

Item No. 9.	Classification: Open	Date: 20 March 2012	Meeting Name: Cabinet
Report title:		Response to the Housing and Community Safety Scrutiny Sub-Committee on the Fire Safety Works at Canada Estate	
Ward(s) or groups affected:		All	
From:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

In January 2011, concerns around works at Canada Estate were brought to the attention of the Chair of the Housing and Community Safety Sub-Committee following which a review was commissioned.

I am very pleased that the Housing Scrutiny Committee considered this matter with due diligence, determination and in great detail. It took evidence from a wide range of relevant parties and gave due consideration to the exceptional and unusual circumstances around the fire works at the Canada Estate that were carried out in the aftermath of the fatal fire in Lakanal in July 2009.

I am delighted to present the recommendations of the Housing Scrutiny Committee together with the responses from the Housing Services Department. I fully support and endorse all recommendations and the actions contained in the responses. They will go a long way in re-establishing the trust and confidence of residents. The actions will improve the way major works contracting is handled in the future and give greater transparency and access for residents for the whole process of managing, monitoring and delivering major works.

I am also pleased to report that following consultation with the Leaseholders Steering Group, Decent Homes Working Party and a specially arranged forum made up of interested tenants and leaseholders whose homes are in the programme for 2012/13, an agreed process and procedure for all new schemes has been developed. This includes communication during the works programme, resident involvement and agreed information sharing. Final feedback on the documentation was received from the forum on 24 February 2012. These comments and observations have been incorporated into the final document ready for implementation in the 2012/13 programme.

RECOMMENDATION

1. Cabinet to note and agree the responses to the recommendations of the Housing and Community Safety Scrutiny sub-committee's investigation into the Fire Safety Works at Canada Estate.

BACKGROUND INFORMATION

2. Following concerns raised by residents and leaseholders which were brought to the attention of the Chair of the Housing and Community Safety Scrutiny Sub-Committee, it was agreed that the committee would carry out a review into the Fire Safety Works at Canada Estate. The review focused on:
 - the award of the contract
 - the quality of the work
 - the cost of the work
 - the current state of the work
 - communication between the council and the contractor as the works progressed
 - communication between the council and residents of the estate about any reported problems with the works
3. In November 2011, the Housing and Community Safety sub-committee completed its investigation. Overview and scrutiny committee considered and agreed the final scrutiny report at its meeting on 14th November 2011. The report was presented to Cabinet by the Cabinet Member for Housing on 13th December 2012 where it was resolved that the Cabinet Member would report back in more detail to a future meeting.
4. As part of their review the sub-committee interviewed all the relevant parties to the previous works involved in the contract.

RECOMMENDATIONS FROM SUB-COMMITTEE/RESPONSE

5. The sub-committee recognised that there were some exceptional and unusual circumstances around the fire safety works at the Canada Estate; however the sub-committee has in its recommendations identified a number of issues around major works procurement and management which should be addressed in all future major works schemes.
6. The sub-committee made 5 recommendations, the response to which is set out below.
 - a) **A process/procedure understood by officers and contractors should be developed and followed which enables residents (both tenants and leaseholders) to be kept informed of and consulted effectively in the major works procurement. This should include but not be limited by the legal Section 20 requirements.**

Response

Agreed. As part of our work on Local Offers we have developed a new consultation process called Putting Residents First. This has been developed in partnership with a number of resident groups and clearly sets out how we

will engage and communicate with residents on future major works projects from inception to completion.

Putting Residents First has been developed following extensive consultation and input from tenants and leaseholders. This included feedback from the Leaseholders steering group, the Decent Homes Working Party and a special forum held in January 2012 when we invited every tenant and leaseholder whose home is included in the 2012/13 programme to attend an open meeting and give their views on our proposals. The meeting in January 2012 not only provided useful feedback but everyone who attended the meeting agreed to provide comments on the final drafts of the written documents before they were finalised and sent out. These included:

- Introductory letter to residents at the start of the programme.
- Introductory leaflet describing the works.
- "Putting Residents First" schedule of works.
- Residents Project Team terms of reference.

The 27 point plan of Putting Residents First provides a template for officers, contractors and consultants that sets out very clearly in stages how, from inception to completion, we and our partners will work with residents to deliver major works to their homes. A copy of the plan is attached as Appendix 1

Key to this consultation will be establishing a Residents' Project Team for each major partnering works project. All residents will be informed about the Project Teams when they are invited to the first consultation meeting.

The Project Team will be established at the first consultation meeting and will meet regularly, usually monthly, until the end of the project. Project Teams will normally meet during the day, but every effort will be made to accommodate those who have other commitments and cannot attend during the normal working day. The meetings will normally be held at the contract site office and will include a number of resident representatives who become regularly involved in the project and are able to make constant informed feedback and agree design proposals on behalf of all residents.

Any TMO, Tenants or Residents' Association on the Estate will be specifically invited to attend and work with the Project Team. The Project Team will be the main focus for consultation during the scheme.

Meetings will be organised and serviced by either Southwark's Project Manager or Contracts Manager and will be attended by the Contractor and Southwark's Lead Designer or external consultant as appropriate.

The residents who are on the Project Team should be committed to acting as representatives for residents involved in the scheme, and the following range of duties gives an indication of these, although it is accepted that not every individual will be able to fulfill all of these.

- Regularly attend site meetings.
- Be actively involved as a Project Group member, including reviewing the performance monitors on cost, time and quality.
- Provide local knowledge and advice.

- Contribute towards reviewing Specifications of Works and reviewing products.
- Review works programmes.
- Attend Defect meetings and Estate walkabouts.
- Communicate with other residents.
- Act as a conduit for communications

We recognised that not every resident will want to or have time to be involved in a Residents Project Team so within the Putting Residents First schedule we allow for more one to one sessions including:

- Introductory letters and leaflets
- Public meetings and drop in sessions
- Monthly newsletter including performance reviews of cost, time and quality and coffee sessions
- Mid contract reviews with Contractors satisfaction surveys.
- Estate walkabouts
- Our own tenants satisfaction surveys
- Final project review questionnaire at completion of Defects Liability Period

- b) **The sub-committee has found evidence of poor communications with residents. As part of the project management process for all major works in the future there should be a clearly understood procedure for communication with residents before and during works of this nature. These arrangements should not rely upon casual discovery of information from contractors or contract managers.**

Response

Agreed. For all new schemes within the Warm Dry Safe programme and any other major works that are due to commence like Fire Risk Assessments we have put in place a process that will ensure residents are kept up to date during the project. This will start at the beginning of the financial year when all residents in the forthcoming year's programme will receive letters explaining that they are in the programme and should expect a call from our surveyors and contractors to arrange a survey of their homes. At the same time they will receive the names and contact details of the Project Team who will be delivering the works to their homes. Communications will continue throughout the project and include:

- Public meeting and drop in sessions at stages during the project.
- Established Residents Project Teams (RPT).
- Monthly meetings with RPTs which will review progress on site, expenditure and quality issues.
- Monthly newsletters and Coffee sessions.
- Mid contract review.
- Pre handover walk around with the RPT and local councilors.
- Residents satisfaction surveys

- c) **Where there are changes to expected works during the delivery phase the cabinet member should take steps to ensure that these are communicated to affected residents in a sensitive and timely fashion.**

Response

Agreed. In the new warm dry safe programme we are working very closely with our partner contractors to ensure that the specification and scope of works is accurately prepared at the beginning of the works, therefore avoiding any unnecessary changes to works or increase in costs.

Previously contractors were given a specification of works to price and were not given the opportunity to input their own experience and knowledge. Now our partner contractors are involved from the very start, carrying out the initial surveys and given responsibility for preparing feasibilities and design under the watchful eye of our lead designer or external consultants. This process will alleviate some of the historic problems we have encountered where items have been missed in the original specification, the actual specification does not match the work required or the solution was not buildable.

However, there can be occasions when unforeseen works are identified and need to be carried out. In these cases the implications of this will be provided at the monthly site meetings to the RTP and will be reported as part of our own monthly and quarterly returns.

One of the Key Performance Indicators we are putting in place is the comparison between approved costs at Gateway 2 and out-turn costs on completion; these will be monitored and reported at an individual project level and also for the overall programme. We will also be monitoring and reporting the cost between those given to leaseholders at initial Notice of Proposal (NOP) stage compared to final costs.

- d) **Stringent contract management arrangements should be put in place for the future, including detailed delivery timetables and quality expectations. The pro-active management of these contracts must be more rigorously pursued. Penalties should be introduced for contractors who fail to meet these more stringent requirements.**

Response

Agreed. Restructure within the major works team means there is greater focus and responsibility to ensure good project management going forward.

The new structure established project teams responsible for specific contract areas and one individual partnering contractor. The team led by a Project Manager includes a Contract Manager, Customer Relationship Officer, Lead Designer and Clerk of Works. Key to this approach is joint responsibility within the team for all the projects across their geographic area. No one team member works in isolation and every team member is involved in the full range of projects within their team.

We have in place exacting contract management processes that monitor performance against forecast cashflows and delivery against key milestones. Project Managers will use provisions within the contract to implement penalties for poor performance, an example of this would be where a contract is in delay and no extension of time has been granted then LAD's (Liquid & Ascertain Damages) will be deducted from the contract. We also use tenants' feedback on the ground and satisfaction returns to tackle poor performance as it arises

on site. Major Works Teams are responsible for setting the standards and ensuring our contractors maintain these standards throughout the project. We hold a number of meetings with our contracting partners where the standard items of Quality and Delivery are included on the agenda. These meetings include:

- Weekly site operational meetings
- Monthly site progress meetings
- Bi-monthly operational core group meetings
- Quarterly strategic core group meetings

Following a previous Scrutiny Report on security works at Four Squares, a new major works monitoring group was set up, chaired by the Strategic Director for Housing. The group which meets monthly rigorously monitors the delivery of the housing capital programme in terms of expenditure, performance and timeliness of delivery. Quarterly reports are also now presented to the Cabinet Member and reported to Cabinet every six months

- e) **The breakdown of costs on major works is currently only shared with leaseholders. As the cost of major works comes from the Housing Revenue Account, the sub-committee recommends that the same information on costs shared with leaseholders should also be shared with tenants.**

Response

Agreed. We want to be open and transparent in all the works we carry out and therefore in future will be making costs available to all residents within the programme. For all new schemes under the Warm Dry Safe programme we will make available a breakdown of costs for all tenants based on the same calculation sheet that is provided to leaseholders at NOP.

Community impact statement

7. The implementation and delivery of the major works programme is a service that is offered to all tenants and residents of the Borough. The proposed changes to the way the service is monitored and delivered will ensure that residents receive a more customer focused service.

Resource implications

8. There are no resource implications to delivering the recommendations of this report.

Head of Home Ownership comments

9. Emergency fire safety works were carried out to the two blocks immediately prior to the works mentioned above following an instruction from the then Head of Housing Management. As section 20 consultation had not been carried out the Council would have been limited to charging £250 per leaseholder for these works unless dispensation from the statutory consultation requirements was granted by the Leasehold Valuation Tribunal. However, before any application could be made the fire brigade imposed a Notification of Fire Safety Deficiencies on the two blocks, which identified that the repairs carried out were insufficient

and would need to be redone to a higher standard. It was therefore decided that it would be unreasonable to recharge the leaseholders for the initial works. This caused a loss of income to the housing revenue account.

10. Home Ownership Services must be informed where additional works are specified during the course of a contract, or where additional costs might be incurred, so that further section 20 consultation can be carried out with the leaseholders (recommendation 6(c)). Otherwise there is a high risk that the Council will lose the ability to recharge for that aspect of the works/costs. This does form part of the current procedure.
11. In order to construct accurate service charges Home Ownership Services always carries out an analysis of all costs, both rechargeable and non-rechargeable, for major works contracts. These analyses are contained on spreadsheets, copies of which are provided to leaseholders as part of the statutory consultation. Home Ownership Services can easily provide these spreadsheets for further consultation with tenants once the procedures for recommendation 6(e) have been agreed. However, this will not be applicable for any contract where either there are no leaseholders or where leaseholders are not being recharged, and this will have to be taken into consideration when setting those procedures.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Finance Director

12. The responses to the recommendations of the sub-committee are process and procedure items which have already been put in place or will be put in place at a future date. There will be no financial implications arising out of the implementation of the recommendations as any costs should be contained within the budget available.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing and Community Safety Sub-Committee agenda and minutes	160 Tooley Street London SE1 2QH	Sally Masson 020 7525 0324
Cabinet agenda and minutes	160 Tooley Street London SE1 2QH	Paula Thornton/Everton Roberts 020 7525 4395/7221

APPENDICES

No.	Title
Appendix 1	Putting Residents First

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Gerri Scott, Strategic Director of Housing Services	
Report Author	Dave Markham, Head of Major Works	
Version	Final	
Dated	8 March 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	No	No
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	8 March 2012	