

Questions for Southwark Council re Major Works 2015-2017 and final invoicing in preparation of a public and leaseholder meeting in the week 19 February 2024

Compiled by the PTRA, 30.1.24

The following questions are the result of information and concerns shared with the Pullens TRA by leaseholders on the estate and a consultation meeting for leaseholders convened on 22 January 2024 in which additional concerns and questions were collected.

As a matter of public accountability and to address serious concerns the Pullens TRA and the leaseholders of the estate in particular propose a meeting in the week of 19 February 2024 to be attended by senior Southwark Council officers who are competent to provide specific answers and engage the Council on any necessary measures and steps to address leaseholder concerns.

The same meeting would also be attended by our Ward Councillors and we would also invite our local MP, Neil Coyle, to attend.

The meeting would be convened at the Pullens Centre, 184 Crampton Street, SE17 3AE at 19 00.

General questions

1. **Why has it taken seven years, since completion of work in 2016, to send leaseholders the final invoice?**

In her first response to Cllr Natasha Ennin, Cheryl Phillips, received by the PTRA on 24 January 2024, suggests the delay was protracted snagging/defect correction. That work is the contractor's liability, and the conclusion can only be that Southwark's contract management of the contractor was poor, negligent and tardy. This is therefore not a valid reason for the delay by Southwark Council to provide leaseholders with final invoices within a reasonable timeframe.

Could Southwark Council please provide a full and coherent explanation for the delays, providing detail on what steps were take each year with the contractors and internally at the Council to move the matter forward in the interest of leaseholders?

This account was received at Home Ownership Services in July 2022 and was issued as a draft final account to leaseholders in March 2023. This is in line with our timescales for final accounts which take into account available staffing resources and other priorities within the team. The adjustments were put onto accounts in October 2023 when all leasehold queries had been answered.

INVESTMENT – Please see appendix 1, which details the time line from the end of the contract to issuing the final account to HOU.

2. Leaseholders are concerned that administrative charges may have accrued in the seven-year period that leaseholders in which they have awaited invoicing.

Kindly provide detailed information on the accrued administrative and oversight charges on a year by year basis.

There are no additional management costs accrued on an annual basis. The management fee is 10% of the cost of the contract. Consultancy fees are similarly a tendered percentage fee applied to the contract sum.

3. Leaseholders who acquired properties on the Pullens estate subsequent to the completion of the works were advised to enter into a 'retention agreement' with the vendor, aiming to shield the purchasers from potential financial responsibility associated with the outstanding account. Typically characterised by a fixed-term duration, a significant number of these agreements have since lapsed. The lessees took reasonable measures to secure their financial interests; however, the unreasonable delay in accounting by Southwark Council has directly led to the assumption of financial liability by these individuals.

In what way does Southwark Council intend to protect such newer leaseholders who face costs they are not responsible for, from the financial damage caused by the long delay in providing the final invoice?

When a property is sold the pre assignment pack that sellers receive from the council advises that any adjustment to the account will be the responsibility of the new lessee.

The current information provided to leaseholders is:

The Council does not apportion service charges between the seller and purchaser, and is not party to any agreement made in relation to service charges. On completion of the sale the purchaser will become liable for the service charge account and will inherit any deficits or credits applied to the account from previous service charge years.

It is common practice for leaseholders to then make arrangements with their solicitors for a retention to be held pending any final account adjustment. We update leaseholders each year to advise where a final account remains outstanding and what the current spend on the contract is.

Solicitors will usually contact the council for an update where an account hasn't been resolved within the retention period that they have agreed and the solicitors will usually then modify the agreement between the two parties as necessary

The estimated invoice was kept separate from our service charge accounts and offered repayment options. The final invoice amounts have been applied directly to our service charge accounts in October 2023, often to the surprise of leaseholders as formal letters were only sent out by the Council in November.

Why has the original policy on providing fair repayment options for leaseholders saddled with very significant bills changed?

The council provides extensive repayment terms for major works that go beyond the requirements of the lease.

For estimates the lease requires payment on the quarter days within the financial year. Both resident and non-resident leaseholders may pay over 12 interest-free equal monthly instalments by setting up a standing order. Resident leaseholders can also pay in instalments over any period between 12 and 36 months interest-free, depending on the estimated amount.

Final account adjustments are payable within a month according to the terms of the lease, however the term can be extended where there are large adjustments

The draft final account calculations for this contract were sent to leaseholders on 1st March 2023. Leaseholders were advised at that time of the cost adjustment that would be made to their account, and the letter invited comments and observations. Following queries from leaseholders some amendments were made and the final costs were not applied to accounts until October 2023.

At Pullens Estate the council has agreed to payment terms that extend to June 2024 which allowed leaseholders fifteen months from the draft final account to make arrangements to finance the expected adjustment, and eight months from when the adjustments was applied to the accounts to make payments

What evidence is available to demonstrate that the Council considered the impact of sending out major bills in the middle of a nation-wide cost of living crisis?

The council recognises the impact that the cost of living crisis has had across the whole borough and has put in place a wide range of assistance programmes that can be accessed through the website at www.southwark.gov.uk/benefits-and-support/cost-of-living-support

Enclosed with the service charge invoice is a leaflet setting out the various organisation that can assist where leaseholders are having trouble paying their charges. It says:

If you are having trouble paying or wish to seek independent advice

If you are having trouble paying, it is important that you let us know. For more information on ways pay your major works bill please visit www.southwark.gov.uk/majorworkscosts

Southwark Homeowner Services website has comprehensive information on homeownership. It is also a gateway to a wide range of online services such as access to your online account, paying your service charges and mysouthwark homeowner service. www.southwark.gov.uk/home-owners-services

Citizens Advice Southwark offer an independent advice service aimed specifically at leaseholders. They can also help you to claim Universal Credit. If you need help then call them on the number below.
0800 144 8 444
www.citizensadvicesouthwark.org.uk

London Mutual Credit Union is a financial co-operative that exists for the benefit of our members who live and/or work in Southwark, Lambeth,

Westminster or Camden.
020 7787 0770
www.creditunion.co.uk
info@creditunion.co.uk

The Money Advice Service set up by the government to offer free and impartial advice.
0800 138 7777
www.moneyadviceservice.org.uk

National Debtline offer free independent and confidential advice and are available to discuss options that may be available to you.
0808 808 4000
www.nationaldebtline.org

Step Change offers free debt and financial advice and mediation service
0800 138 1111
www.stepchange.org

The Leasehold Advisory Service (LEASE) is a government funded body providing free advice on leasehold law.
020 7832 2500
www.lease-advice.org

The Local Support Team offers an income maximisation service for the vulnerable or disabled. The team are also responsible for administering the Hardship Fund and the Southwark Emergency Support Scheme, helping customers who are facing severe financial difficulties.
020 7525 2434
www.southwark.gov.uk/benefits-and-support
email - localsupport@southwark.gov.uk

Which officer took competent responsibility for adding the final invoices to the general service charge account with no indication of fair repayment modalities?

Final account adjustments were made to accounts in line with the council's normal procedures and processes

Leaseholders were advised of additional costs on the contract when they became known in 2017, and have been reminded that the final account is outstanding each year since the estimate was billed.

A draft final account detailing the individual additional costs was issued in March 2023 and leaseholders have been aware of the additional costs that they will be required to pay since that date.

Payment terms have been agreed for a period ending in June 2024, which is fifteen months from the date when they were advised of the additional costs, and eight months from the date when the costs were applied to accounts.

These terms are considered to reasonable and proportionate to the bill issued.

4. Several leaseholders have successfully disputed costs for work undertaken to their front doors. Itemised costs for those charges, when provided, have revealed that excessive or inaccurate costs were present on the invoice. For example, some leaseholders were charged for door renewals when only minor upgrades were undertaken, variations amounting to hundreds of pounds.

Please provide itemised costs for all possible charges relating to door renewal or upgrade, including installation rates.

Although most costs are apportioned on the basis of the relative size of the property, measured by bedroom numbers, the council took a decision that the wholesale replacement of a front door should be treated differently for all major works contracts. Where a door is replaced in a major works contract that cost is charged to the leaseholder. Any repairs are apportioned between all those leaseholders who did not receive a new front door.

The decision to charge individual front door replacements doesn't extend to repairs to doors, which are usually still charged across the block in the same way as other elements of repair. However an exception was made in this contract.

Some leaseholders have reported that the recorded door replacements that they were charged for had not taken place. Where we obtained confirmation from the Investment Delivery Team that this was correct we asked for advice about the repair work done to that door and replaced the door renewal cost with those repair costs.

These costs have been provided to individual leaseholders who have requested them.

5. Given leaseholder experience detailed in #5, our confidence in the accuracy of bills is shaken by the huge variations in charges and apparent lack of documentation of the works actually undertaken. Leaseholders were originally only provided with summaries of costs, a good number have since requested itemised accounting of all charges related to the works.

Please issue itemised charges for all works on all blocks and flats to all leaseholders without individual requests.

Please explain why the Council, for such major sums, does not consider it a matter of good faith, and good transparency and accountability practice to inform individual leaseholders in detail about costs that relate to their properties immediately rather than just upon request?

We provide the detailed specification of work on request rather than with the draft final account because the size and scope of the final account document, which is a technical document, isn't always user friendly. We do however provide a short breakdown with the draft final account and provide the full document where leaseholders ask for it.

In view of the above request we have now sent the full document to all leaseholders.

Why is renewal to second floor private roof terrace doors included in the communal bill, rather than apportioned to relevant properties only, as the front doors were?

In Southwark's leases front entrance doors remain the responsibility of the council, with leaseholders contributing to the cost of maintenance or replacement.

A decision was made some years ago to treat the replacement of a front entrance door differently from other elements that the council maintains. It was agreed that where a front entrance door is entirely replaced as part of a major works contract the cost would be charged to that leaseholder rather than split between all leaseholders.

This decision recognised the personal nature of a front door, with some leaseholders having changed their own door, and because front doors are often replaced because of instances of damage rather than wear and tear.

This decision was not extended to other doors in the block, which aren't treated by leaseholders in the same way as a front entrance door and which in many cases form part of an integral unit with the windows. Repairs and replacement to these doors are treated in the same way as other communal elements like windows and the costs are apportioned to all properties.

Certain proposals initially incorporated into the scope of the works, such as the exterior pilaster decoration, were eventually excluded as estimates began to spiral and other priorities were identified. The summary block accounts suggest that redecoration charges for pilasters have been levied on all streets, despite the absence of corresponding work execution. We note that the poor state of the pilasters on many streets of the estate has a major influence on the appearance of the buildings and hence affects the standing and value of properties in the Conservation Area.

Please explain why as part of major works critical elements of exterior repair and continued maintenance of the fabric of the building were dropped without leaseholder consultation while they were still charged for it?

How does Southwark Council intend to mitigate and compensate for loss of value of properties in result of its poor maintenance of the fabric of the buildings, and as freeholder in breach of its obligations under the leases?

INVESTMENT – The works to Pullens were carried under the 'Warm, Dry and Safe' (WDS) programme. This did not include external decorations except where disturbed by repairs as part of the contract. This query was raised during the course of the contract and the T&RA were advised of this. However, works were carried out under a separate works order to refurbish the pilasters at 52 - 226 Amelia Street. This was following the outcome of a disrepair case and the findings of the expert witness. These works were completed in July 2021.

We are currently undertaking our intrusive priority surveying programme on our 187 high-rise blocks. Once this programme is finished, we will fully re-profile our future major works programme for years 2026 onwards. Concurrently, we will review best options for procurement routes and commissioning stock condition surveys to validate and update stock information already held.

In the 2016 Asset Management Strategy (2016/17 - 2025/26), Pullens Estate was programmed for the later years of the QHIP, with the intention of starting surveys this coming year for the estates included in those years. Programme years are always indicative and of course are subject to available resources

Our intention is to publish a revised full programme in due course. In the interim, there will be a smaller two-year programme to deliver urgent works across the next two financial years and this will be made available to residents shortly. The programme reflects urgent priority work across fire and building safety, statutory health & safety requirements, as well work to some blocks/estates programmed ahead of Pullens in the original QHIP. This two-year programme therefore does not include Pullens Estate.

The budget allocation for this two-year programme has now been agreed with Finance. Given the size of the stock and ageing condition of some of our buildings there will always be difficult decisions to make in terms of priorities and we appreciate this message may not be one residents would want to hear.

We have responsive repair teams both for general and mechanical works (such as heating) and they will continue to provide a proactive service to maintain our buildings in intervals between larger scale major works

Specific questions relating to cost and quality

6. Original surveys should have identified chimneystacks and rear casement windows that needed repairing. We do not accept Cheryl Phillips' explanation these could only be discovered when scaffolding was erected. The Pullens buildings have flat and accessible roofs which were surveyed before the work

Why is the final invoice £560,343.02 higher than the estimate?

What specific estimates were provided by qualified quantity surveyors to both Council and contractors, and how does the Council manage failures of quantity surveyors to identify major cost factors?

INVESTMENT - Prices are developed under the term partnering contract, part 3 of the price framework contains a schedule of rates and part 4 contain a schedule of composite rates. Central office overheads and profit are expressed as a percentage on cost. The part 3 and part 4 rates are subject to indexation.

Three quotes would have sought from the contractor for additional works and these would have been checked by the council's appointed QS for value for money and cross reference in the market to ensure the rates are in keeping with current market rates

7. The state of casement windows is easily assessed from inside the flats.

How many flats were surveyed from inside in order to produce the estimate for the work?

INVESTMENT - detailed surveys of the windows were carried out to selected properties. Please see detail in the feasibility report

8. Summary block accounts indicate £50 was charged for some properties for door surveys, and £60 for others.

Why is there variation in door survey costs?

INVESTMENT - It appears that doors surveys were charged at £60 for 1-96 Iliffe street compared to £50 for the rest of the estate. This is being queried with the contractors QS.

Unnecessary work

9. Stainless steel reinforcing 'HeliBars' were installed to strengthen and stabilise masonry. At the time of the works, leaseholders repeatedly requested evidence of movement from the contractor but never received it.

Is there evidence HeliBars were needed?

INVESTMENT - See attached report – 'Pullen Estate Chimneys', which was shared with the TRA/RPG during the course of the contract.

10. There appears to have been a substantial overspend for scaffold hire, alarm systems, pavement licensing and other related costs. We believe, with correct management, scaffolding hire costs would have been reduced.

Please explain why scaffolding was up so long when there were weeks when no work was being done on some sections.

INVESTMENT - There was a delay to the striking of the scaffold to both Iliffe and Crampton Streets. This occurred due to the additional works identified to the chimney stacks and the expansion joints. Various stages that we went through included site visits from the structural engineers to liaison with the conservation team and meetings with the project team. There were additional costs for the scaffolding and it was determined that it was unreasonable to recharge to leaseholders.

11. Summary clock accounts suggest alarm response costs were excessive, perhaps indicating that the alarms were overly sensitive.

Was the adequacy of scaffold alarm systems assessed in advance and re-evaluated when the rate of alarms began rising?

Why wasn't a review conducted when that became clear?

Please provide an itemised log of call out and emergency response charges in connection with scaffold alarms.

INVESTMENT – Information has been requested from the contractor.

12. Summary block accounts indicate that the overlay roofing system was provided with a 30-year insurance backed guarantee. The TRA is aware that there are frequent leaks to top-floor properties from the roofs, at times with additional major impacts on properties below.

Have any roof maintenance costs been applied to communal repairs budgets since?

Have any insurance claims been made in relation to this guarantee?

INVESTMENT The asphalt and felt covering to the roof areas including the staircase roofs suffered with varying degrees of cracks and defects. These were repaired and solar reflective paint applied. The roof to the staircases at 33-40 **Peacock Street** and 84-98 **Amelia Street** were in poor condition and were renewed.

Only the roof renewals would have the 30-year warranty and any defects are reported to the contractor and remedied under the warranty.

Questions relating to poor quality work

13. In a number of places, such as in relation to the pilaster repair work carried was under par or left unfinished. One example is that the Dulux paint guarantee is invalid because the protocol wasn't followed; pilasters were damaged in the process of preparing to be painted but the work was halted so they're now deteriorating at a faster rate. Other examples include glazing needed to be replaced because they were scratched by contractors sanding the wooden frames.

Have Southwark Council officers negotiated a reduction in charges where the quality of work was poor?

INVESTMENT - with regards to works to the pilasters please refer to our response above. Work was only signed off once it meet the specified standards. A retention was held and only released once all defects were remedied. Timbercare repairs and decorations to the windows carried a 7 year warranty.

Poor communication and Southwark staff performance

14. While the work was ongoing 2015-17 there were regular meetings between leaseholders, Southwark council officers and contractors. Leaseholders repeatedly raised concerns about unnecessary work and poor quality. As fellow clients we would have expected council officers to be just as challenging to ensure the best job was done for the best price. Unfortunately, it often felt like council officers were dismissive of leaseholders' concerns and weren't efficiently managing the contract.

How does it reflect on project management by Southwark Council officers that the final invoice is £560,343.02 higher than the estimate and is 7 years late?

INVESTMENT - 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, these 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.

There was a change in the scope of works which was not included in the original pricing schedule that resulted in an increase in cost. The reasons for the change in the scope of works where:

Structural works to chimney stacks - Following the erection of scaffold further investigations were carried out to the chimney stacks on all blocks. Although some structural works were included for in the original Task Order Price to isolated stacks, in line with the original brief, a decision was made to instruct a Structural Engineer to re-survey all stacks on Pullens Estate. This highlighted extensive repairs to several stacks across the estate. These works fell outside the original WDS brief that the original feasibility and Task Order Price was based on.

Brickwork repairs - Following the erection of scaffolding further investigations were carried out to the brickwork on all blocks. Although some allowances were included for in the original Task Order Price a larger number of repairs were required. This included for a large number of helical bar repairs to the light wells along with additional repairs required as a result of the window works carried out due to the existing brickwork deteriorating around the window frames.

Increase in window renewals - Within the agreed TOP it was decided by all parties that a sensible allowance was allocated to each block for windows that were beyond repair. In the main part this was specifically to the casement windows on the rear elevations. Following intrusive surveys during the contract period once scaffolding had been erected, the severity of sash and casement window replacement was clearly evident. The original TOP and programme had not allowed for the vast unforeseen renewals that were required. This impact had a substantial knock on effect in terms of both programme and value of works.

Front entrance doors - We consulted extensively with residents on the works required to bring the front entrance doors on a 'notional' standard. These works were required to significantly reduce the risk of fire spreading from a dwelling into the escape stair of the buildings.

Elkins carried out a survey of each front entrance door in line with the recommendations given by fire safety team to determine whether the door could be upgraded or replaced to bring it to the 'notional' standard. Each resident was written to and advised whether their door would be upgraded or replaced.

There were access issues that caused delays in completing the FED works, some of these issues arose from residents concerns with the justification for the works.

The above led to a variation on the original contract sum of £565,291.

A 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.

Leigh Garner's name and email address were on the final invoice, identifying her as the person to contact with any enquiries, but we received out of office replies to say she was on maternity leave. Seeking clarification has been very challenging, aggravating and unsatisfactory. We've completed e-forms, received partial replies,

which sometimes included questions for us, but it's impossible to directly reply to emails from council officers. We have to complete another e-form, repeating the issue, and receive a partial reply from someone else. Answers to different leaseholders are often contradictory.

We respect that any member of staff at Southwark needs to or simply wishes to go on leave. Our concern is that there is no continuity in a role that requires immediate responsiveness.

Why isn't there a dedicated and available member of the Home Ownership team and/or phone number or email address for leaseholders to contact about this final invoice?

The council generally is providing more on-line service and in accordance with this Homeownership Services has moved away from individual e-mail addresses. This means that correspondence can be dealt with more efficiently - E-forms go directly into a team's workflow, and can be managed when the named Accounts Officer is on any type of leave.

The Service also provides a postal address and telephone number. Telephone calls can be picked up by any member of the team if the specific extension is busy, and all of our Accounts Officers are able to assist homeowners querying the status of any of their invoices or their service charge account and to set up payment plans if required.

Unfortunately, due to circumstances beyond our control, the Accounts team have been short-staffed over the past year, which has led to longer turnaround times for correspondence and telephone calls and we would apologise for this.

The draft final account figures were issued in March 2023, several months before the actualised invoices were raised. This was to ensure that leaseholders had the opportunity to query their actual costs before the adjustments were made on the service charge account and the invoices issued. The name of the Service Charge Construction Officer, telephone number, postal address and link to the relevant e-form was included in the letter, along with an invitation to make comments and queries on the draft figures.

15. Why was the final invoice dated 23 October 2023 but not received by leaseholders until a month later by which time payment was shown as due?

A draft final account detailing the individual additional costs was issued in March 2023 and leaseholders were made aware of the additional costs that they will be required to pay since that date.

The draft final account gives leaseholders the opportunity to raise any issues on the final account before costs are applied to accounts. The various issues raised with us were resolved by October and costs were applied to accounts.

It is our usual practice to send the confirmation letter at the same time, however in this case the letters from our billing team were delayed and we do apologise for this.

16. Leaseholders assert that Southwark Council has not exhibited empathy or compassion in the issuance of these invoices. Southwark has not been transparent in what it has taken into consideration when making decisions about payment modalities.

The timing of a large invoice just before Christmas at a time of inflation and high energy costs was distressing for all. No payment plans were offered in the letters, and the delivery date was the same as the date that the payment was due. Subsequently, a three-month term, and more recently, a six-month terms have been offered, apparently limited to instances where leaseholders have actively engaged with Southwark Council's accounts on an individual basis. Overall Southwark Council's attitude appeared extractive, centered on its own corporate interests of financial recovery, and to some exploitative.

We feel that these terms offered for payment of the bills are still inadequate, and that the same terms should be extended (and communicated) to all leaseholders.

The ONS reports that gross median monthly pay in Southwark in 2023 was £2892.80 (<https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/subnationalindicatorsexplorer/2022-01-06>). Using that figure as a basis, take home pay would be £2,339.21 per month after tax and national insurance.

Southwark Council Officers report the (mean) average debt for this invoice to be £1,790.68, although the range was reported to reach from a credit of £175.51 to a debit of £4,204.08. No further descriptive statistics information has been provided, such as in relation to the median point of the cost distribution. We therefore do not know what proportion of leaseholders has been billed up to or potentially more than the mean average.

If paid in equal instalments over six months, each payment in relation to the mean average bill would be £298.45, representing 12.76% of the average monthly income for residents. This is a lot of money to find in a short period of time, and increased payment durations would be appreciated.

What consideration has Southwark Council given to the affordability of the bills in the light of the current economic situation overall, the income situation in Southwark, and the distribution of levels of the bills at the Pullens?

The council does have extensive arrangements in place for residents across the borough who are experiencing hardship and these are detailed on the website, with a link given above

With regard to the final account bills, although they were applied to accounts in October 2023 they were detailed in the draft final account in March 2023, with payment terms that can be extended to June 2024. Of course these bills are difficult for leaseholders, particularly in the current economic climate. The council does endeavour to provide reasonable payment options that go beyond the requirements of the lease and at Pullens Estate the terms that are available are considered to be proportionate.

Payment terms are dependent on individual circumstances and are agreed between the individual leaseholder and their Accounts Officer. Anyone who is

experiencing difficulty in paying the charges should contact the Accounts Team who will discuss the options with them.

The various agencies identified above can also give advice on managing debt of any kind and will look at the extent of individual circumstances and advise on the management of costs.

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