WITH  
SECTION 20 LANDLORD AND TENANT ACT 1985  
(as amended by Landlord and Tenant Act 1987 and Commonhold and Leasehold Reform Act  
2002)

This notice is issued to all leaseholders of K.C. Estate Management Limited.

1. It is the intention of K.C. Estate Management Limited (as Landlord) to enter or procure that the development management company enters into an agreement to carry out works in respect of which we are required to consult property owners. (See Note 1 below)

2. The anticipated works to be carried out at the development are as follows:  
Replacement of cladding on all Penthouses together with safety measures required pending completion of the replacement works to monitor and mitigate the risk of fire spread associated with the current cladding.

3. It is considered necessary to carry out the works because it has been identified that the current cladding is no longer compliant with Government regulations in relation to fire safety. As a result, it is a Government requirement to replace the cladding to ensure compliance with the regulations and maintain fire safety standards.

4. You are invited to make written observations in relation to the proposed works by sending them to. You are invited to make written observations in relation to the proposed works by sending them to Mainstay Residential, Whittington Hall, Whittington Road, Worcester WR5 2ZX.

Observations must be made within the consultation period of 30 days from the date of this notice. However, given the upcoming festive period, we extend the deadline to receive observations and the consultation period will therefore end at midnight on 30 January 2021.

5. We also invite you to propose, in writing by 30 January 2021, the name of a person from whom we should try to obtain an estimate for the carrying out of the proposed works described in paragraph 2 above. (See Note 3 below)

Any persons nominated by you should meet the following criteria to be considered:

- employer's liability cover of at least £5 million.
- public liability insurance cover of at least £5 million.
- membership of (or willingness to join) the "Safecontractor" scheme (a national health and safety accreditation scheme administered by Alcumus), or a similar HSE approved safety accreditation scheme; and
- ability to demonstrate adequate experience in projects for works such as those proposed in this notice.

For and on behalf of Mainstay Residential Limited  
Duly authorised agent of K.C. Estate Management Limited

Address: «S20Identifier», Mainstay Residential, Whittington Hall, Whittington Road,  
Worcester WR5 2ZX

Dated: «TodaysDate»

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Notes

1) Section 20 of the Landlord and Tenant Act 1985 (as amended) (the '1985 Act') provides that a landlord (as defined by Section 30 of the 1985 Act) must consult leaseholders who are required under the terms of their leases to contribute (by payment of service charges) to costs incurred under qualifying works, where the contribution of any one leaseholder will exceed £250. 'Qualifying works are defined by Section 20ZA of the 1985 Act.

2) The landlord has a duty to have regard to written observations made within the consultation period by any leaseholder or recognised tenants' association. 'Recognised tenants' association' is defined by Section 29 of the 1985 Act.

3)

a) Where a single nomination is made by a recognised tenants' association (whether or not a nomination is made by any leaseholder), the landlord shall try to obtain an estimate from the nominated person.

b) Where a single nomination is made by only one leaseholder (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate from the nominated person.

c) Where a single nomination is made by more than one leaseholder (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate:

i) from the person who received the most nominations.

ii) if there is no such person, but two (or more) persons received the same number of nominations, being a number in excess of the nominations received by any other person, from one of those two (or more) persons; or

iii) in any other case, from any nominated person.

d) Where more than one nomination is made by any leaseholder and more than one nomination is made by a recognised tenants' association, the landlord shall try to obtain an estimate:

i) from at least one person nominated by a leaseholder: and

ii) from at least one person nominated by the recognised tenants' association, other than a person from whom an estimate is sought as mentioned in paragraph i).