

Overview & Scrutiny Committee

Wednesday 8 January 2025

6.30 pm

Ground Floor Meeting Room G02A - 160 Tooley Street, London
SE1 2QH

Supplemental Agenda No. 4

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Date: 7 January 2025

Meeting Name:	Overview & Scrutiny Committee
Date:	8 January 2025
Report title:	Progress Update – Review of the Canada Estate and Fair Street/Devon Mansions 2017/18 QHIP Major Works Projects
Ward(s) or groups affected:	Rotherhithe London Bridge and West Bermondsey
Classification:	Open
Reason for lateness (if applicable):	
From:	Paul Murtagh, Interim Design and Delivery Manager (North)

RECOMMENDATION

This paper recommends:

1. That the Overview & Scrutiny Committee (O&SC) notes the progress made to date with the review of the Canada Estate and Fair Street/Devon Mansions 2017/18 QHIP Major Works Projects and, the revised date for submission of the final reports.

BACKGROUND INFORMATION

2. In November 2023, the O&SC considered reports on the Canada Estate and Fair Street/Devon Mansions 2017/18 QHIP Major Works Projects following concerns raised by residents and local councillors with the quality of the works undertaken and the significant increase in cost of the works.
3. The O&SC subsequently received and approved an Action Plan that set out the Council's proposals to address the concerns highlighted within the reports. The proposals approved by the O&SC included the following key tasks:
 - The establishment of a Task and Finishing Team (TFT) to carry out an internal review of the two projects focusing mainly on internal processes and procedures to identify any weaknesses and compliance issues, lessons to be learned and areas for improvement to avoid future issues and inform future projects.
 - The appointment of a specialist consultant to undertake an independent review, focusing on the management and delivery of the two projects, with

specific regard to the cost and quality of the works and the time taken to complete them.

4. This report is intended to update the O&SC on the progress made to date with the internal and external reviews of the two projects.

UPDATE

Fair Street/Devon Mansions

5. The TFT has now completed its review of the Fair Street/Devon Mansions 2017/18 QHIP Major Works Project. The TFT's report is substantively complete and will be issued to the Strategic Director of Housing week commencing 13 January 2025.
6. To assist with the work of the TFT and with the independent review of the QHIP project, a Fair Street/Devon Mansions Residents' Panel has been formed. At its first meeting on 8 August 2024, the Residents Panel agreed the appointment of Pellings as the Independent Consultant to undertake the independent review of the QHIP project.
7. Unfortunately, it has taken considerably longer than expected to obtain the necessary approvals for Pellings to commence this review and, issues with agreeing, signing, and formalising the relevant contract have caused further delays.
8. Pellings only commenced its review at the beginning of December (with a desktop exercise) and, it is now unlikely that Pellings will complete the review until at least the middle of February.
9. Members have agreed that residents will be given the opportunity to review the Pellings report before submission to enable them to either, confirm their support or submit their own report in response. This will add further time to the process and, given that it has previously been agreed with the Chair of the O&SC that both the TFT and Pelling reports will be considered together, March 2025 would seem the earliest that both reports would be available for submission to the O&SC.

Canada Estate

10. The TFT has now completed its review of the Canada Estate 2017/18 QHIP Major Works Project, and the report is currently being written. It is expected that TFT's report will be issued to the Strategic Director of Housing week commencing 20 January 2025.
11. The Canada Estate TRA and leaseholders on the Residents Panel recently approved the appointment of Pellings to carry out the independent review of the QHIP project.

12. As set out above for the Fair Street/Devon Mansions QHIP project, there have been significant delays with the commencement of the independent review and, it is now unlikely that Pellings will complete the review until at least the middle of February. Similarly for Fair Street/Devon Mansions, March 2025 would seem the earliest that both reports would be available for submission to the O&SC.

Communication and Resident Engagement

13. An Independent Resident Engagement Consultant (IREC) was appointed on a temporary part-time basis to support residents on the Fair Street/Devon Mansions and Canada Estates whilst the reviews of the respective QHIP projects were being carried out.
14. To date, for Fair Street/Devon Mansions, there have been three public meetings held with residents, councillors, and officers (13 June, 26 September, and 17 December 2024) as part of the review of the QHIP project. The meetings have been well attended and, have given residents the opportunity to contribute to and engage in the review process.
15. In addition to the above, the Fair Street/Devon Mansions Residents' Panel has been formed to assist with the work of the TFT and, the independent review of the QHIP project.
16. For the Canada Estate, there have also been three public meetings held with residents, councillors, and officers (3 June, 17 September, and 5 December 2024) as part of the review of the QHIP project. Unfortunately, these meetings have not been particularly well attended mainly due to the Canada Estate TRA being unwilling to engage with the IREC. Officers and councillors have also however, been invited to and attended meetings of the Canada Estate TRA to update residents on progress with the work of the TFT and the independent review of the QHIP project.
17. In addition to the meetings set out above, we have been sending out regular newsletters to all residents on the Fair Street/Devon Mansions and Canada Estates, keeping them updated on progress with the reviews and other matters relating to their estates.

Emerging Themes

18. Although, as stated earlier in this update, the TFT reports have not yet been formalised and, the independent reviews of the major works projects have only recently commenced, there are clearly emerging themes and areas for improvement that we can (and, in some cases, have) started to work on. Some of these are set out below:

Tender and contract documentation

19. Some of the documentation used for the tender and contract processes, is not 'fit-for-purpose' and requires updating and, in some cases, rewriting. These

documents include the specification, preliminaries, associated Schedule of Rates, materials, and workmanship etc.

20. Work is already underway to review and overhaul the various documents used in the tender and contract process. It is expected that this task will be completed in advance of future works being procured.

Performance of external consultants

21. Some of the issues that have arisen on the major works project are a result of the failings of consultants employed to administer and manage the works. Under the current arrangements, consultants are not adequately held to account for their failings.
22. The Council is currently in the process of appointing new consultants and, the new consultancy contracts will contain penalties for poor performance that will ensure, that consultants are held properly liable for their failings in carrying out their professional duties.

Incentivisation

23. There are currently no clear incentives for consultants to manage the cost of major works projects. If the cost of the works increases, generally, so does the consultants fees.
24. As above, the Council is currently in the process of appointing new consultants and, the new consultancy contracts will include provisions for 'incentivisation' in a way that, for example, the consultant is rewarded for ideas that reduce the cost of the works.

Contract management

25. There is a lack of clarity around the role of the Council's Project and Contract Managers in terms of accountability, with a heavy reliance on (and deference to) the consultant Contract Administrator.
26. Where appropriate, PM's and CM's must be given the necessary support and training to ensure that they understand their responsibilities and accountability and, are able to fulfil their roles.

Stock condition data

27. There is an absence of relevant stock condition and other supporting data to inform, prioritise and determine the delivery of major works projects.
28. The Council is currently procuring a new Stock Condition Survey across the whole of its social housing stock, which will be used to develop a robust Housing Asset Management Strategy for future major works programmes.

Communication with residents

29. Communications between the Council and its residents have sometimes been insufficient to ensure that residents are kept informed, and their expectations are managed.
30. The communications protocol should be reviewed and updated to take on board lessons learned from previous projects.

Window replacements

31. There are concerns with accountability under the FENSA self-certification scheme for replacement window installations.
32. The use and suitability of the FENSA self-certification scheme for replacement windows should be reviewed and, if appropriate, additional measures be put in place to improve its validity including, for example, additional independent quality checks during the installation process.

Manufacturers warranties

33. There are examples where the Council has paid a premium for extended manufacturers warranties (flat roof replacements for example) but, the warranty conditions have been breached and the warranty invalidated.
34. To ensure that the cost and purpose of manufacturer's warranties is justified, the Council should ensure that robust processes and procedures are in place to maintain the warranties in accordance with the warranty provisions.

Complaints raised during the progress of the works

35. Residents have expressed concerns that complaints they made during the works (quality issues, health and safety matters etc) were ignored.
36. All complaints should be fully investigated and documented, with appropriate action taken to deal with the complaint and prevent further recurrence. An audit trail of all complaints should be maintained on site and included in the project documentation.
37. It should be noted that the review process is still ongoing and, the above list of emerging themes is not conclusive.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Hakeem Osinaike, Strategic Director of Housing		
Report Author	Paul Murtagh, Interim Design and Delivery Manager		
Version	Final		
Dated	7 January 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance		No	No
Strategic Director, Finance		No	No
Cabinet Member		No	No
Date final report sent to Scrutiny Team			7 January 2025

OVERVIEW AND SCRUTINY COMMITTEE

MUNICIPAL YEAR 24/25

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