

PREFERRED OPTION : Enhanced Refurbishment

The enhanced refurbishment would include major works, most designed to last 30 years. These works would include:

Exterior

- Works to repair the concrete and brickwork to the blocks
- Works to repair and renew the roofs (where necessary)
- Replacement of windows and balcony doors with UPVC units
- Renewal of existing front entrance doors with fire resistant doors (unless replaced in previous security works)

Communal areas Repairs to doors and windows in communal areas and staircases

- Repairs to handrails and floors in communal areas
- Repairs or renewals of asphalt to balconies, walkways and decks above garages
- Redecoration of existing decorated surfaces to include fire resistant coating

External works

- Testing and repairs to underground drainage
- Repairs to landlord electrics



Interior: (most of these works will not be carried out to leasehold properties)

- Renewal of electrics and heating installations
- Kitchen renewal
- Bathroom renewal
- Renewal of internal fire doors

PREFERRED OPTION : Implications of works

Works to your block will be included in the council's Housing Investment Programme for works to start in financial year 2012/13 (the financial year runs from April to March). The intended works could take approximately 36 months to complete across the whole estate.

The security works to Marden Square and Layard Square will also be going ahead and are programmed to start in September 2012.

Refurbishment to the Enhanced Standard means that over the next 30 years, repair needs will be reduced

The works that have been proposed have been designed to ensure that the blocks remain in good condition over the next 30 years. This means that the need for further major works and other repairs will reduce. To help pay for the works some empty properties on the estate will have to be sold.

For the safety of residents, you may have to move out of your home for up to 5 hours.

Some of the more extensive works proposed may involve the disturbance of asbestos. Examples of such work include the installation of new kitchens and new bathrooms. If we are advised that for resident safety it would be better for residents to vacate their properties while those works are done then you may have to vacate your home for up to 5 hours until the work is complete.

The Council's Major Works team, in consultation with residents and the contractor, will ensure that there are appropriate safe and secure facilities in place for any resident who needs to temporarily leave their home. The exact nature of those facilities will be discussed with residents before any work is carried out on site.

PREFERRED OPTION : Implications for leaseholders

(The estimated service charge information provided below covers refurbishment works and also security works at Marden and Layard Squares)

PLEASE NOTE: The figures below are budget estimates to be used as a guide and should not be treated as final. Once further surveys have been done and specifications drawn up the charges may well vary considerably – they could go either up or down. Before any refurbishment work starts on the estate, the Council will be carrying out formal ‘section 20’ consultation with you. You will be issued with a notice based on the final specification of works which will include an estimated service charge based on the prices received from the contractor. **Please note the estimated service charges provided below includes refurbishment and security works.**

Based on budget estimates we have estimated the costs to leaseholders of the enhanced refurbishment option over 30 years. This is shown in the table below. Column 3 shows what we think the chargeable cost of work will be for leaseholders for this round of works. We have also estimated what the costs of maintaining this refurbishment standard over 30 years will be, assuming that major works are done to the blocks every 10 years. Column 6 shows what we estimate the total cost to be over 30 years.

Preferred Option – Enhanced Refurbishment					
1.Block	2.Property Size	3.Initial Capital Cost	4.Maintenance cycle (after 10 years)	5.Maintenance cycle 2 (after 20 years)	6.Cost over 30 years
Layard Square	Bedsit	£25,821,41	£2,568,65	£6,879,23	£35,269,29
	1 bed	£32,276,76	£3,210,81	£8,599,04	£44,086,61
	2 bed	£38,732,12	£3,852,97	£10,318,85	£52,903,94
	3 bed	£45,187,47	£4,495,13	£12,038,65	£61,721,26
	4 bed	£51,642,82	£5,137,30	£13,758,46	£70,538,58
Marden Square	Bedsit	£26,545,81	£1,877,64	£7,189,98	£35,61043
	1 bed	£33,182,26	£2,347,05	£8,983,73	£44,513,04
	2 bed	£39,818,71	£2,816,46	£10,780,48	£53,415,65
	3 bed	£46,455,16	£3,285,87	£12,577,22	£62,318,26
	4 bed	£53,091,62	£3,755,28	£14,373,97	£71,220,87

Notes

The cost that you will be consulted on as part of section 20 consultation will be the cost identified in **column 3 – Initial capital cost**. Please note that this is a budget estimate only. The initial capital cost will be updated once further surveys have been done, specifications drawn up and prices for works have been received from the contractor.

The costs identified in columns 4 and 5 are costs that we have modelled in order to understand what the long term implications of the preferred option might be.

PREFERRED OPTION : Implications for leaseholders

(The estimated service charge information provided below apply to refurbishment works only)

PLEASE NOTE: The figures below are budget estimates to be used as a guide and should not be treated as final. Once further surveys have been done and specifications drawn up the charges may well vary considerably – they could go either up or down. Before any refurbishment work starts on the estate, the Council will be carrying out formal ‘Section 20’ consultation with you. You will be issued with a notice based on the final specification of works which will include an estimated service charge based on the prices received from the contractor. **Please note the estimated charges provided below include refurbishment works only.**

Based on budget estimates we have estimated the costs to leaseholders of the enhanced refurbishment over 30 years. This is shown in the table below. Column 3 shows what we think the chargeable cost of work will be for leaseholders for this round of works. We have also estimated what the costs of maintaining this refurbishment standard over 30 years will be, assuming that major works are done to the blocks every 10 years. Column 6 shows that we estimate the total cost to be over 30 years.

Preferred Option – Enhanced Refurbishment					
1.Block	2.Property Size	3.Initial Capital Cost	4.Maintenance cycle (after 10 years)	5.Maintenance cycle 2 (after 20 years)	6.Cost over 30 years
Lockwood Square	Bedsit	£14,334,46	£4,136,66	£7,057,70	£25,528,81
	1 bed	£17,918,07	£5,170,82	£8,822,12	£31,911,02
	2 bed	£21,501,69	£6,204,99	£10,586,54	£38,293,22
	3 bed	£25,085,30	£7,239,15	£12,350,97	£44,675,42
	4 bed	£28,668,92	£8,273,32	£14,115,39	£51,057,63
New Place Square	Bedsit	£14,591,22	£4,283,88	£7,864,73	£26,739.83
	1 bed	£18,239,03	£5,354,85	£9,830,91	£33,424,79
	2 bed	£21,886,84	£6,425,82	£11,797,09	£40,109,75
	3 bed	£25,534,64	£7,496,79	£13,763,28	£46,794,71
	4 bed	£29,182,45	£8,567,76	£15,729,46	£53,479,67
Jamaica Road	1 bed	£36,278,42	£6,089,69	£12,693,97	£55,062,08
	2 bed	£43,534,10	£7,307,63	£15,232,76	£66,074,49

Notes

The cost that you will be consulted on as part of section 20 consultation will be the cost identified in **column 3 – Initial capital cost**. Please note that **this is a budget estimate only**. The initial capital cost will be updated once further surveys have been done, specifications drawn up and prices for works have been received from the contractor.

The costs identified in columns 4 and 5 are costs that we have modelled in order to understand what the long term implications of the preferred option might be.

PREFERRED OPTION : Implications for leaseholders

Payment options

Before any works are carried out on the estate, the council will consult with residents and leaseholders fully. Following on from the finalisation of works costs and Section 20 leaseholder consultation, leaseholders will be issued with a service charge bill. The Council has a range of repayment options for leaseholders.

1. Interest free loans

Payment can be made over a period of up to 36 months in equal, monthly instalments. Payment will need to be made immediately, and missing a payment will mean that the entire outstanding amount will become due, with interest being added until the balance of the invoice is paid. This option is not available to leaseholders who sublet their properties.

2. Loan with interest

You will be charged interest on these loans at the rate stated in the terms of your lease (usually 5% above the base rate of the NatWest bank). You may negotiate a payment period of up to 10 years, but interest will be charged on the outstanding balance. This is an unsecured debt.

3. Service charge loan

This is effectively a mortgage on the property and can be repaid over up to 25 years. Interest will be charged, but the rate is lower than for option 2, which is unsecured debt. We will charge a £498 arrangement fee to cover our legal, valuation and administrative costs, but this can be included in the loan. You may also approach your existing lender or any other finance company for a loan.

4. Voluntary charge on your home

If you cannot afford options 1, 2 or 3 then we may consider allowing you to secure the debt through a voluntary charge on your home. This means that you do not have to make any payment and the debt, including interest, will be repaid when your home is sold.

5. Equity share/equity loan

We can also offset major works service charges by taking an equity share in your property, either by way of a surrender of the right to buy lease and granting of a shared ownership lease, or by way of a legal charge. In both cases we need to do a valuation of the property to see what the works cost is as a percentage of the value.

To find out more about the Council's repayment options you can contact Chris Flynn, Housing Services, Southwark Council on **0207 525 0830**.

PREFERRED OPTION : Next steps

