

Southwark Council - Member enquiry

Our reference: 21622117

Dear Councillor Ennin

Member enquiry - WDS - Warm, dry & safe 21622117
RE: Michael Hammer of Chair Pullens Tenants and Residents Association

In response to your query received on 11 January 2024, details as follows:

Thank you for your below query on behalf of Mr Hammer and the Pullens TRA. Please see the below responses to your points raised.

1. Receiving a large major works bill 7 years after works concluded

The work carried out as part of the Pullen's Warm, Dry Safe & Fire safety works contract consisted of windows renewal, structural repairs, fire risk assessment works and roof repairs and took place between November 2015 and December 2017. The contract was then subject to a defect liability period which ran until December 2018.

The estimated contract sum for this work was £5,396,524.75 and the final contract sum is £5,956,867.77 which is an approximate 10% increase. Some buildings required more works than others and while the contract spend increased by 10% overall there are differing percentage adjustments across the buildings depending on the expenditure on each. Homeowners were written to in December 2017 and advised that there were additional works required which necessitated an estimated increased contract spend of £412,065.40 which would be included in the final account adjustment.

Around August, every year since 2018, all homeowner's included in this contract have been sent a letter informing them that the contract was still pending a final account and giving them an update on the latest spend on the contract. These letters did set out that the contract spend had exceeded the original estimate. In July 2022 the service charge team received the final account for this contract and the homeowner actual service charges could begin to be prepared. Once prepared a draft final account notice was sent to all homeowners on the 14th March 2023 providing information on the actual costs incurred in the contract and their individual adjustment. The notice also offered the opportunity for homeowners to respond with any queries they may have regarding the draft final charges. Approximately 20 homeowners responded, their queries were investigated and responded to in writing prior to this contract being passed to Southwark's billing team who sent out the adjustment invoices in November 2023.

Services charges are apportioned according to a bedroom weighting method which is explained in the original consultation as well as the draft final account. The notice also explains that homeowners are only charged a proportion of the work done to their building

which is why homeowners in the contract will have varying adjustments depending on which building they own a property in. The range of adjustments across the 184 homeowners is from a credit of £175.51 to a debit of £4,204.08 with the average being a debit of £1,790.68. The average percentage increase is 13%.

I note Mr Hammer's concerns over a bill of £17,000 and I do acknowledge this is a significant sum for many of our homeowners. However, using Pullens Buildings as an example, this building had major works undertaken in 2007/8 and now most recently in this contract in 2016/17. Southwark would not view this as an unreasonable major works expenditure on keeping the estate in repair.

Schedule 3 Cause 4.1 states 'As soon as practicable after the end of each year the Council shall ascertain the Service Charge payable for that year and shall notify the Lessee of the amount thereof'. The time limit under the Lease would therefore be as 'soon as practicable', but this is not a defined time period and depends on the factors of the case that would affect the timing of producing a final account, i.e., the defect liability period, the number of snagging issues, the agreement of costs between the contractor and the council, etc.

2. Concerns that suitable payment options are not available

Under the terms of the lease, payment for a final account invoice is due within one month from the invoice issue date. The discretionary payment options that are outside the lease terms extended to estimated invoices by the Council are not applicable to a final account invoice. The terms of payment are as stated on the invoice.

We do sometimes allow a discretionary monthly payment plan on a case-by-case basis until the end of the financial year, when the final account invoice is high. Given that this was issued in September 2023, you could have had a discretionary payment plan until the end of the current financial year, which is March 2024, which equates to a 6-month payment plan. As we're in January, we're able to offer you a maximum 6-month period from January until June.

Should you wish to take up the offer of the 6-month payment plan from January to June, then please complete the online payment plan request via - <https://www.southwark.gov.uk/homeowners-services/service-charges/paying-your-service-charges>

3. Quality of works undertaken by Elkins

Works carried out to Pullens Estate started on 23 November 2015 and completed on 8 December 2017. There was a 12 months defects period which would have expired on 7 December 2018. The works included window repairs and redecorations, FRA works including front entrance door upgrades and replacements, works to the structure and fabric of the building, domestic electrical works and bathroom and kitchen refurbishment under housing health and safety rating system (HHSRS) criteria.

There was a lot of positive work between the Project team, the T&RA, and the Contractor, which continued on a monthly basis through the Resident Project Team (RPG) meetings, which were facilitated by the Independent Tenants and Leaseholder Advisor, Open Communities.

There were regular publication and distribution of monthly newsletters, which informed all residents on the estate about the progression of the works.

The majority of works were the refurbishment of the timber windows, these works were guaranteed for a period of 8 years.

Additional works were identified during the course of the contract, relating to structural works to chimneystacks, additional brickwork repairs and a requirement to replace a number of the rear casement windows. These were identified once full scaffold was erected and intrusive surveys could be carried out. This was communicated through the RPG and additional notices, as explained above, were served on leaseholders.

The Clerk of Works was fully involved with agreeing surveys and signing off the works once completed. The Clerk of Works was dedicated to this project due to the volume of complexity of the works.

All residents were written to prior to the works completing and were advised of the completion date and that the defects liability period would start after this date. Also if there were any outstanding works to be carried out in their property that they should make contact so that these be rectified. Residents were also given details of where to report defects to during the 12-month defects period

The resident project team were involved in the end of defects walkabout on 24 January 2019. A number of defects were identified these were issued to the contractor and were finally signed off on 2 August 2021. There were delays with the contractor completing these defects that was compounded by the Covid-19 pandemic. This affected the production of the final account that was finally issued to the capital works team on 19 July 2022.

Yours sincerely

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On behalf of Major Works and Homeownership