Open Agenda

Housing and Community Safety Scrutiny Sub-Committee

Monday 28 November 2011
7.00 pm
160 Tooley Street, London SE1 2QH

Supplemental Agenda

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6.	**Case Studies** Detailed responses to leaseholder charging case studies as identified at committee's previous meeting.	1 - 15

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Date: 25 November 2011

Agenda Item 6

Case Number	Address	Date	Major works or Service Charges?
1	Cardiff House Peckham Park Road SE15 6TT	2007-2009	Major works

Description

- Inconsistent / incorrect section 125 charging scheme; final bill is 500% more than original estimate.
- Lack of transparency in billing for works proposed and actually done
- Lack of transparency in the contractors bill passed on to Leaseholders. For example, about 35% of bill in some cases where allocated to prelims, general prelims etc.
- General lack of consultation when works extended beyond section 20 notice agreements, which attracted extra cost**.**

Division responses

Home Ownership Services

The estimate was constructed in November 2006 and provided an individual void calculation estimate based on the S125 appendix B notice and legislative statute no.2195. This statute instructs the landlord how to calculate charges for the gap between the reference and initial periods. The individual estimate was constructed based on an anticipated contract start date and length; these dates were only estimated and used for the purpose of calculating costs for leaseholders subject to their s125 agreement, re: inflation. The section 20 notice under schedule 3 detailed the works proposed, gave an individual estimate and invited leaseholders to view any contract documents at the office of the home ownership unit. Along with the section 20 notice the landlord provided a calculation sheet of all the works proposed under the contract for Cardiff house and the contract costs that are applied across the works such as preliminaries and overheads.

The Final Account for the major works contract fell by £748,179.45, there were no additional works or costs incurred that required the landlord to carry out additional section 20 consultation.

The final account for 67 Cardiff house was £16,429.30 which is less than the amount presented at the Leasehold Valuation Tribunal due to shared savings being applied to the contract at a later stage.

The main reason for the large increase from the estimate in 2006 to the final account in 2010/11 is as follows:

The contract started later and lasted longer than the anticipated date used to construct the estimate; this affected the leaseholder's position in regards to being protected by their s125 limitations. The leaseholders initial period expired on the 31/3/2008 which resulted in the financial protection under the S125 also expiring and therefore the leaseholder was only protected on costs for 48 weeks of the 105 week contract. For the remaining 57 weeks of the contract the leaseholder was fully recharged for the works within the contract under Cardiff house as per the lease covenants.

The council did not serve a section 20B noticed as the final invoice was served within 18 months of costs being incurred.

The final account invoice was served with a covering letter that stated the individual charge under the contract and included a calculation sheet showing that the calculation methodologies had not changed from the estimate in regards to contract costs etc.

An application was made to the LVT regarding the issues mentioned above which were thoroughly explored by the tribunal and explained by the landlord. The leaseholder presented their own set of calculations in regards to what they deemed to be reasonable, however, these were contested by the landlord due to the fact that they had not been done in accordance with either the lease or the legislation. The tribunal decision was in favour of the landlord who felt that although the increase was unfortunate, it was correctly incurred and recharged to the leaseholder.

Major Works

It is not correct to say there has been a lack of transparency in the contractor's bills. This work package was part of phase 2 in a large decent homes plus scheme to the Friary Estate including extensive internal and external works. The works were delivered through a partnering contract for the Peckham Area .Priced documents have been available through the home ownership throughout for leaseholders to view. In addition to this there was extensive consultation and communication throughout all of the works including regular coffee sessions, leasehold meetings, general resident meetings and a Residents Project Board.

Due to the size and scale of the works the site prelims were separated between internal and external works and averaged around 23% for externals. The general prelims were part of the tendered percentages for the overall partnering contract at 4%. The contract award was based on the successful contractor submitting the lowest costs and best quality submission.

It should be noted that this works package has been tested through several leasehold valuation tribunals which have found in the Councils favour.

Case Number	Address	Date	Major works or Service Charges?
2	Elm Grove Peckham SE15 5DE	8 Feb 2011	Major works

Description

- The leaseholder's estimate for the work was £1800-£2500. The Council's estimate was £6250, more than 200% more. 95% of the work on the site specification has not been done and nobody has been to see of the work has been done or not. The leaseholder would like a meeting to discuss the issues

Division responses

Home Ownership Services

This work was subject to a traditional procurement process rather than being carried out under the partnering contracts. The leaseholder had been complaining about the condition of his windows for some considerable time and requesting that the Council carry out an external decorations contract. At his own request he waived his right to have a full observation period in order to proceed the contract and did not nominate a contractor to be added to the tender list, as was his right. The proposed work to his block consisted of decorations and some window repairs.

Major Works

Three quotes were obtained for the work and the lowest was accepted. The works have been post inspected by the project manager for the scheme and the works are satisfactory.

The contractor (Standage) have been asked for a more detailed breakdown of works and the project manager is also chasing for the final account with the QS (Gerry Andrews at B Leigh)

Case Number	Address	Date	Major works or Service Charges?
3	Ednam House Frensham Street SE15 6TH	2007-2009	Major works

Description

- Inconsistent / incorrect section 125 charging scheme; final bill is 500% more than original estimate.
- Lack of transparency in billing for works proposed and actually done
- Lack of transparency in the contractors bill passed on to Leaseholders. For example, about 35% of bill in some cases where allocated to prelims, general prelims etc.
- General lack of consultation when works extended beyond section 20 notice agreement, which attracted extra cost**.**

Division responses

Home Ownership Services

The estimate was constructed in October 2005 and provided an individual estimate based on the S125 appendix B notice.The section 20 notice under schedule 3 detailed the works proposed, gave an individual estimate and invited leaseholders to view any contract documents at the office of the home ownership unit. Along with the section 20 notice the landlord provided a calculation sheet of all the works proposed under the contract for Ednam House and the contract costs that are applied across the works such as preliminaries and overheads.

The Final Account for the major works contract fell by £862,129.62. There were no additional works or costs incurred that required the landlord to carry out additional section 20 consultation.

The final account for 72 Ednam House was £22,600.07. This amount was invoiced after the LVT decision was made and therefore was inclusive of any determinations.

The reason for the large increase from the estimate in 2005 to the final account is that the costs of works within the contract rose and fell form the original tender amounts on which the estimate was based. This is common in large scale a contract which is why there are provisional sum allowances. The leaseholder was still fully covered by their s125 notice and therefore even though the final account rose above the estimate, it did not rise above the amounts quoted in the S125 notice and therefore were deemed fully recoverable.

The council did not serve a section 20B noticed as the final invoice was served within 18 months of costs being incurred.

The final account invoice was served with a covering letter that stated the individual charge under the contract and included a calculation sheet showing that the calculation methodologies had not changed from the estimate in regards to contract costs etc.

An application was made to the LVT regarding the issues mentioned above which were thoroughly explored by the tribunal and explained by the landlord. With the exception of some of the individual roof costs, the tribunal decision was in favour of the landlord and felt that although the increase was unfortunate, it was correctly incurred and recharged to the leaseholder.

Major Works

It is not correct to say there has been a lack of transparency in the contractor's bills. This work package was part of phase 2 in a large decent homes plus scheme to the Friary Estate including extensive internal and external works. The works were delivered through a partnering contract for the Peckham Area .Priced documents have been available through the home ownership throughout for leaseholders to view. In addition to this there was extensive consultation and communication throughout all of the works including regular coffee sessions, leasehold meetings, general resident meetings and a Residents Project Board.

Due to the size and scale of the works the site prelims were separated between internal and external works and averaged around 23% for externals. The general prelims were part of the tendered percentages for the overall partnering contract at 4%. The contract award was based on the successful contractor submitting the lowest costs and best quality submission.

It should be noted that this works package has been tested through several leasehold valuation tribunals which have found in the Councils favour.

Case Number	Address	Date	Major works or Service Charges?
4	Ramsfort House Roseberry Street SE16 3NZ	Dec 2006 - Present	Major works

Description

- Poor workmanship. Poor planning and design. Work left unfinished. Lack of Council attendance and project management. Incomplete and poor work was signed off.

- Work charged which should not have been (new work and improvements). Poor decision making and leadership.

Division responses

Home Ownership Services

Issues of new work and improvements are believed to refer to defensible space – the creation of gardens outside the tenanted properties – which were not recharged to leaseholders.

Major Works

This particular case is still being resolved with the leaseholder. This particular scheme coincided with a re-organisation of staff. The management of the project should have been better and the work was accepted when not to the required standard. Subsequently works have been rectified at no additional costs to leaseholders and discussions are currently taking place as to a possible reduction in charges.

Case Number	Address	Date	Major works or Service Charges?
5	Osprey House Pelican Estate SE15 5NT	Oct 2009 – Aug 2010	Service Charge

Description

- No significant work has been undertaken on the block, yet the service charges have rocketed dramatically. The wall is wet due to a problem with the guttering. Water is dripping through and needs urgent repair.

- No significant work has been undertaken on the block, yet the service charges have rocketed dramatically. The wall is wet due to a problem with the guttering. Water is dripping through and needs urgent repair.

(This is for both Area Management and Maintenance and Compliance, as it cuts across both estate management and repairs).

Division responses

Home Ownership Services

Service charges have risen since 2003/04 due both to increased efficiency in identifying costs incurred by the Housing Revenue Account and charging them properly in accordance with the lease, and the general increase in the costs of service provision in the period. However, for the last three years (2007/08 to 2009/10) the actual service charge has been £900.52, £1,176.03 and £1,233.94 respectively. The 2010/11 actual service charge is due to be issued shortly.

Area Management and Maintenance & Compliance
Pending response.

A review of the repair history for 1-12 Osprey House going back 5 years has highlighted that works were identified and subsequently undertaken to address a problem with guttering outside no 8. This work (order no 4530707/1) was raised on 8th June 2010, and completed on 11th August. On 18th March an order (4836295/1) was placed to repair the damaged asphalt outside no 12 as this was identified as the cause of water penetration to no 6. This order was completed on 6th April.

We are unable to identify any other works orders that relate to water penetration at Osprey House, but have arranged for a survey to be undertaken urgently. Appropriate works will be raised to rectify the fault.

Case Number	Address	Date	Major works or Service Charges?
6	Osprey House Pelican Estate SE15 5NT	Ongoing	Major works & Service Charge

Description

- Communal cobblestones are not cleaned, hedge at the rear is not cut often enough. The gate has been damaged by Council workers.

- Windows replaced at a cost of £20,000 but locks keep breaking. Roof work is substandard quality. Electrical window fan fitted in the kitchen but not connected.

- Fuse box was replaced with an old one despite being charged for a new one. (This item may be related to major works rather than repairs)

- No compensation for the removal of a security shutter which had to be removed to install the new windows.

Division responses

Home Ownership Services

The final account for the major works has been issued and has a 10% reduction on the original tender. The Major Works Division have stated that all works were completed

satisfactorily allowing the final account to be signed off and all payments made to the contractor.

Major Works

The contract was discussed at LVT and the costs were found to be reasonable for the works. The works were carried out well on site and no major problems have been reported during the defects liability period or subsequently. Leaseholders are responsible for their own wiring to properties and it is therefore their responsibility to connect up fans to their own electrical systems

Compensation is not given to residents who have put up their own grilles. These can be a fire hazard and the new windows provide adequate security.

Maintenance & Compliance

The review of repair history going back 5 years highlighted a number of repairs that related to communal lighting, but there is no record of a fuse board having been renewed to the communal part of the block.

Area Management
Pending response

Case Number	Address	Date	Major works or Service Charges?
7	Curlew House Talfourd Road	Ongoing	Service Charge

Description

- Service charge does not reflect the work that is actually done. Someone should go round and actually list the work that needs to be done and charge for that

(This is for both Area Management and Maintenance and Compliance as it cuts across both areas)

Division responses

Area management
Pending response.

Maintenance & Compliance

The Council has a regime of post inspection of the works that are undertaken via the Repair & Maintenance contract. A level of physical checks are undertaken by our Technical staff to assess the level of quality, adherence to specifications, and so that appropriate works to resolve faults are performed. Along side this, our Commercial team also review all payments claimed by contractors. Where appropriate deductions are made form the payments applied for by contractors. Such deductions are made on grounds such as works not undertaken, incorrect measurements, lateness and poor quality. The terms of the contract enable to Council to remove works from contractors for repeated poor performance.

Case Number	Address	Date	Major works or Service Charges?
8	Columbia Point		Major works

Description

Original Tender £532,309.23. Works Tendered for but not carried out £38,736.33. Thus Tendered price for works actually carried out £493,572.90.

Final A/C £628,690.84. Increase in cost of works actually carried out £135,117.94. Percentage increase in cost of works actually carried out 27%

Division responses

Maintenance and Compliance

It is not uncommon that tendered amounts vary from the actual costs as many items are remeasured when on site. That is the case with most of the smaller differences at both Columbia and Regina Points.

It is also fair to say that some issues are not discovered until works are on site and that is the cause of the biggest differences at these blocks, particularly in relation to the cross ventilation issue. This issue represents approximately 75% of the total increase at both blocks.

The reason for this increase is in essence because Building Control requirements meant that the original plans to resolve the cross ventilation of the lobbies issue were not practicable and were considered to result in higher costs than with the secondary option (which is the one Southwark pursued).

The first option was to open up the manifold rooms on every level to ensure ventilation via the louvered windows within. However these rooms are also the route for the many district heating and hot water pipework that serve the dwellings. LBS Building Control advised that these pipes would need to be enclosed to provide a 60 minute fire protection. Because of the amount and different locations of the valves and controls to this pipework the enclosures would also have to provide very many access panels to allow for day to day maintenance. It was considered that this would have increased the costs substantially, at least by double.

The second option, and the one that was pursued, was to provide automatic opening ventilation (doors on the other side of the lobbies) which would be controlled by smoke alarms in the lobbies.

Case Number	Address	Date	Major works or Service Charges?
9	Regina Point		Major works

Description

Original Tender £534,582.76. Works Tendered for but not carried out £36,236.09. Thus Tendered price for works actually carried out £498,346.67

Final A/C £633,149.07. Increase in cost of works actually carried out £134,802.40. Percentage increase in cost of works actually carried out 27%

(FRA works – project managed via H&S Team, so maybe more appropriate for Maintenance and Compliance)

Division responses

Maintenance and Compliance

It is not uncommon that tendered amounts vary from the actual costs as many items are remeasured when on site. That is the case with most of the smaller differences at both Columbia and Regina Points.

It is also fair to say that some issues are not discovered until works are on site and that is the cause of the biggest differences at these blocks, particularly in relation to the cross ventilation issue. This issue represents approximately 75% of the total increase at both blocks.

The reason for this increase is in essence because Building Control requirements meant that the original plans to resolve the cross ventilation of the lobbies issue were not practicable and were considered to result in higher costs than with the secondary option (which is the one Southwark pursued).

The first option was to open up the manifold rooms on every level to ensure ventilation via the louvered windows within. However these rooms are also the route for the many district heating and hot water pipework that serve the dwellings. LBS Building Control advised that these pipes would need to be enclosed to provide a 60 minute fire protection. Because of the amount and different locations of the valves and controls to this pipework the enclosures would also have to provide very many access panels to allow for day to day maintenance. It was considered that this would have increased the costs substantially, at least by double.

The second option, and the one that was pursued, was to provide automatic opening ventilation (doors on the other side of the lobbies) which would be controlled by smoke alarms in the lobbies.

Case Number	Address	Date	Major works or Service Charges?
10	Cardiff House Peckham Park Road SE15 6TS	2007-2009	Major works

Description

- Inconsistent / incorrect section 125 charging scheme; final bill is 500% more than original estimate.
- Lack of transparency in billing for works proposed and actually done
- Lack of transparency in the contractors bill passed on to Leaseholders. For example, about 35% of bill in some cases where allocated to prelims, general prelims etc.
- General lack of consultation when works extended beyond section 20 notice agreements, which attracted extra cost**.**

Division responses

Home Ownership Services

The estimate was constructed in November 2006 and provided an individual estimate based on the S125 appendix B notice. The individual estimate was constructed based on an anticipated contract start date and length; these dates were only estimated and used for the purpose of calculating costs for leaseholders subject to their s125 agreement, re: inflation. The section 20 notice under schedule 3 detailed the works proposed, gave an individual estimate and invited leaseholders to view any contract documents at the office of the home ownership unit. Along with the section 20 notice the landlord provided a calculation sheet of all the works proposed under the contract for Cardiff house and the contract costs that are applied across the works such as preliminaries and overheads.

The Final Account for the major works contract fell by £748,179.45, there were no additional works or costs incurred that required the landlord to carry out additional section 20 consultation.

The final account for 1 Cardiff house was £14,780.05 which is less than the amount presented at the LVT due to shared savings being applied to the contract at a later stage.

The main reason for the large increase from the estimate in 2006 to the final account in 2010/11 is as follows:

The contract started later and lasted longer than the anticipated date used to construct the estimate; this affected the leaseholder's position in regards to being protected by their s125 limitations. The leaseholders initial period expired on the 31/3/2008 which resulted in the financial protection under the S125 also expiring and therefore the leaseholder was only protected on costs for 100 weeks of the 105 week contract. For the remaining 4-5 weeks of the contract the leaseholder was fully recharged for the works within the contract under Cardiff house as per the lease covenants. Legislative statute no.2195 was also applicable in this case and taken into account, this statute instructs the landlord how to calculate charges for the gap between the reference and initial periods.

The council did not serve a section 20B noticed as the final invoice was served within 18 months of costs being incurred.

The final account invoice was served with a covering letter that stated the individual charge under the contract and included a calculation sheet showing that the calculation methodologies had not changed from the estimate in regards to contract costs etc.

An application was made to the LVT regarding the issues mentioned above which were thoroughly explored by the tribunal and explained by the landlord. The leaseholder presented their own set of calculations in regards to what they deemed to be reasonable, however, these were contested by the landlord due to the fact that they had not been done in accordance with either the lease or the legislation. The tribunal decision was in favour of the landlord and felt that although the increase was unfortunate, it was correctly incurred and recharged to the leaseholder.

Major Works

It is not correct to say there has been a lack of transparency in the contractor's bills. This work package was part of phase 2 in a large decent homes plus scheme to the Friary Estate including extensive internal and external works. The works were delivered through a partnering contract for the Peckham Area .Priced documents have been available through the home ownership throughout for leaseholders to view. In addition to this there was extensive consultation and communication throughout all of the works including regular coffee sessions, leasehold meetings, general resident meetings and a Residents Project Board.

Due to the size and scale of the works the site prelims were separated between internal and external works and averaged around 23% for externals. The general prelims were part of the tendered percentages for the overall partnering contract at 4%. The contract award was based on the successful contractor submitting the lowest costs and best quality submission.

It should be noted that this works package has been tested through several leasehold valuation tribunals which have found in the Councils favour.

Case Number	Address	Date	Major works or Service Charges?
11	Ednam House Frensham Street London SE15 6TH	2007-2009	Major works

Description

- Inconsistent / incorrect section 125 charging scheme; final bill is 500% more than original estimate.
- Lack of transparency in billing for works proposed and actually done
- Lack of transparency in the contractors bill passed on to Leaseholders. For example, about 35% of bill in some cases where allocated to prelims, general prelims etc.
- General lack of consultation when works extended beyond section 20 notice agreements, which attracted extra cost**.**

Division responses

Home Ownership Services

The estimate was constructed in October 2005 and provided an individual estimate. The section 20 notice under schedule 3 detailed the works proposed, gave an individual estimate and invited leaseholders to view any contract documents at the office of the home ownership unit. Along with the section 20 notice the landlord provided a calculation sheet of all the works proposed under the contract for Ednam House and the contract costs that are applied across the works such as preliminaries and overheads.

The Final Account for the major works contract fell by £862,129.62, there were no additional works or costs incurred that required the landlord to carry out additional section 20 consultation.

The final account for 63 Ednam House was £25,020.18.

The reason for the increase from the estimate in 2005 to the final account is that the costs of works for Ednam House within the contract rose from the original tender amounts of which the estimate was based. This is common in large scale a contract which is why there are provisional sum allowances.

The council did not serve a section 20B noticed as the final invoice was served within 18 months of costs being incurred.

The final account invoice was served with a covering letter that stated the individual charge under the contract and included a calculation sheet showing that the calculation methodologies had not changed from the estimate in regards to contract costs etc.

Major Works

It is not correct to say there has been a lack of transparency in the contractor's bills. This work package was part of phase 2 in a large decent homes plus scheme to the Friary Estate including extensive internal and external works. The works were delivered through a partnering contract for the Peckham Area .Priced documents have been available through the home ownership throughout for leaseholders to view. In addition to this there was extensive consultation and communication throughout all of the works including regular coffee sessions, leasehold meetings, general resident meetings and a Residents Project Board.

Due to the size and scale of the works the site prelims were separated between internal and external works and averaged around 23% for externals. The general prelims were part of the

tendered percentages for the overall partnering contract at 4%. The contract award was based on the successful contractor submitting the lowest costs and best quality submission.

It should be noted that this works package has been tested through several leasehold valuation tribunals which have found in the Councils favour.

Case Number	Address	Date	Major works or Service Charges?
12	Maddock Way		

Description

- Originally we were quoted a costing which was £4,445.00 per leaseholder. There are only ten dwellings of which seven are leaseholders.

- The roof in question had been repaired so many times it was decided to renew in its entirety. Not before the roof above 28/30/32 had to be redone through a total botched job by S.B.S. the second job was fulfilled to a very high standard and then discarded for the complete renewal by Elkins contractors. The reason for the increased costing was over an extended guarantee period. The documents attached should clearly show you what occurred. Because of the way the increase came about the additional cost is still to be finalised

Division responses

Maintenance & Compliance

The initial quote obtained by our team was based on the Southwark schedule of rates contract. This appears to include a minimum requirement to have a 15 year guarantee for all flat roof renewals.

At the same time that this was obtained the council approached us to obtain a flat roof system renewal cost and this was tendered to various contractors to comply with CSO's

The system specified by Blakeney Leigh incorporates a 30year guarantee as standard and has been used on a number of properties within the borough. The system was successfully tendered with the most cost effective supplier returning a cost in the region of £73,000.00.

Incidentally the renewal has also been quoted separately by Morrison's to renew in asphalt at approximately £72,000.00. The asphalt system has a maximum guarantee period of 25years.

As can be seen the difference in cost to double the guarantee from 15 years to 30 years does not double the cost, nor does the cost vary greatly between the 20year and 30year system, but the benefits of the longer guarantee are clear for both Leaseholders and the Council.

Case Number	Address	Date	Major works or Service Charges?
13	Bromleigh Court SE23 3PW	200?-2011	Major Works

Description

Several sets of major works to the block (windows, electrics, door entry system, disabled access, fire doors etc). Leaseholders have been challenging many aspects of the costs, including:

- The cost of a door entry system was doubled by including disabled ramps without any consultation. Some ramps were installed in the wrong place (e.g. a disabled ramp at a back door allowing entrance to a lobby which then required climbing two sets of stairs, when the front door gave access to the ground floor and a lift) and handrails that look like scaffold poles were installed at the wrong height. The door entry system has had repeated problems (visitors not able to hear residents and vice versa). On each occasion Councillors and leaseholders have had to fight to take unacceptable cost elements out of the contractor's bills
- The electrical contractors claimed for wiring that leaseholders argue was not completed and by carefully scrutinising costs they have managed to find duplicate invoices, works that were not complete, items charged for that were not actually used etc.
- The council has charged tenants and leaseholders for a communal TV aerial which essentially doesn't work for most properties and has been the subject of repeated complaints.

There are also generic issues such as repeated job numbers for repairs, trades people not attending scheduled appointments and delays getting compensation for missed appointments.

Division responses

Major Works

All leaseholders were consulted under the Statutory Leasehold consultation Requirement's and no observations were received Leaseholders only started to query the works once the project commenced on site. No local consultation at Area level was carried out with leaseholders in respect to the increase in costs due to the inclusion of the ramp and steps to comply with part M building regulations. No disabled ramps were installed incorrectly as suggested. The handrails installed at 22-29 were the wrong height, a resident brought to the Council's attention and the height of the handrails were subsequently reduced. There were issues with the door entry system following the installation being completed. However, the issues have all been addressed. Dialogue with the Leaseholders and Councillors has taken place regarding the costs of the door entry system . Chargeable element's to leaseholders have been reduced and agreed through constructive dialogue.

This item specifically relates to the lateral rewiring and there has been extensive dialogue with a resident and councillors on this subject. The resident was provided with all the certificate payment's and cost build ups for the project. There has not been any duplicate invoices paid against this scheme. The resident carried out a measure of the lateral wiring at Bromleigh court and advised the Council that it had been over measured and overpriced. An independent audit (re-measure) was then carried out to all blocks, which identified an overcharge of £2,300.00 solely against the lateral rewiring element. The net effect was that 3 blocks had been overcharged on their estimated invoices and one block was undercharged. The final account for the contract was adjusted prior to issuance, HOU advised and subsequently the reductions and increases applied when HOU issued the actual final account invoices to leaseholders. In addition all leaseholders were advised in writing the outcome of the independent re-measure and the resultant decrease/increase of apportioned costs. The original cost of the lateral rewiring element was £251,000.00, and the £2,300.00 was deducted from the original cost

The Council has an agreement to pay customers a minimum of £50 is appointments are missed by the officers or representatives of the Council. All missed appointments are

investigated and appropriate action is taken in each case. We have a target to turn around missed appointment payment to customers within a month. Often the payment is re-charged to contractors.

Case Number	Address	Date	Major works or Service Charges?
14	Crystal Court	200?-2011	Major works

Description

- Leaseholders were given £30,000 bills for major works which included more than £12,000 for ten mobile phones and broadband costing over £500.
- There were also issues over the levels of the administration fee charged by the council and the "professional fee."

Division responses

Home ownership Services

The administration fee is charged at 10% of the service charge, in accordance with the terms of the lease. Professional fees are charged at the cost of providing the service and normally expressed as a percentage of the service charge. The lease allows the Council to charge for the cost of overheads and management of services including repairs and renewals.

Major Works

The prelim costs were based on the original costs in the original tender. Over the past few months there have been a number of meetings with leaseholders and their representatives and as a result the contractors have agreed to a number of reductions to preliminary costs including the number of mobile phones charged for. It should be noted that the £12k quoted was the overall contract cost and not the amount charged to leaseholders. The contractors are required to have internet connections and will recharge these at the actual cost. The £500 stated is the overall contract cost for 35 weeks and not the recharge per leaseholder.

The Professional fees cover specific areas of the works package such as preparing the works package documentation, preparing & agreeing design issues, statutory health and safety management (CDM 2007), supervision of the works packages, customer satisfaction issues, and managing the defects and final accounts periods. This works package will be managed by the Council's internal Design & Delivery Team

Case Number	Address	Date	Major works or Service Charges?
15	Rowland Hill House	2010 - onwards	Major works

Description

- Large case on separate document.

- Rowland Hill House – all for Major Works division other than reference to statutory consultation and errors in rechargeable block cost.

Division responses

Home Ownership Services

Statutory consultation was carried out. Notices of intention and proposal made reference to possible renewal of some flat entrance doors. Subsequently the requirement for renewal of all flat doors for fire rating purposes was realised, but no further statutory consultation was required as this was an additional cost and not an additional work. A letter was sent detailing

the additional costs, with a spreadsheet showing those costs. A meeting was also held to discuss the additional costs. The additional costs will not be billed until final account – and it has already been agreed that leaseholders will receive a further interest free repayment period for these charges.

Errors in block cost – the major error was to have included in the estimate the full cost of window renewal, which HOU were subsequently informed (following a meeting with the leaseholders) had an external grant towards the cost. The grant reduced the cost of windows by £86,000. The leaseholders queried a further £118,500 worth of proposed expenditure, of which £14, 100 was found to have been inaccurately allocated as rechargeable. This equated to a contribution of £145 for a two bedroom property. The inaccuracies came to light because all the costings were made available to leaseholders both via a spreadsheet showing all the costs provided with the notice of proposal and via a copy of the specification being provided to the T&RA. None of these costs were actually billed to the leaseholders as the errors came to light during the consultation process. HOU did apologise for the errors and rectified the mistakes.

Major Works

1. Failing to engage with residents in pre-planning
There was an open evening in May 2009 and a leaseholders meeting in October 2009. Consultation processes have subsequently been reviewed with a leaseholder service improvement group and if this was a current scheme we would now set up a project team earlier in the project.

2. Condition and Decent Homes report 2006 - contained factual errors -
We accepted that there was no asphalt on the walkways or balconies and these were kept in the bill as only estimated charges. Attempts were made to access properties and TRA's would not usually be involved in this aspect.

3. Survey for electrical work
It has been acknowledged by Southwark that an error was made here and this has been apologised for. Better value was obtained as the additional works were price tested and cheaper rates obtained than the original tendered rate.

4. Notification of additional works – HOU answer above in red.

5. No record of works previously carried out to the block
It has to be accepted that Southwark's building plan records are not perfect, but we are currently looking to update information using IT more useful as part of the new electronic management of documents system. It is accepted some earlier sets of minutes were not as well laid out as they could have been and this was improved in later minutes of meetings.

6. Planning permission
Original planning permission was obtained for UPVC windows however following consultation with residents this was changed to aluminium. It is usual for tenders to run concurrently with planning permissions.

7. Fire Safety works
TRA's are not involved in the FRA process. This can only be done by Council staff who know exactly how these should be done in a professional manner. FRA's were not previously open documents sent to TRA's except by request, but they can now be ordered via the Council website

8. Sequencing and execution of the works
The sequencing of the works was agreed by Southwark with the contractor and if the contractor caused any subsequent damage then it is their responsibility to put these works right at their own cost.

Coal bunker issue - In retrospect the contractor should have done more inspections to properties beforehand to ensure too many pellets did not get into flats. It is always likely some pellets will come through and the contractor has a responsibility to clear these up. In future, contractors will be advised to do more pre-works surveys to properties which have this particular design.

Kitchen cupboards - Stop cock: Stop cocks were generally not replaced and locations are as existing. Access to the stop cock was provided through the back panel of the kitchen base unit.

9. Digital aerials
This was an entirely separate contract with separate contractors and nothing to do with the Decent Homes work.

10. Safety and security
The contractors did leave the doors wedged open at times and Council staff were constantly monitoring this and reminding the contractor this was not acceptable. There was one burglary which was been claimed to be the contractors fault and they have denied this and this is in the hand of the contractors insurance company.

11. Communication failures
In general adequate information was provided on details of works. There were some individual circumstances where the contractor did not meet the required standards however and this is an area we are working with all our current partner contractors to improve..

12. Home Ownership Unit/Bills
HOU answer above in red.

13. Fees
There has not been a lack of competence in the overall management of this scheme. Where errors were made they were rectified. The professional costs charged are reasonable and usual for a scheme of this nature.

14. Snagging Works
The flooring in the lobby is still outstanding and the contractor is being pursued on this and the only other long standing item is minor paint splashes and these ill be picked up at he end of defects. As new defects are reported these are recorded and either dealt with immediately or they will be picked up at he end of the defects period.

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