

## Central West

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### **Residents' Feedback to the SBHA/TGP 5<sup>th</sup> December 2024 Compensation Letter**



**January 2025**

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## Executive Summary

This report analyses feedback from 49 out of 69 Central West households to the SBHA/TGP compensation letter dated 5th December 2024. The feedback reveals dissatisfaction with the proposed £5,391 compensation and acceptance conditions, with 45 out of 49 households expressing concerns about the calculation methodology, scope, and terms of the offer. 3 households out of the 49 found the offer acceptable.

## Key Findings

1. **Compensation Amount.** Many Central West households consider the proposed compensation amount insufficient. They feel the compensation does not adequately address the disruptions and financial strain they endure and have endured. One resident wrote, *"We don't feel the way you have calculated the compensation amount is fair."* Residents highlight that the £5,391 equates to approximately £3-4 per day over the affected period, '1<sup>st</sup> June 2021 to 31<sup>st</sup> March 2025'. Another resident comments, *"The compensation figure breaks down to approximately £4 per day which is utterly disproportionate for the scale and duration of disruption experienced."* Additionally, residents request "sight of the compensation model used to reach this figure."
2. **Calculation Methodology.** 8 Households strongly oppose the calculation method based on average rent payments – with requests for a detailed breakdown of how the compensation was calculated; details on the benchmarking data used, comparative cases used – for several reasons:
  - 2.1. **Inappropriate Basis** – Residents point out that basing calculations on a landlord-tenant relationship is unsuitable for leaseholders. For example, a resident explains, *"Basing the compensation calculation on a Landlord-Tenant relationship is illogical, since this is inapplicable to some, myself included. This does not reflect the legal relationship that 100% leaseholders have with SBHA."*
  - 2.2. **Household vs. Individual Impact** – Residents argue for per-person rather than per-household compensation. A resident clarifies, *"We feel it should be based on a per person basis, not per household, so as to acknowledge the suffering of each individual."*
  - 2.3. **Resident Questions** –
    - 2.3.1. **Compensation calculation:** How was the compensation figure calculated, and can SBHA explain the methodology in a way that residents can clearly understand? Were different categories of impact (e.g., financial loss, emotional distress) considered when determining the compensation amount?
    - 2.3.2. **Benchmarking Against Standards:** What benchmarking cases were used both legal cases and Ombudsmen rulings and do they compare to, legal precedents and rulings by the Ombudsman? Were any third-party assessments or industry guidelines used as references during the calculation process and what were they?

3. **Scope of Compensation.** Residents identify numerous impacts not adequately addressed in the compensation letter. Referring to the years of upheaval, one resident explains the situation as, *"unbelievably stressful, affecting my emotional wellbeing."* 14 households specifically identified three main categories, prioritising mental health effects, property value limitations, and service charge issues:

3.1. **Mental Health Impact** – 7 Households emphasise the severe psychological toll. One household provides a particularly poignant example around hindrances to family development; *"something that is so hard to compensate for and put a number on. These intangible emotional and mental health impacts need to be considered."*

3.2. **Property Value and Sales Limitations** – 5 Households highlight their inability to sell properties and the impact on property values - with one resident stating, *"I am stuck because I can't sell nor rent my flat."*

3.3. **Ongoing Service Charge Issues** – 6 Households question continued service charge payments despite reduced services (highlighting frustration over unresolved payments and the lack of clarity on where this fits with the compensation framework, including how the process is to be improved) – with one noting, *"Both rent and service charge has been increasing despite not receiving all services. Payment freezes should have been implemented in June 2021."*

3.4. **Insufficient Winter Plan Measures** – Residents stressed the need for immediate, actionable steps to address current hardships alongside the compensation; and what additions are to be made to the winter plan not set out in the compensation's agreement.

3.5. **Resident-Specific Impacts and Questions** –

3.5.1. Will SBHA consider adopting a tiered compensation approach, as seen with TGP at Iveagh House, which includes a general compensation offer and additional adjustments for specific vulnerabilities or impacts?

3.5.2. How will SBHA address the distinct needs of more vulnerable residents or those with unique circumstances?

3.5.3. Will SBHA consider additional payments to address specific vulnerabilities or unique impacts experienced by residents?

3.5.4. Will SBHA compensation have regard to urgent cases, such as homes with ongoing heating issues or residents facing heightened risks due to health conditions?

4. **Agreement Terms.** Residents express significant reservations about the agreement terms, with 6 households explicitly opposed to the terms of the proposed Memorandum of Agreement:

4.1. **Legal Implications** – Residents question the requirement to waive future claims. For example, a resident commented, *"Wondering about legality of the NDA agreement/making no more complaints once signed. Potentially seeking legal advice on this agreement and what level of compensation is acceptable."*

4.2. **Timeline Concerns** – Residents question the March 2025 cut-off date, given ongoing issues and uncertain completion timelines.

5. **Alternative Proposals.** Many households (14) suggested alternative approaches, with the most supported being property buyback options at market value and individual case-by-case assessments. The remaining alternative approaches suggested include the following:

5.1. Property buyback options at market value (4 households)

5.2. Individual case-by-case assessments (4 households)

5.3. Lease extensions (1 household requests "*7-10-year extension of the lease*")

5.4. Service charge/rent freezes and reductions (4 households)

5.5. Higher compensation amounts (4 households suggest tripling the current offer)

## Recommendations

6. While the recommendations are broad, their implementation can draw from supportive documents (including the SBHA/TGP approved timelines/project plan) to establish a structured approach. For example, individualised assessments should refer to criteria outlined in the NewmanFrancis document shared with SBHA/TGP on 20 December 2024.

### 6.1. Development of a Transparent and Inclusive Compensation Framework

- Use a tiered system that considers the duration and severity of service disruptions.
- Align compensation calculations with the unique legal status of leaseholders and tenants.
- Incorporate cumulative impacts from multiple criteria, including service disruption, severity, and financial hardship.
- Provide information that can be used to align the comparisons with other cases to demonstrate fairness of the offer.

### 6.2. Expand the Scope of Compensation

- Account for mental health impacts and intangible losses.
- Address financial burdens, such as increased utility costs and property value depreciation.
- Provide compensation for ongoing service charges that did not reflect the reduced services.

### 6.3. Review and Amend Agreement Terms

- Allow flexibility for future claims arising from unresolved issues.
- Extend the compensation period beyond March 2025 to cover ongoing disruptions.
- Deliver clear and transparent communication regarding the implications of signing the Memorandum of Agreement.

### 6.4. Implement Individualised Assessments

- Evaluate each household's circumstances based on the NewmanFrancis criteria.
- Include specific considerations for vulnerability factors, overcrowding, and unique property conditions.
- Use supporting documentation to strengthen case-by-case reviews.

### 6.5. Integrate Feedback Mechanisms and Communication Improvements

- Establish a dedicated team to address resident feedback and concerns promptly.
- Provide regular updates on compensation calculations and timelines.
- Offer financial and legal support to residents navigating the compensation process

## Conclusion

7. The compensation proposal outlined in the 5<sup>th</sup> December 2024 SBHA/TGP compensation letter has not garnered resident support due to what they perceive as being its limited scope and inadequate for their unique experiences since June 2021 without gas and other materialised building matters.

7.1. The analysis shows these residents felt the compensation proposed failed to properly account for:

- Long-term mental health and emotional trauma
- Inability to sell properties nor be able to move out
- Continued payment of full-service charges (which have continued to increase) despite reduced services
- Additional costs and financial burdens
- Future impacts beyond the compensation period

7.2. This feedback from 49 unique households underscores the necessity for a more comprehensive, individualised approach that accounts for diverse impacts, including prolonged service disruptions, mental health burdens, financial hardships, and property value concerns.

Ultimately, this implementation would demonstrate foresight and a balanced perspective. A revised framework rooted in the shared NewmanFrancis criteria, presents SBHA with an opportunity to address these challenges transparently and equitably, ensuing resolutions that aims to restore trust and provide meaningful relief to all residents.

**NewmanFrancis Team**

January 2025

### DATA SOURCE

#### 2. Calculation Methodology

In total, 8 households explicitly opposed/criticised the calculation methodology based on average rent payments. However, many other residents expressed general dissatisfaction with the compensation amount without specifically mentioning the calculation method.

#### 3. Scope of Compensation

In total, 14 households specifically identified impacts not adequately addressed in the compensation letter across the above four mentioned main categories. Some residents mentioned multiple categories of impact. The analysis shows these residents felt the compensation package failed to properly account for:

- Long-term mental health and emotional trauma
- Inability to sell properties nor move out
- Continued payment of full service charges despite reduced services
- Additional costs and financial burdens
- Future impacts beyond the compensation period

#### 4. Agreement Terms

In total, 6 households explicitly expressed concerns about the terms of the Memorandum of Agreement. Their main concerns centred on:

- The finality of the agreement
- Restrictions on future claims
- Legal implications
- Unclear timeline endpoints
- Need for legal review before signing
- Loss of rights to raise future issues

#### 5. Alternative Proposals

Total unique households proposing alternatives: 13 (Some residents proposed multiple alternatives, so the individual category totals add up to more than the unique resident count)

#### Key observations

- The most commonly supported alternatives were tied between:
  - Property buyback options



- Individual case assessments
  - Service charge/rent freezes
  - Higher compensation amounts
- Only one resident explicitly mentioned lease extensions
- Many residents suggested multiple solutions should be implemented together
- Several residents emphasised that any solution needs to be fair and reflect individual circumstances