

Cabinet – 24 March 2022

Questions from the Public

1 Cliff Phillips to Councillor Simon Carter (Portfolio Holder for Housing):

After a personal investigation of these building companies, I have found that both have a very poor track record re, all google reviews over the past year and high court judgements against the other company.

I have already sent documents to the relevant Officer about these companies. Their response was “contractors must be approved”, The question of similarities of price was answered "Contractors are unaware of what other tenders for the works. It is for this reason that there will be variations in the costs provided. “I am unable to comment on why these are so similar.”

Why then would either of these submitted tenders be considered to be acceptable when being virtually and suspiciously identical?

2 Cliff Phillips to Councillor Simon Carter (Portfolio Holder for Housing):

From what information I've been able to gather, the Major Works on Rundles, The Hides and The Hornbeams completed in the last few years was of a similar extent to the proposed works, tenders of large variations were submitted by companies that have not been invited to quote for the work at Five Acres. The estimated cost to the individual leaseholders was up to a third of the current estimate of works on Five Acres.

Therefore would ask for the tenders to be resubmitted to ensure competitive and reputable companies?

Supplementary question from Cliff Phillips:

Why is the price so high?

Supplementary reply from Councillor Simon Carter (Portfolio Holder for Housing):

Over the last five to six years there has been a shortage of funds in HRA due to the requirement to lower rents which meant some maintenance couldn't be done earlier and resulted in higher costs. There will be a further opportunity to review costs as part of further consultation with residents.

3 Janet and Keith Jackman to Councillor Simon Carter (Portfolio Holder for Housing):

How can you pick a tender for five acres works this evening when there are so many unhappy leaseholders who have sent their concerns to the relevant Officer about the tenders for the works? It is not acceptable to have only two tenders to choose from.

I do not feel confident that we have been given a fair price due to only 2 tenders, and very worried that they don't have past good reviews. We are very concerned by Harlow Council with allowing works of this magnitude to go ahead with only two formal tenders received as it does not make sense or good business practice.

Additionally, we have noticed that you are using different contractors for sites all the time.

Supplementary question from Janet Jackman:

Why hasn't the Council looked at more tenders?

Supplementary reply from Councillor Simon Carter (Portfolio Holder for Housing):

As set out in the report seven companies were invited to tender and it is up to companies whether they submit a tender. We carry out due diligence on any tenders received.

4 Janet and Keith Jackman to Councillor Simon Carter (Portfolio Holder for Housing):

I think with what's going on in the world with Covid, war, high bills etc. That major work should come to a stop at the moment. It's not fair on people.

Can the works not be done over a long period so we haven't got £30,000 bill to pay at once. If the council maintained their buildings, we wouldn't have such a high bill. Maybe then the cost of the preliminary would not be so costly & bring our bill down. Maybe they would not need huts & phone lines etc. These contractors could go to work like any other company's workers do.

Will this be considered by Harlow Council? It is ruining people's lives & the councils don't care as they can use taxpayers' money for their tenants. We feel that we are being ripped off by these contractors & something needs to be done to protect us, leaseholders. The government needs to step in because this is happening in all councils across the country and we will not stop fighting as a group.

Supplementary question from Janet Jackman:

Why are the preliminary costs so high?

Supplementary reply from Councillor Simon Carter (Portfolio Holder for Housing):

There will be a further opportunity to look at the preliminary costs as part of further consultation with residents.

5 Aysegul Sahin Williams to Councillor Simon Carter (Portfolio Holder for Housing):

I'm really concerned because my job isn't safe and I don't have any money to pay for this. How can you expect us to pay for this work all of a sudden, if I knew about the potentially high costs years/months in advance then I could have at least tried to save something. I feel completely let down by Harlow Council.

Could there be more done to try and receive further tenders from contractors to try and reduce the cost?

Supplementary question from Aysegul Sahin Williams:

How are we supposed to pay?

Supplementary reply from Councillor Simon Carter (Portfolio Holder for Housing):

There are a range of options to pay which are set out in the report.

6 Sally Jones to Councillor Simon Carter (Portfolio Holder for Housing):

Where is the condition survey for the roof, windows and cladding as we have not received this yet?

Supplementary question from Sally Jones:

Where are the surveys:

Supplementary reply from Councillor Simon Carter (Portfolio Holder for Housing):

There will be a series of meetings after the award of the contract which will examine information relating to the contract including surveys.

7 Sally Jones to Councillor Simon Carter (Portfolio Holder for Housing):

As we understand it according to our lease they will build up our service charges in a separate fund to gain interest over time. We would like to know if this has been done and if this can contribute to any major works? If not then what will these service charges be used for?

Reply from Councillor Simon Carter (Portfolio Holder for Housing) to questions 1-7:

Thank you to all four of the questioners for these questions. Because they are linked I am providing one composite answer, which is available in hard copy. There is also a copy of the report coming to this committee tonight which provides more information. Each questioner may also ask a supplementary question in response to this answer.

I understand and appreciate that major works can be a financial burden to Leaseholders, and you have been provided with detailed answers to these questions. I and my Housing colleagues will continue to respond to any further questions you may have with information and support in addition to the further consultation that will occur after the awarding of the contract.

The Council, as the landlord for the block, is responsible for keeping the maintenance to an acceptable standard with an obligation to ensure the structure and fabric are kept in good order. The works listed for these blocks have been identified as required in order to meet these obligations to ensure its building components remain safe and serviceable. The project also improves the energy efficiency and reduces ongoing maintenance costs. It is, however, understood by their very nature these works can be disruptive. Every effort has been taken to minimise disruption by packing these works together. Evidence suggests this approach is more cost effective, lowering the potential costs to Leaseholders such as only one use of scaffolding, as outlined in their lease.

Consultation with those Leaseholders within the block has and is being undertaken through the formal processes. Leaseholders are invited at various stages of the consultation process to express their views in an environment of openness and transparency, to ensure works are fair and reasonable.

I note the question regarding a potential "sinking" fund for these works. Approximately 20 years ago, all Leaseholders were written to, with the option of establishing a "sinking" fund as part of service charges or to pay for major works as

and when, required. The response from the Leaseholders was to pay major works invoices as and when required.

The contract award report tonight outlines the procurement process the Council has undertaken, and its approach. For information, a minimum of two contractors are required to provide estimates for the works, aligned to the legal requirements. Seven companies were invited to tender, as described in tonight's report.

All tenders are appropriately evaluated, carrying out intensive checks to ensure that tenders meet the Council's requirements which include quality and insurances, as well as financial and economic standing. You will note from the contract award tonight, both quality and price are evaluated separately to ensure a balanced award of any contract, with quality evaluated first.

It is usual practice for Leaseholders to be informed of the winning contractor and also to receive a breakdown of the works specification and background information, including surveys. This is the next stage of the consultation process and the information will be sent out in the post. A meeting will also be arranged for leaseholders to review and inspect the tender documents and associated information.

In addition, it is also usual practice for evening meetings to be arranged with council officers and relevant contractors who will be doing the work. Leaseholders will have the right to challenge either the cost (including fees) or scope of the works with a formal challenge that can be done at any time during the major works process using the First Tier Tribunal Property Chamber.

Unfortunately, there are no grants or government funding for these works, which are paid for from the Council's ring-fenced Housing Revenue Account. However, the Council continues to make representations to help support the costs associated with increased building safety.

The Council have put in place several repayment options to help Leaseholders spread the cost and which include:

1. 2.5% Prompt Payment Discount.
2. Ten months interest free payments.
3. Interest free loan over term of up to 5 years (secured against your property).
4. Council loan – secured against your property.
5. Discretionary loan (secured against your property).
6. Voluntary charge.
7. Flexible payment option.

Individual leaseholders are encouraged to contact their Housing Officer to discuss the best way forward for them.

The Council considers these works to be considered transformative, making the outside of your homes look more attractive, and the inside safer and more thermally efficient, with ongoing savings to maintenance costs.