# Hexagon Housing Association

**Board of Management**

**Report from the Development & Regeneration Director**

**29th November 2016**

**Agenda Item 15**

**Brickfield Cottages, Plumstead – Ground Collapse**

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#### 1.0 Summary

1.1 As reported to the last Board meeting, we have taken the difficult but right decision to decant the whole of the 40 home estate so that ground investigations across the whole development can take place in the safest and most expedient way.

1.2 Residents were notified of this course of action at a residents’ meeting held last month. Since that meeting, all residents have had a one to one meeting with project based staff to discuss their personal circumstances and housing needs. This information will serve to inform the temporary housing solutions we need to identify for the tenants to ensure a successful decant of the estate.

1.3 We have engaged the services of ‘Social Communications’ to advise and manage PR and communications with residents, stakeholders and the press. To date there has been no negative press stories or hostile feedback from residents. Communications are being well managed.

1.4 We now have a Project Team overseeing the process of decant and works. The project team are meeting weekly to up the momentum and the need to make important decisions arising from feedback from residents and stakeholders.

1.5 We recognise that managing the rehousing is going to be challenging, so we will be working very closely with residents to find alternative housing that meets their needs. We have committed to meet their ‘out of pocket’ expenses and a ‘goodwill’ payment in recognition of the inconvenience / distress caused. The feedback from residents thus far has been largely co-operative and very understanding.

1.6 Greenwich have offered to assist us in the purchase of some street properties by providing us with grant from their right to buy receipts. Subject to Board approval, we have assumed we will purchase a minimum of 20 properties utilising this funding. (A separate report is on the agenda).

1.7 We have received offers of assistance with void properties from other HAs who have stock in the borough and are pursuing this with the support of Greenwich who we expect to also offer some properties. The suitability of our own void properties are being assessed against the needs of residents.

1.8 Some residents are assisting us by looking for suitable private rental properties directly, which appears to be more successful than a direct approach by us.

1.9 To date we have spent circa £600k on investigations and works (relating to the original collapse incident). The latest works cost ***estimate*** for the extended site wide investigations assuming it leads to stabilisation works across the estate is £3.3m. Tender preparation for the site wide investigations / works is underway.

1.10 The potential for recovery of our costs from the original Ground Investigation consultants / Main Contractor etc. is currently being assessed by our lawyers at Devonshires who are working with the insurer’s solicitors to establish the legal position. An independent expert has been engaged to make an assessment of liability, and we expect to receive his initial advice by 2nd December.

1.11 At this stage, the timescales for decanting and carrying out the full extent of investigations and remedial works are still unknown. However, we have assumed 12 months for the investigations to be completed and then potentially another 12 months for any stabilisation works to be carried out (assuming there is a problem across the whole estate).

1.12 At the last Board Meeting the Chair requested that the Chair of ARC be kept informed as this matter progresses. Ian Watts has been provided with notes of the weekly project team meetings. The Audit and Risk Committee also received an update report at the last meeting.

Further details are provided within the report.

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#### 2.0 Recommendation

That the Board **notes** this report.

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***3.0 Works on site***

3.1 Stabilisation works are now complete to Nos. 32 and 34. Stabilisation works are continuing on at the rear of Numbers 36 and 30 (properties either side of 32 and 34).  The extent of weak ground to the rear of 36 was such that PBA advised that we should expedite the decanting of neighbouring property No. 38. Therefore the residents of 38 (and 40) have now moved out into hotel accommodation.

3.2 Works are expected to extend to the rear of 28 (already empty) due to the extent of weak ground to the rear of No. 30.

3.3 Contractors are preparing to start investigations to 33-39, once they are decanted. Two of these four households have been moved into hotels. We hope to establish suitable properties for the two remaining ‘wheelchair need’ households.

3.4 PBA have issued a draft plan for the borehole investigations across the estate once it has been decanted and circa 450 holes are needed in roads, drives and gardens, and the estimated timescale is 10-12 months. The lead in time for these works to start is subject to how long it will take to move people and could be 6 months or more.

3.5 **Soakaways**

3.5.1 As reported to Board at the last meeting, there are particular risks associated with the provision of soakaway drainage on the site. Soakaways were used in order to meet the LA’s planning requirement for drainage solutions which reduce the risk of flooding, as well as meeting the requirements of Code For Sustainable Homes which is needed for GLA funding. Despite the RSK report advising that *“…the use of soakaways* sh*ould be avoided at the site”,* the contractor and his drainage consultant have told us that RSK *were* consulted and agreed to the use of deep-bore soakaways, however this has not been evidenced by either party.

3.5.3 We have carried out a review of all correspondence via site meeting minutes etc. and there was no follow up or concerns raised by the Employer’s Agent or our Project Manager, about the provision of soakaways. Under the terms the contract which is a design and build contract; the Contractor is wholly responsible for all design solutions, and are effectively tasked with complying with the terms of the contract and ensuring compliance with building regulations, planning consent and securing sign-off from the LA Building Control and NHBC. None of these consulted 3rd parties raised any concern about the provision of soakaways. A copy of the RSK report was definitely submitted to the LA as part of the planning condition sign-off process.

3.5.3 There clearly should have been more scrutiny of the content of this report by Hexagon staff, therefore, since this incident I have ensured that our New Business and Development staff review the site investigation reports and ensure all and any recommendations are confirmed by the contractor as being complied with as part of the design, and that this is followed through on-site.

3.5.2 The independent expert commissioned by Devonshires is also reviewing the use of soakaways on the site in the context of the RSK report.

3.5.3 We have employed a drainage expert from PBA to review the soakaway provision and identify an alternative drainage solution for the site. They are currently in discussions with Thames Water.

***4.0 Communications & PR***

4.1 We have informed all of our key stakeholders of the situation – LA Chief executive and staff, local councillors, HCA and the GLA, and staff have also been briefed. A follow up meeting with local councillors Angela Conforth and Avril Lekau has taken place and further meetings with the Head of Housing; John O’Malley as well as the Leader of the Council and the Council CEO are planned in the coming weeks. Relationships with the Council remain positive and supportive of our approach.

4.2 **‘**Social Communications’ (Ben Ruse) is the key point of contact for any press queries. There were two articles published (Newshopper and South London Press), to which a comment from the CE was provided. The articles were not negative and reflected the actions being taken whilst drastic were in the best interests of residents. The risk of negative PR arising from having to decant residents is captured on the risk map.

4.3 Local historian Dominic Clinton (who was very active in his reporting following the collapse in May) has updated his website following news of the decant. We responded as best we could to his request for information, but he was not happy that we cannot share the full PBA report with him (for legal reasons) and has reported this negatively on his site. We will continue to engage with him and keep him informed.

***5.0 Costs***

5.1 Investigation and works spend to date (As at mid Nov) is circa £600k (of which approx. £320k has been reimbursed by the insurers.  No further reimbursement for investigations or works is expected.

5.2 Decanting related costs incurred to date are circa £50k, most of which is presumed to be covered by insurance.

5.3 The cashflow has been revised to accommodate the likely costs involved in the completing the project over the next 12-24 months i.e. additional staffing, decanting, investigations, works, security, legal advice PR/Coms etc.). The cost is estimated at £3.5m. This estimate can be firmed up once the tender is returned (Feb / March 2017).

5.4 In addition, we have put forward a proposal to Board to spend £5.2m *net* in purchasing 20 grant funded street properties (Please see other report on the agenda).

5.5 The F&ITD has established that a worst case scenario can be accommodated without breaking covenants. The worst case being the site is decanted, but investigations indicate that it is not viable to repair, leading to demolition and permanent rehousing for the residents. The Board have been previously advised that any net expenditure that exceeded £6.4m would be too much for us to spend.

***6.0 Legal Action (Cost Recovery)***

6.1 Devonshires have jointly appointed (with the insurer’s solicitors) an independent Geotechnical expert (Dr Jerry Love) who will assess extent of liability with Skillcrown and / or RSK.  Dr Love is a Senior Partner with GCG (Geotechnical Consulting Group). His areas of expertise are Ground investigation, ground improvement, deep excavations, piling, retaining walls, earthworks, foundations, underpinning, drainage, subsidence, grouting, slope stability, embankments over soft soil, pipelines, reinforced soil, soil nailing, horizontal directional drilling, reservoirs, pavements, tree root damage.

6.2 Initial *verbal* feedback from Dr Love indicates that he thinks there is a case to answer with regard to the extent of investigations commissioned by RSK. We will know what action to take once he has reported back on his findings. This is expected by 2nd December.

6.3 We have established that Skillcrown’s Professional Indemnity insurance on this project (which should be maintained) was at £10m.

6.4 RSK’s indemnity limit as part of their appointment by Skillcrown was £1m, however, Devonshires have advised us that as Hexagon were not party to the RSK appointment the £1m limit does not apply to any action we may pursue against them.

***7.0 Risks***

7.1 Some of the risks associated with this event are now the highest scoring on our risk map and have been reported to the latest Audit and Risk Committee meeting.

8.2 Latest Risk assessments (from Risk Maps) are set out below:-

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Risk identified** | **Reference** | **Risk owner** | **Significance** | **Probability** | **Gross risk** | **Risk management strategies in place** | **Strength**  | **Net risk** | **Further action required** | **Post responsible** | **Due date** |
| Brickfield Cottages - Significant investigative and remedial works required which render site impaired | Devrisk3 | DRD | 7 | 5 | 35 | Insurers have confirmed cover for some of works. PBA engaged as experts. Investigations and remedial works underway. Devonshires assessing potential recovery position - RSK / Skillcrown Financial assessment carried out re: Point at which no longer viable.  | Weak | 28 | Pursue recovery assessment from third parties | DRD | ongoing |
| Brickfield Cottages - Bad PR as a result of ground collapse | Devrisk4 | DRD | 5 | 7 | 35 | Social communications appointed.Meeting with Dr Per.Updates issued to residents.Project Team established.Residents notified and updated via face to face interviews. Decant of 35, 37,38,40 in hand.Press – Newshopper / SLP articles commented.Dominic Clinton enquiry responded to. | Medium | 18 |  |  |  |
| Brickfield Cottages - decant risks - unable to procure sufficient temporary accommodation in timely manner to rehouse residents  | HSMrisk23 | HSM | 7 | 5 | 35 | Hexagon lettings to other applicants suspended, local housing associations being approached for offers of temp accommodation, initial approach to estate agents to explore company lets, dedicated rehousing team set up to establish needs and match offers  | Medium | 18 | More work on local associations' offers. New Business to commence purchasing (or renting) local homes for decanting .  | 0 | Till decant achieved  |
| Brickfield Cottages - decant risks - residents refuse to move leading to delays  | HSMrisk24 | HSM | 7 | 7 | 49 | Individual needs and preferences to be respected wherever possible. Agreed enhanced decorations specification for our own lets. Flexibility agreed on what extras we will pay for to encourage movement. Legal advice obtained on enforcement action if required.  | Weak | 39 | Specification of HA offered homes to be considered with HA landlords. Standard of private sector rented or purchased homes to meet our specification.  | 0 | Till decant achieved  |