

<b>Meeting Name:</b>	Overview and Scrutiny Committee
<b>Date:</b>	4 November 2024
<b>Report title:</b>	Consort Estate Major Works – Scrutiny of section 20 charges and works proposed
<b>Ward(s) or groups affected:</b>	Rye Lane
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	N/a
<b>From:</b>	Stuart Davis - Interim Director Repairs and Maintenance

### Recommendations

1. To address concerns highlighted following project review and concerns raised by Homeowners and the Tenants and Residents Association as well as the recent press release in Southwark News dated 30 September 2024.

### Background Information

2. Consort Estate forms part of the 2024/25 Quality Homes Investment major works programme. Consort estate is made up of 29 blocks and a sheltered unit, which include 464 properties (365 tenanted, 99 Homeowners) and homeowners located in the Peckham and Rye Lane area.
3. The scope of works consists of: -

S/No	Scope of Works - QHIP
1	Scaffolding and External Works
2	Concrete and Brickwork Repairs (part provisional)
3	Kitchens (replacements subject to condition)
4	Bathrooms (replacements subject to condition)
5	Window repairs (provisional)
6	Electrical Works
7	Front entrance door renewal (where required/not all properties)
8	External decorations and Internal communal decorations
9	Roofing repairs
10	Fire Risk Assessment works (Including LFB enforcement notice works at Wivenhoe Close) (part provisional)
11	Asbestos removal
12	Renewal of loft insulation (provisional)
13	Proposed replacement of communal entrance doors (included at the request of Tenants and Residents Association) (provisional)

14	Proposed relocation of Eurobin/refuse facilities (included at the request of the Tenants and Residents Association) (provisional)
15	Risk Items (part provisional)

4. The Consort Estate Major works were given approval to proceed as part of the Council's 2-year major works programme for 2024/2025. These works form part of the Councils major works partnering contract.
5. Feasibilities and design work has been undertaken by the appointed partnering contractor Elkins Construction Limited (formerly A E Elkins Limited). The Southwark Project Manager reviewed the scope of works and undertook site inspections to verify/validate the works included in the scope. The appointed independent consultants from Calfordseaden also visited and verified that the works were in line with the council's Quality Housing Investment Programme (QHIP) brief and were based on the condition of the buildings with the scope being finalised following a number of joint design team meetings.
6. The detailed scope of works was priced at the sum of £17,205,067, plus 5% contingency of £860,253 for unforeseen works, internal fees of £574,033 and external fees of £375,072 making the total contract value of £19,014,425. (Appendix 1).
7. An initial drop-in consultation session was held on 14 February 2022 during the design stage of the works to discuss the scope and estimated timescales for the works. A further update letter was sent to residents on 14 November 2022.
8. These works were going to be delivered along with associated works at Wivenhoe. However, as a result of an LFB enforcement notice, essential emergency works were carried out to 1-203 Wivenhoe during 2022-23.
9. A drop-in meeting was held on 28 May 2024 with all residents, in order to obtain feedback and an issues log drawn up for consideration within the design of the final specification of works and costs.
10. Feedback and comments were received from the Tenants and Residents Association and homeowners. The TRA requested that we include the replacement of the communal entrance doors to several blocks across the estate and consider the relocation of refuse facilities. The latter items were subsequently added to the priced specification as provisional items and the adjusted scope of works and costs were re-issued to the TRA 27 August 2024.
11. The revised costs which included the items above were an additional fully priced provisional cost of £423,081, communal doors to 7 blocks and a provisional allowance was included for refuse storage improvements of £65,000. However, it should be noted that the refuse storage costs have now recently been omitted at the request of the local ward Councillor Esme Dobson as alternative funding is being sought via CGI.
12. A further meeting was held with the TRA, homeowners and residents on 30 July 2024. Several homeowners raised queries regarding the contractor's

preliminary costs/charges for mobile phones. Following this the item was reviewed and raised with the contractor and they advised and reduced the charges as a goodwill gesture. This was adjusted within a revised schedule of works and costs being re-issued to the TRA and affected homeowners.

13. This was prior to the section 20 notices being issued and consultation being undertaken. At that point we had received a large number of queries in relation to the proposed works and costs. A frequently asked questions including the queries raised document was produced in order to provide a response to the initial queries raised by the homeowners, this comprised of a 43-page FAQ document. (Appendix 2).
14. A further meeting was arranged and held on 27 August 2024 to discuss the FAQs with the TRA and affected homeowners. The TRA and homeowners requested more time to review the FAQ document and hold off issuing the section 20 notices. This was agreed and a subsequent meeting was arranged and held on 3 September 2024. Following this meeting being held the section 20 notices were issued on 5 September 2024.
15. Further observations were raised by homeowners in relation to the loft insulation renewal. This element of work has now been changed to a provisional item and will only be undertaken should more than 25% repairs be undertaken to the existing roofs. Should more than 25% repairs be required the loft insulation would need to be replaced to comply with current Building regulations.
16. As there was a scaffold erected by the Repairs section on one block to carry out a repair for a roof leak, the opportunity was taken to test the fascias and soffits for asbestos. The results on that block have come back negative and the provisional sum can be adjusted. However, we will keep a provisional sum which will only be used if the tests on other blocks are positive. Asbestos surveys had been obtained but they do not cover every soffit which is why a provisional sum needs to be included to cover that risk.
17. Following the section 20 notices being issued, drop-in sessions solely for affected homeowners were held on the 24 and 26 September 2024. This meeting was to discuss the schedule of works and discuss homeowners' payment options with the service charge collection team.
18. Section 20 notices have been issued on 5 September 2024 which indicated an end of observation end date as 7 October 2024. Copies of typical notices served are attached in Appendix 3.
19. As of 7<sup>th</sup> October, the observation period had not been formally closed due to the large number of observations that were received during the specified observation period which the council still needed to address. For those homeowners who had submitted observations during the period but had not yet had a response to their observation, holding responses were sent, which informed them that the observation period would not be formally closed until all those observations received during the statutory period had been responded to.

20. Post issuing of the Section 20 notices the investment delivery team advised that revised costings would be made available to Homeownership Services to adjust those charges/estimates previously constructed. The revisions are in relation to some provisional sums within the scheme which it is anticipated will not be used. The provisional sums themselves will remain part of the scheme budget, and if ultimately needed will be recharged to homeowners via their actual service charge for the work following agreement of the final account. These revisions will not require the reissuing of S20 Notices; however, homeowners will receive letters updating them of any changes to their individual estimate prior to invoicing in February 2025.
21. The lease requires payment of the service charge in four equal quarterly instalments. However, the Council does have a number of alternative payment options available to assist homeowners with large major works bills. These include longer interest free periods (for resident homeowners only), service charge loans (interest bearing but over a longer period of time), equity shares and equity loans (which require no upfront payment). If any leaseholder wishes to discuss the options available to them then they should contact their Homeownership Accounts officer on receipt of their invoice. The longer term interest free periods do come at a cost to the Housing Revenue Account, which is ultimately borne by the secure tenants. The policy was put in place under the council's wellbeing powers, and for this reason cannot be offered to non-resident leaseholders. However, non-resident leaseholders can apply for a discretionary loan, equity share or equity loan (unless the leaseholder is a registered company).
22. The scope of works has been further scrutinised after a visit to site by the interim Assistant Director of Planned Maintenance.
23. A draft approval report has been prepared for sign off by the Strategic Director of Housing, for the award of the contract to Elkins Construction Limited as the contractor to deliver the scope of works in table 1 above.
24. Calfordseaden have been commissioned to provide Contract Administrator services, Clerk of Works and Construction Design and Management CDM functions on behalf of the council.
25. Quantity surveying functions are being undertaken internally in house by directly employed Quantity Surveyors.

## **KEY ISSUES FOR CONSIDERATION**

26. The TRA produced a briefing note to support leaseholders dated 10 September 2024. The key considerations they wanted addressed are as follows: -
  - Homeowners are concerned about the estimated costs and have requested that the scope of the works are reduced
  - Conduct greater scrutiny over activities and costs to ensure they represent good value for money

- Management of the works and scrutiny of costs
27. A detailed response to the issues raised in the briefing note will be provided and circulated to the committee members separately.

### **Policy framework implications**

28. As part of the overall procurement process for the partnering contract Elkins Construction were assessed and indicated compliance with the Council's Equal Opportunities Policy. This package is for works to the housing stock and will benefit all residents in the blocks affected.
29. This report confirms that, where applicable, the works package is designed in compliance with the council's design specification as included in the overall procurement process for the partnering contracts. This report confirms it is one of the priority schemes within the investment programme to proceed.

### **Community, equalities (including socio-economic) and health impacts**

#### **Community impact statement**

30. The works will have a positive impact on the local community and support the council's commitment to providing high quality affordable housing and great neighborhoods.

#### **Equalities (including socio-economic) impact statement**

31. The works included in this scheme will be of a medium to high impact to tenants, homeowners and other stakeholders as works will involve working within resident properties and surrounding areas.
32. Part of pre-construction activities will include gathering a wide range of information regarding resident individual needs to better provide plan and implement the programme tailored to the specific needs of the household.

#### **Health impact statement**

33. Without undertaking the type of works described in this document to invest in the Council's housing stock, residents will face increasing issues with both the internal and external aspects of their properties. Vulnerable residents will be particularly disadvantaged by any failures to components, installations or the supply of energy to power their homes. People with certain disabilities, the elderly and the very young are particularly vulnerable to such issues. Economically disadvantaged households often have fewer resources available to them to deal with the impacts of poor standards of housing. Health issues and socio-economic issues are deeply intertwined and the council is committed to the provision of a high standard of housing for all its residents through targeted investment.

### **Climate change implications**

34. We have explored opportunities to reduce carbon emissions during the design process. Contained within the scheme detailed above, the following are agreed;
- Procuring and using material sustainably
  - Selecting materials with low lifecycle impacts
  - Using local materials
  - Use of materials with high recycling
  - Meet minimum standards set out in Building Regulation.

### **Resource implications**

35. The works are funded form the agreed capital programme.

### **Consultation**

36. Consultation with residents has taken place as outlined in the main report.

### **BACKGROUND DOCUMENTS**

None

### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Task Order Price – priced schedule of works
Appendix 2	Frequently Asked Questions - FAQs
Appendix 3	Section 20 Notice

## AUDIT TRAIL

<b>Lead Officer</b>	Stuart Davis - Interim Director Repairs and Maintenance	
<b>Report Author</b>	Sayeed Kadir – Interim Assistant Director – Planned Maintenance	
<b>Version</b>	Final	
<b>Dated</b>	25 October 2024	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Assistant Chief Executive, Governance and Assurance	No	No
Strategic Director, Finance	No	No
List other officers here	No	No
<b>Cabinet Member</b>	No	Yes/No
<b>Date final report sent to Constitutional Team</b>	25 October 2024	