

CAMPBELL
TICKELL



Independent investigation:
Building and maintaining
quality homes

Final Report

January 2019

EXECUTIVE SUMMARY

1. This is the final report of our investigation into outstanding repairs and maintenance issues at an L&Q residential scheme in Southwark. Our work has focused essentially on this scheme, and L&Q also asked us to consider its relevant policies, procedures and ways of working as applied to this scheme. We have not undertaken an in-depth review of all L&Q's processes and our findings relate principally to what we were able to observe or evidence directly in relation to this particular scheme. The aim of the exercise has been to identify lessons and make recommendations.
2. The scheme in question was handed over to L&Q with a disproportionately high number of defects and residents have since suffered a range of problems. While L&Q carried out regular repairs, serious problems persisted, including a leaking roof and issues with heating, plumbing and sewage.
3. Residents felt that L&Q's teams with whom they had contact were empathetic and tried to resolve issues, but that the problems appeared to be outside their authority. Residents who were interviewed said that they were not given a single point of contact, and lacked awareness of the complaints procedure and their right to have matters escalated.
4. Our investigation into this scheme identified various weaknesses that should be addressed:
 - (a) Consistency is needed in presentation and access to management information about scheme-level performance and the handling of complaints;
 - (b) Efforts are required to ensure proper learning from experience and effective resolution of complaints;
 - (c) The Project Team Working process that governs how L&Q teams liaise and monitor progress on new developments requires review in order to deal with any weaknesses;
 - (d) The basis for compensation payments should be made clear and should be referenced to problems reported by residents;
 - (e) While L&Q's complaints policy and procedure meets regulatory standards, improvements are needed to its implementation in such areas as complaint logging, reporting, and reviews to improve the effectiveness of the process;
 - (f) Provision should be made to ensure that issues can be effectively escalated to Group Board from L&Q's Customer Experience and Resident Services oversight committees.
5. Our main conclusion is that despite evidence of serious and continuing problems at the scheme, residents suffered poor service and inadequate responses over a sustained period.
6. To prevent similar problems in future, we recommend:
 - (a) That lessons learnt from completed development projects should be shared and there should be clear responsibility for ensuring action is taken on future scheme design;
 - (b) That there should be clear lines of responsibility for dealing with post-completion problems on new schemes, with a single point of contact for residents;

- (c) That a review is undertaken of the scope, presentation and use of management information;
 - (d) That a review is undertaken of the resident complaints procedure and operations;
 - (e) That a formal system is put in place to report on all complaints upheld at any stage and that points for action are implemented;
 - (f) That a review is undertaken of where Customer Experience Committee recommendations go and how actions taken are reported back;
 - (g) That consideration is given to reviewing aspects of corporate, operational and development arrangements and structures that we have identified as being in need of attention.
7. L&Q acknowledges that it has lessons to learn from this scheme and has committed to implement our recommendations in full. It has deployed additional resource to do this, including speeding up existing, relevant work. A copy of L&Q's action plan is included as an Appendix to this report.

MAIN REPORT

1. TERMS OF REFERENCE AND CONDUCT OF THE INVESTIGATION

The investigation brief

- 1.1 Following a report in 'The Observer' newspaper of 12 August 2018, highlighting continuing maintenance problems at an L&Q scheme in Southwark, the Group commissioned Campbell Tickell to conduct an independent investigation. Our aim has at the same time been to look behind the issues which led to the Observer article and to examine the policies, procedures and ways of working within L&Q, as applied in respect of this scheme, to see whether the problems were exceptional, or whether there are steps that L&Q should take to prevent recurrence.
- 1.2 The investigation has been overseen by a panel co-chaired by Betsy Bassis (Chair of Customer Experience Committee) and Fayann Simpson (Chair of Resident Services Group and resident), and comprising other members including Trevor Moross (Senior Non-Executive Director). The panel was charged with agreeing the brief and considering the investigation report.
- 1.3 The brief agreed at the outset comprised the following:
 - (a) Policies and procedures relating to the matters raised in the newspaper article, focusing in particular on a residential scheme in Southwark;
 - (b) Whether and to what extent the matters identified in relation to the development in question are related to difficulties at other L&Q schemes, including the handling of individual complaints generally, the responses and performance of those involved.

The investigation work undertaken

- 1.4 Our work has involved:
 - Regular reports to and discussions with the co-chairs of the panel;
 - Extensive documentation review;
 - Interviews with relevant L&Q executives;
 - Meetings with residents of the scheme (on 2 October).
- 1.5 In respect of individual complaints on the scheme in Southwark we looked at:
 - The number, type and stage of the process these have reached;
 - How they were handled, by whom and with what outcomes;
 - The steps taken to address problems, including compensation payments and service charge reductions;
 - The extent to which the Executive Team and Board were apprised of problems ahead of the article being published and the actions taken.
- 1.6 In relation to policies and procedures and their application in relation to this scheme, we looked at:

- The complaints procedure, particularly where responsibility lies for dealing with complaints in respect of newly developed schemes;
- The organisation's statistical track record in handling complaints;
- The commissioning and construction of the development, including responsibility for addressing problems during the defects period;
- Resident engagement policies, actions and performance;
- Communication flows inside and outside L&Q, in relation particularly to staff, contractors, and residents, and the liaison arrangements between departments involved with defects, repairs, complaints and resident engagement.

1.7 Given the timing constraints on the investigation process, we did not in the event look at other schemes apart from the Southwark scheme which was the focus of the reported problems.

2. THE SCHEME

2.1 The scheme in question was constructed by an external contractor and handed over to L&Q in November 2014. It comprises 85 properties over three blocks:

- Block One – mixed 7 private rented, 10 general needs and 13 shared ownership;
- Block Two – all private rented;
- Block Three – all private rented.

2.2 The key contract dates were:

- Contract start date – 4 April 2012;
- Contract period – 106 weeks;
- Scheduled completion date – 17 April 2014;
- Actual completion date – 27 November 2014.

Building the scheme (including defects)

2.3 Progress of new L&Q developments is monitored through Project Team Working (PTW,) a nine-stage process that L&Q introduced in August 2009 to improve the level and quality of liaison between departments on new development schemes.

2.4 The site for the Southwark development was acquired before PTW was introduced. PTW minutes were therefore not available from the start of this development, and the earliest record available to us was the minutes of a design team meeting on 15 November 2012.

2.5 Neither that design team meeting nor that of 4 January 2013, both attended by the contractor's representatives, mention in the minutes those aspects of the build that would cause major problems later on, the only one referred to being the pedestrian side gate.

2.6 The PTW minutes from meeting six onwards show that the problems of water ingress and boiler failures were already known at that stage. The minutes of the meeting on 11 March 2014 (over eight months before handover), record that "Single ply membrane is leaking

causing extensive damp/damage to flats. Independent assessment to be carried out before handover.”

- 2.7 The minutes of the final meeting (nine) held on 9 June 2016 state that “The scheme has fared reasonably well in its first year. It’s clean, tidy and well maintained. The communal areas were well kept, as were the externals.” The overall impression, therefore, was of a scheme with few building or estate problems.
- 2.8 However, the Post Occupancy Review (POR), produced by the Client Services Team as part of L&Q’s implementation of “Soft Landings” for the development of new build properties, painted a different picture. The review, produced in August 2016 and updated in January 2017, states its purpose as:
- To evaluate the performance of the development in order to identify trends with defects, maintenance and servicing;
 - To use the findings to determine whether this development has met L&Q’s expectations in terms of performance and expenditure and the “lessons learnt” fed back in to future developments through the Project Team Working process.
- 2.9 We would draw attention to two comments in the POR:
- “The lack of detail does not allow us to fully understand what problems we have and as a result it is highly likely that problems will still exist following the DLP and as such we will be simply moving the problem into management along with the properties.”*
- “A significant number of defect orders have been closed with no records of the outcomes or actions taken by the contractor. There is therefore very little information available to Technical Services teams and their contractors with regards to ongoing issues/trends. This is most apparent with regards to the heating/hot water issues which remain an ongoing problem.”*
- 2.10 There was a total of 412 defect orders on the development, 61% of which related to Block One. However, as the POR acknowledged, this block only represents around one-third of the total unit numbers, so its defects per unit were disproportionately high in comparison to the others: 8.5 defects per unit were reported in total over three years, including seven per unit during the first year’s defects liability.
- 2.11 The breakdown of defects was as follows. These figures are drawn from the POR.

	Total Defects	Defects/ Unit	2014/15 Defects	Defects/ Unit	2015/16 Defects	Defects/ Unit
Block One (30)	254	8.5	211	7.0	39	1.3
Block Two (49)	140	2.9	122	2.5	18	0.4
Block Three (6)	18	3.0	16	2.7	2	0.3
Total scheme (85 units)	412	4.8	349	4.1	59	0.7

- 2.12 As the figures and analysis show, since scheme handover in 2014, residents have suffered a number of problems, for which L&Q have acknowledged that their initial response was too slow. L&Q carried out regular reactive repairs since handover and resolved a number of issues reported by residents. However, problems with the roof first presented in December

2015. These were reported as rectified in February 2016, but in fact continued to be reported through to 2017.

- 2.13 There has been a more co-ordinated effort to fix problems over the past year, and a group of senior managers met residents on 6 June 2018, when they outlined an action plan and promised to offer compensation based on the length of time taken to resolve things.

Dealing with complaints

- 2.14 The CRM system lists 37 complaints in relation to Block One. These included the only one of the eight residents whose complaints we looked at, to have had their case escalated above Stage 2 of the complaints process (senior manager review), and being heard by the Complaints Panel.
- 2.15 41 individual people or teams are listed in the documentation as 'owner' of the complaints for the seven properties. Some have been involved in more than one property, making a total of 63 engagements at different times in resolving the issues.
- 2.16 In its adjudication on the complaint escalated to Stage 3, the Panel recommended that:
"One senior point of contact be appointed; this will assist with a more tailored approach to concerns raised. This is to be communicated to residents."

Despite this directive, there was no change in the approach to dealing with complaints on this scheme, with matters still being referred to different parts of the organisation as before. From what we have seen, no single person took responsibility for implementing the Panel's findings, and there was no report back to the Panel that the complaint had been resolved.

Campbell Tickell meeting with residents

- 2.17 We offered all eight residents whose complaints we investigated the opportunity to meet us on 2 October to share their experiences of dealing with L&Q and the effectiveness of the complaints process in resolving their problems. We also invited all other residents to submit written comments by email for consideration in the investigation.
- 2.18 Five residents took up our invitation to meet or speak by telephone. The following is a summary of their reported experiences:
- The four years of seeking solutions to the problems had been wearing and impacted negatively on their lives;
 - Residents felt that there were months of reporting problems, individually and collectively, before they were regarded as formal complaints;
 - All were surprised how few complaints were logged on the CRM system, given the number of telephone calls and emails they had made over the past four years;
 - Residents felt that the Customer Service Centre and Aftercare Team were empathetic and tried to deal with the problems, but gained the impression that the problems were too big and outside their authority;
 - There appeared to be a lack of co-ordination between teams;

- Residents ended up with a long list of staff names, but no single point of contact once the problems went outside the remit of the Aftercare Team;
- There was a lack of awareness on the part of these residents interviewed of the complaints procedure and their right to have matters escalated through the three stages;
- They believed there were errors in the service charge statements, with residents being charged for services that had not been provided;
- When the heating went down within four weeks of occupation at the end of November 2014, no alternative provision was offered and no repairs could be carried out for four days over the Christmas period;
- Complaints had been made direct to the Group Board and Chief Executive since 2015.

Learning to date

2.19 L&Q has already acknowledged there are lessons to learn from this scheme and has set up a Task Force to produce recommendations for action. In particular, an update to the Group Board in August 2018 stated that:

- Action to deal with the contractor was ineffective and perhaps counter-productive;
- Too many teams were involved in resolving problems which has partly resulted in us being unable to withhold retention;
- Aftercare arrangements were ineffective in relation to communal items;
- There was a lack of ownership of maintenance by the then Mechanical and Engineering Team, who did not engage in the commissioning and handover of the heating and sewage systems;
- The Neighbourhood Teams were presented with the problems by the residents but were often unable to get the relevant team to take action.

We consider that these conclusions are fair and accurate.

3. FINDINGS AND CONCLUSIONS

3.1 We have concluded that, based on our investigation into the handling of this scheme, there are weaknesses across certain areas which mean that, without corrective action, have the potential to be replicated at another scheme.

3.2 L&Q produces a considerable amount of information internally, but in our investigations relating to the scheme, we found inconsistency over who gets to know what is going on and who has responsibility to put right failings that come to light. Information does not always seem to be escalated up the management chain, rather being contained in different pockets of the organisation.

3.3 There has been insufficient learning from experience, both in development and in resolving complaints in relation to this scheme. Our principal concern from the cases we examined was that staff appeared to be operating as though following the complaints process was sufficient, rather than the primary goal being to resolve a customer's reasonable concerns.

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- 3.4 Project Team Working (PTW) is the key vehicle for new build quality control, based on stakeholder engagement and milestones. There appeared to us from our investigation of issues on this scheme weaknesses in the process: lead responsibility passes on at each stage of the project; there are too many people involved who do not have authority to take action; and there are too many meetings.
- 3.5 There is evidence that the problems with the roof and other matters at the Southwark scheme were known within L&Q months before the delayed practical completion in November 2014 (from the PTW minutes of 11 March 2014, and as acknowledged in the POR). The boiler failures started within four weeks of residents moving in (the first repair request being logged on 22 December 2014). After the concerted effort to resolve the building issues, which was closed off in November 2016, residents were left to get the best result that they could individually through the complaints process. Despite the involvement of 41 L&Q staff and teams in dealing with the complaints relating to seven properties, actions were ineffective and the problems went unsolved.
- 3.6 Despite all the contact from residents, as indicated above, only one complaint progressed to Stage 3 of the complaints procedure. Notwithstanding the Panel's commitment to action plans and monitoring in considering this complaint, no single person took responsibility for implementing the Panel's findings; the problems were not resolved; and the reported leak in another resident's flat on Boxing Day 2017 was therefore preventable.
- 3.7 The basis for the compensation payments across the scheme is not clear and some were not accepted by residents. The original payment was based on £10 for each heating and hot water occurrence, capped at 70 failures, even though this was by no means the full extent of the problem (one resident recorded 65 incidents in a single year alone).
- 3.8 Contacts over build problems were considered at the first stage of the complaints process, known within L&Q as 'Service Delivery Failures' (Stage 0 of the Complaints Procedure). The first formal recognition for one resident, using the term 'complaint', came with an email from the local MP on 11 December 2017, at which point the matter was escalated to senior manager review at Stage 2 of the Complaints Procedure.
- 3.9 In summary therefore, our conclusions in respect of this scheme are that:
- (a) Despite mounting evidence that there were serious and continuing problems at the scheme from early after people moved in, residents have had to suffer poor service and inadequate responses over a period of four years;
 - (b) There were plenty of inputs, with L&Q committing resources of people and money to resolving the problems, but the actions were ineffective – over several years – resulting in payments of compensation;
 - (c) Whilst we comment in this report on the complaints procedure in relation to residents experiences on this scheme, essentially it was an inability by those involved in the process to act in the residents' best interests that added to the dissatisfaction that already existed.

Handling residents' complaints

- 3.10 In our view, based on the evidence relating to this scheme, whilst the policy and procedure meet the regulatory standards, since customers were not being offered an effective resolution to their problems, the practice needs attention and revision to improve its effectiveness.
- 3.11 The senior manager review at Stage 2 was undertaken by officers with limited responsibility and authority to resolve matters. In advising residents of the outcome, clearer guidance must be given on how they can challenge decisions in order to access Stage 3.
- 3.12 The policy states that complaints should not be open for more than 40 working days unless circumstances dictate otherwise. This was clearly not the case at the scheme in question. We would in any event suggest that L&Q review whether it is reasonable to allow up to two months under its policy to resolve matters.
- 3.13 The process does not provide for an independent peer review of the outcomes at each stage; and the CRT officer presenting the case at the Senior Manager Review can also be the case officer compiling the complaints pack and servicing the Complaints Panel review.
- 3.14 There was a lack of clarity and consistency in logging complaints relating to this scheme. The policy states that, if further issues are raised, these should be logged as new complaints. In the cases we reviewed, the lack of heating and hot water were treated as further Service Delivery Failures (Stage 0 of the complaints process), which meant they were only investigated by the local service delivery teams, resulting in missed opportunities to join up the issues.
- 3.15 The Customer Experience Committee (CEC) – a Board-level scrutiny committee comprising L&Q Board members and senior involved residents – highlighted that complaints were not being properly logged, and a light touch review was undertaken to address this. Measures have, however, recently been put in place to ensure higher quality of resolution and learning from complaints at the first Service Delivery Failure stage.
- 3.16 Other issues with the present arrangements based on the evidence we reviewed are that:
- (a) The majority of the complaints reporting to the Operational Board is statistical and insufficient analysis is provided;
 - (b) The compensation awards on this scheme appear ad hoc and not in line with the guidance in the policy and procedures;
 - (c) Learning from complaints is not formalised.
- 3.17 In the round, our principal concern from the individual cases we examined was that staff appeared to be operating as though following the complaints process was sufficient, rather than the primary goal being to resolve a customer's reasonable concerns.

Resident engagement

- 3.18 Our investigation revealed the following.
- (a) There had been a delay in moving from the transitional structures following the East Thames merger, and concerns have been raised within the Resident Services Group

(RSG) – a resident-led committee that provides a link between involved residents and the Board, comprised of L&Q’s Neighbourhood Committee Chairs and senior resident CEC members – that positive elements of the old engagement structures are being lost as the new structure is implemented.

- (b) The CEC has raised concerns about service performance since 2017. Although the committee has received reports, feedback on their recommendations has not been formalised with an action section only included in the minutes since May 2018. Moreover, we have not seen evidence that these concerns led to change being effected in the organisation.
- (c) There is a resident on the L&Q Group Board. The RSG can simply request the Chair of CEC to attend, and CEC can provide a verbal update to Board. Moreover, at the time of this review, RSG minutes were not formally considered by the Operations Board. We suggest that mechanisms for escalating issues of concern to residents to the Group Board are reviewed so as to improve and formalise access to Group Board by senior involved residents engaged in the governance structure.
- (d) Each of the formal groups meet quarterly, but it is not clear whether meetings are diarised for the year in such a way that the Neighbourhood Committees can escalate matters to the RSG and though that to the CEC.
- (e) The Key Performance Indicator (KPI) data provided to the different groups could be improved with clarity on how input from residents or CEC is fed back to improve services.

Measuring and managing performance

3.19 We have only seen part of the management information produced within the organisation that is relevant to the areas subject to this investigation, but these suggest an overall review of data capture and use could be beneficial. In particular, this should ensure that:

- Alongside high-level information, more localised issues which are nevertheless important receive due consideration, and the data enables understanding of the granularity of service performance;
- More analysis is given to enable early warnings of problems at a local level to be identified;
- This information is easy for managers to use and should be presented consistently from month to month;
- Performance data provided to engagement groups should also be presented in a form that makes it easy to help the groups understand current performance in areas such as complaints, repairs and development.

4. RECOMMENDATIONS

4.1 Our recommendations are as follows:

- (a) That lessons learnt from completed development projects should be shared, in order to influence future design standards;

- (b) That there should be clear lines of responsibility for dealing with post-completion problems on new schemes, with a single point of contact identified for residents;
- (c) That a review is undertaken of the scope and presentation of management information at each level of the organisation from the Group Board down, to ensure that it is relevant and acted upon;
- (d) That a review is undertaken of the resident complaints procedure and operations, to ensure that all complaints are logged and actioned within the required timescale and with higher-level representation at Stage 2 (senior manager review);
- (e) That a formal system be put in place to report on all complaints upheld at any stage, in order to learn lessons for the future;
- (f) That a review is undertaken with the members of the Customer Experience Committee of its role and of where their feedback and recommendations go, completing the circle with the Operations Board;
- (g) That consideration is given to reviewing various questions in respect of corporate, operational and development arrangements and structures, in areas including management structure, staff culture, internal and external communications, the contact centre's role in handling complaints, and the Project Team Working process.

APPENDIX A L&Q RESPONSE AND ACTION PLAN

L&Q have worked with Campbell Tickell to fully understand the detail of the recommendations, which we accept in full.

We have assigned an additional Property Director to work with our existing teams to provide focus on planning and delivering the changes required, either by accelerating existing work or by developing new projects that deliver the appropriate improvement.

We have also asked Campbell Tickell to support this work with two further quarterly reviews in 2019. These aim to reassure the business that the ongoing plans continue to address the recommendations, and that we continue to adapt and improve our plans as required.

The key starting point is to ensure that we always deliver great quality schemes and so we will:

- Increase the level of ownership and knowledge we have of the areas of the build that are key quality aspects for our customers.
- Understand and develop a clearer view about what the L&Q specification needs to be for the key parts of our buildings that are most important for customers – lifts, plumbing and electrical systems.
- Increase the level of scrutiny of quality on site.

The table below then details our response to each recommendation and summarises our initial action.

Recommendation	Response/Action Point
<p>1. That the lessons learnt from complete development projects should be shared, in order to influence future design standards.</p>	<p>(a) From November 2018, we will hold an improved quarterly review of all new schemes to ensure our teams are assured of quality and can prepare the business to manage any challenging design differences.</p> <p>(b) We will establish clear lines of communication that enable us to interpret insight from analysis and feedback in order to build constructive learning into our new scheme specifications and our operations.</p> <p>(c) There will be a single custodian of corporate design standards and their application to upcoming schemes.</p>
<p>2. That there should be clear lines of responsibility for dealing with post-completion problems on new schemes, with a single point of contact identified for residents.</p>	<p>(a) We will ensure that the issues of any scheme are shared with the correct people and that they are well understood and resolved at pace.</p> <p>(b) We will do this by providing additional resource and an improved process to manage schemes</p>

Recommendation	Response/Action Point
	<p>through to handover to our housing management teams.</p> <p>(c) We will ensure that there is clear accountability for schemes during the two-year defects liability period.</p>
<p>3. That a review is undertaken of the scope and presentation of management information at each level of the organization from the Group Board down, to ensure that it is relevant and acted upon.</p>	<p>(a) KPI reports will be more comprehensive to include trend analysis, comparisons and narrative to better inform the reader.</p> <p>(b) The changes we are currently making to our KPI reports will ensure we are more insightful when we have multiple issues on our estates.</p> <p>(c) We will establish clearer accountabilities for issues and ensure that the right information travels through our business to the right people and we react in a joined-up way.</p>
<p>4. That a review is undertaken of the residents' complaints procedure and operations, to ensure that all complaints are logged and actioned within the required timescale and with higher-level representation at Stage 2 (Senior Manager review).</p>	<p>Over the coming quarter, we will ensure that the complaints process is not only effective and involves the right people at the right stage, but that it is also completely clear and transparent for customers, so that they know how their complaint is being dealt with and are aware of their right to escalate the matter further.</p>
<p>5. That a formal system be put in place to report on all complaints upheld at any stage, in order to learn lessons for the future.</p>	<p>(a) We will also ensure that issues leading to a complaint are reviewed and that the resolution is communicated in a way that enables us to build the learning into our building specifications and the way we work.</p> <p>(b) We will review the reporting of complaints at all levels of the organisation to ensure that information is relevant, appropriate and useful in every case.</p>
<p>6. That a review is undertaken with the members of the Customer Experience Committee of its role and of where their feedback and recommendations go, completing the circle with the Operations Board.</p>	<p>(a) We have enlisted the support of one of our Board Level customers to work with us to review and improve the way we use customer information at the Customer Experience Committee and turn the resulting recommendations for improvement, into action.</p>

Recommendation	Response/Action Point
	(b) We will complete the circle by reporting back to the Committee on what actions have been taken and their impact on customer service.
<p>7. That consideration is given to reviewing questions in respect of corporate, operational and development arrangements and structures, in areas including management structure, staff culture, internal and external communications, the Contact Centre's role in handling complaints, and the Project Team Working process.</p>	<p>We will build on the work started in our Corporate Plan to immediately increase the clarity of accountability, the efficiency of processes and to review and transform culture across these recommended areas and others that emerge during the delivery of our Action Plan work.</p>