

# Housing and Community Safety Scrutiny Sub-Committee

Monday 28 November 2011

7.00 pm

Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

## Membership

Councillor Gavin Edwards (Chair)  
Councillor Linda Manchester (Vice-Chair)  
Councillor Michael Bukola  
Councillor Rowenna Davis  
Councillor Tim McNally  
Councillor Michael Situ  
Councillor Martin Seaton  
Miriam Facey  
John Nosworthy  
Jane Salmon  
Lesley Wertheimer

## Reserves

Councillor Claire Hickson  
Councillor Paul Kyriacou  
Councillor Darren Merrill  
Councillor Wilma Nelson

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**Contact** Karen Harris on 020 7525 0324 or email: [karen.harris@southwark.gov.uk](mailto:karen.harris@southwark.gov.uk)

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Members of the committee are summoned to attend this meeting

**Annie Shepperd**

Chief Executive

Date: 18.11.2011



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Ground Floor Meeting Room G02B - 160 Tooley Street, London SE1 2QH

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
1.	<b>APOLOGIES</b>	
2.	<b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
4.	<b>MINUTES</b>	
	To approve as a correct record the Minutes of the open section of the meeting held on	
5.	<b>LISTENING IN EXERCISE</b>	
6.	<b>CASE STUDIES</b>	1 - 22
	Detailed responses to leaseholder charging case studies as identified at committee's previous meeting.	
7.	<b>PROGRESS ON IMPLEMENTING GRANT THORNTON REPORT</b>	
8.	<b>FURTHER DISCUSSION ON BAR SYSTEM</b>	

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
9.	HOMEOWNER SATISFACTION REPORT	23 - 28

10. DOMESTIC VIOLENCE SCRUTINY (INITIAL DISCUSSION)

DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING.

PART B - CLOSED BUSINESS

DISCUSSION OF ANY CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT.

Date: 18.11.2011

# 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 were 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 if 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 from 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 notice 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.



<b>Case Number</b>	<b>Address</b>	<b>Date</b>	<b>Major works or Service Charges?</b>
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.

<b>Case Number</b>	<b>Address</b>	<b>Date</b>	<b>Major works or Service Charges?</b>
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.

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

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

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.

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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

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 will be picked up at the end of defects. As new defects are reported these are recorded and either dealt with immediately or they will be picked up at the end of the defects period.

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 28 November 2011	<b>MEETING NAME</b> Housing and Community Safety Scrutiny Sub-Committee
<b>Report title:</b>		Leasehold Satisfaction	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Housing Business Improvement Unit	

## PURPOSE

This report is to provide highlights from the Home Owner Survey that has been carried out by the Business Improvement Unit.

## RECOMMENDATIONS

Members are asked to note the contents of this report.

## SUMMARY RESULTS FROM THE SURVEYS

1. The Council began a quarterly sample survey of 800 home owners in quarter three of 2010/11, this was subsequently increased to 1000 in quarter two of 2011/12. The survey was conducted to establish what home owners think about their home and how satisfied they are with the services provided by the council. The consultation took place over a four-week period using a postal questionnaire and random selection of leaseholders from across the borough.
2. Three £25 vouchers are offered as an incentive to return the questionnaire. Return rates over the three quarters have been between 9% and 11%. For 9% return on the quarterly survey there is at a 95% confidence level a +/- 11.2 margin of error.
3. This report summarises the results for the first four quarters that the survey has been conducted and gives a cumulative result for the last year of surveys. This is also compared to the Ipsos MORI survey of 2005/6

Performance Indicator	05/06 Ipsos MORI	10/11 Qtr 3	10/11 Qtr 4	11/12 Qtr 1	11/12 Qtr 2	Last 4 Qtrs	Qtrly trend	Last 4 Qtr to Ipsos
% satisfied with the overall services provided by the council (NI 160).	33%	46%	57%	47%	53%	51%	↑	↑
% satisfied that their annual service charge represents value for money.	19%	27%	25%	30%	32%	28%	↑	↑
% satisfied that the major works service charges represent good value for money.	17%	12%	5%	24%	6%	11%	↓	↓
% satisfied with the overall quality of the major repairs work carried out.	n/a	18%	21%	31%	27%	24%	↓	n/a
% satisfied with the way the council generally deals with communal repairs and maintenance.	27%	30%	32%	35%	48%	36%	↑	↑
% satisfied with the general upkeep of their block or estate.	54%*	51%	66%	56%	62%	59%	↑	↑

Performance Indicator	05/06 Ipsos MORI	10/11 Qtr 3	10/11 Qtr 4	11/12 Qtr 1	11/12 Qtr 2	Last 4 Qtrs	Qtrly trend	Last 4 Qtr to Ipsos
% who feel that the council is good at keeping them informed about things that affect them as a homeowner.	50%	52%	62%	50%	71%	59%	↑	↑
% who described their officer as very or fairly helpful.	47%	55%	59%	58%	70%	61%	↑	↑
% satisfied with their neighbourhood as a place to live.	61%	82%	76%	92%	79%	82%	↓	↑
% satisfied with the play areas in their neighbourhood.	n/a	66%	68%	53%	58%	62%	↑	n/a

\*satisfaction with the way their estate is cleaned and maintained

4. The survey results show that satisfaction with the overall services provided to Homeowners has improved as well as their satisfaction with the value for money of service charges, although the satisfaction is still low. The recent surveys with overall satisfaction between 46% and 57% compare well to other landlords.
5. The overall satisfaction of home owners is lower than that of tenants, which for the same period was between 69% and 76%. Benchmarking for with London authorities and ALMOs shows that home owner satisfaction is generally much lower than tenant satisfaction with a median of 73.30% for tenants compared to 41.50% for home owners, where results are included.
6. The areas of poorest satisfaction are:
  - The value for money of the annual service charge, though this improved since this Ipsos Mori survey in 2005/6
  - The value for money of major works service charges, however this has already been identified as a priority for the service.
  - The way the council generally deals with communal repairs and maintenance. The Council is addressing these issues as part of its action plan to improve the repairs service. Satisfaction has improved since the 2005/6 Mori survey.
  - The overall quality of the repairs work carried out. The Council is addressing these issues through reviewing and strengthening of its contract management arrangements.
7. Other key observations from the survey results are:
  - **Outcome of enquiries.** Those who are very dissatisfied at the outcome of enquiries are a substantial group, at 26.3% of responses.
  - **Keeping householders informed.** While there is a large group of householders who do not feel that the council is good at keeping them informed, at 22%, the quarter 2 figures for this indicator are much improved on the annual figure.
  - **Opportunities for participation.** Home owners feel much less satisfied at opportunities for participation in decision making than tenants. There is a difference of 15.2 percentage points between tenants and householders who are satisfied at opportunities for participation. The largest group among homeowners was those who are neither satisfied nor dissatisfied with opportunities, at 46.4%.
  - **Crime and antisocial behaviour.** Overall, the vast majority of residents express satisfaction about their neighbourhood as a place to live, with an overall figure of 81.6% satisfied. There is a significant variation of 12.4 percentage points between communities, with Dulwich at 88.9% and 76.5% in Walworth.
  - **Annual Service Charge** For the year, around half (50.4%) of homeowners believe that the annual service charge does not represent good value for money. Just over a quarter believe that it does represent good value for money, at 27.9%. Comments from homeowners suggest that there is some work to be done on understanding the nature of service charges. The majority indicated that more detail was needed in order to fully understand the services being provided.

Many homeowners noted that the service charges invoices sent to them were often revised later, making budgeting difficult.

- **Major works service charge** Annually, almost three quarters of home owners said that they did not think the major works service charge represented value for money. This was 73.7% of the annual results. This compares to only 11.4% of home owners who thought that the service charge represented good value for money. The scheduling of works was identified as an issue of concern. Some residents claimed that there had been no work for over a decade, while others stated that the major works they had anticipated had been continuously cancelled.

## BACKGROUND AND OTHER HIGHLIGHTS

These are cumulative results from over the four quarters and the percentages are of those respondents that completed the particular question.

### Contact with the Council's housing services

8. The ways home owners last contacted the council were:

Telephoned	55%
Emailed	22%
Visited office	12%
Sent letter	8%
Online via council's website	4%

9. The reasons for home owners last contacting the council were:

Service charge information	20%
Communal repairs	18%
Other, please specify	12%
Major works	12%
Leak from other property	7%
Grounds maintenance	6%
Antisocial behaviour	5%
Estate lighting	4%
Cleaning	4%
Refuse collection	4%
Tenant and resident association, area housing forum, or homeowner council	2%
Recycling services	2%
Altering or improving your property	2%
Selling a property	1%
Buying a property	1%

(a variety of reasons including: checking meters, insurance claims and structural problems)

### Resident Involvement

10. The ways that respondents were currently involved was (percentage of total responses):

Home owner council	30%
Area forums	20%
Tenants and resident association	13%
Email consultation groups	10%
Estate inspections	7%
Web forums	7%
Resident working groups	5%
Home owner conference	5%
Tenant management organisations	3%

11. The ways that respondents would like to be involved was (percentage of total responses):

Email consultation groups	20%
Web forums	17%
Home owner council	15%
Estate inspections	11%
Resident working groups	9%
Home owner conference	9%
Tenants and resident association	8%
Tenant management organisations	6%
Area forums	5%

### Crime and antisocial behaviour

12. The percentage of respondent's saying this area was a very big or fairly big problem were (each area assessed separately):

Noisy neighbours	36%
Vandalism	34%
Disruptive children/teenagers	31%
Crime	28%
Drug use or drug dealing	27%
Sexual harassment	6%
Homophobic harassment	6%
Racial harassment	5%

### Block and estate services

13. The percentage of respondent's saying this was a very big or fairly big problem were (each area assessed separately):

Rubbish or litter	42%
Parking facilities	41%
Dogs fouling	40%
Maintenance of roads and paths	33%
Fly tipping	30%
Vandalism/Graffiti	21%
Noisy dogs	18%
Empty garages	11%

### Annual service charges

14. The percentage of respondents saying the following services for which they pay annual charges were poor or very poor value for money were (each area assessed separately):

Responsive repairs	40%
Security services	32%
Care and upkeep	32%
Entry phone	29%
Lifts	29%
Estate grounds maintenance	28%
Communal TV aerial	26%
Heating	22%
Lighting and electricity	19%
Building insurance	19%

## Major Works

15. The percentage of respondent's saying they were unsatisfied or very unsatisfied with the following areas for the last major works which took place in their block or estate were (each area assessed separately):

Cost of work	74%
Quality of work	54%
Clarity of information provided about the work	46%
Consultation with yourself	43%
Consultation with resident representatives	35%

## BENCHMARKING AND KEY RESULTS FROM OTHER AUTHORITIES

16. HouseMark Benchmarking

Comparing results given for London Local Authorities and ALMOs (2009-11) for overall satisfaction with home owner services. Only 7 authorities submitted results.

Upper	Median	Lower
46.83	41.50	36.50

Southwark (Mori 2005/5)	Southwark (last 4 Qtrs.)
33%	51%

17. Barnet Homes 2008 leasehold survey

31% satisfied with the overall services provided by Barnet Homes.  
 18% Satisfaction with value for money of service charges  
 16% satisfied that major works service provides value for money.

Barnet homes benchmarked with 5 London and South East ALMOs with the average satisfaction being 34% and concluded that an excellent service is only likely to achieve satisfaction of between 40% and 50% which is in itself is disappointing.

18. Sutton Housing Partnership leasehold 2010 survey

49% of respondents stated that they were satisfied with the overall service provided.

19. Tower Hamlet Homes leasehold survey 2010

44% Overall satisfaction with services provided  
 24% Satisfaction with value for money of service charges  
 54% Satisfaction with caretaking - Cleaning  
 34% Satisfied views taken into account

## USING FEEDBACK

20. This report confirms the areas of concern that home owners have been expressing to officers and councillors regarding the services that they receive. We use satisfaction reports along with other feedback to tailor our services and prioritise our improvements in a variety of ways at many different levels within the Council. It is therefore not surprising that the Council plan promises to address many of the major concerns that home owners have been raising including:

- improving the housing repairs service and other aspects of customer care, which are key issues for tenants and homeowners. We want our tenants and homeowners to be

involved in the design and delivery of ongoing service improvement. Practical improvements include ensuring that service charges for homeowners are accurately estimated and billed, that major works are value for money and that charges for major works are fully explained to homeowners. We will also deliver all of the recommendations of the leaseholder audit action plan.

- providing more opportunities for residents to become involved in the delivery of housing services through a refreshed resident involvement strategy

A delivery schedule is in place for the housing service to ensure that the plans become a reality.

These plans include:

- Ensuring that major works represent value for money: through tighter specifications, reduced variation orders and stronger contract management. We will involve residents in a review of our contract management arrangements and capture the outcome in a local offer.
- Working across divisions to improve the quality of information on major works to homeowners
- Delivering all the actions from the home owner audit improvement plan
- Delivering the home owner service charge module
- Improving the quality of information delivered to homeowners
- Promoting the Right to Manage with Tenant and Resident Associations /Area Forums. Delivering self management to at least 2 of the 5 currently in development

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