

Committees:		Dates:
Corporate Projects Board Community and Children's Services Committee Projects Sub		21 August 2018 14 September 2018 12 September 2018
Subject: Decent Homes upgrade works to Avondale Square Estate, Holloway Estate and William Blake Estate.	Gateway 7 Outcome Report Regular	Public
Report of: Director of Community & Children's Services Report Author: David Downing		For Decision

Summary

Dashboard

Programme status	Works complete. Pending approval of Gateway 7 and project closure
Overall Project Risk	Green/Low
Project Status compared to Gateway 2	Budget: Red Specification: Red (98 properties omitted post G5) Time: Green
RAG Status against last approved	Budget: Green Specification: Green Time: Green
Approved budget at Gateway 5	Works: £3,879,134.85 Fees & Staff Costs: £484,891.86 Total: £4,364,026.71
Approved budget at post Gateway 5 Issues Report	Works: £4,234,658.54 Fees & Staff Costs: £129,368.17 Total: £4,364,026.71
Total Out-turn Cost at Gateway 7	Works: £4,234,658.54 Fees & Staff Costs: £72,712.57 Total: £4,307,370.57

Summary of project completed

Wates Construction Ltd were appointed to conduct kitchen, bathroom and heating system upgrades to City of London tenanted flats on the Avondale Square, Holloway and York Way Housing Estates to bring them up to the Decent Homes standard. Upgrades to 403 tenanted properties were completed under this contract. As detailed in the post-Gateway 5 Issues Report (as approved at Projects Sub Committee 23/11/2016 and

DCCS Grand Committee 09/12/2016) works to a further 98 properties were omitted from the programme due to the additional expense of unforeseen works which were required to many of those properties which were completed. A contract for these omitted properties has been tendered as a separate project (incorporating lessons learnt) within the Gateway process with works now being delivered by the appointed contractor.

Recommendations

1. It is recommended that the lessons learnt be noted and the project be closed.

Main Report

1. Brief description of project	Upgrade of kitchens, bathrooms and heating systems to City tenanted flats where works were identified as required at Avondale Square, Holloway and York Way Estates to bring these properties up to the Decent Homes standard.
2. Assessment of project against SMART Objectives	<p>No SMART objectives were set for this project at the time of inception (2014). However, in retrospect these would be as follows:</p> <p>Specific & Realistic: tenanted flats requiring upgrades to kitchens, bathrooms and heating systems were brought up to the appropriate standard.</p> <p>Measurable & Achievable: the standard of refurbished flats meets or exceeds that prescribed by legislation.</p> <p>Timely: works to flats included in the programme to be completed within defined project timescale. As stated, the full programme of works was not completed within this contract.</p>
3. Assessment of project against success criteria	<p>1.403 tenanted properties across the three housing estates covered by this project have been brought up to Decent Homes standard.</p> <p>2. 98 tenanted properties on the Avondale Square Estate where works were required were however omitted from the programme due to additional unforeseen expenses accrued when completing many of the 403 flats which were upgraded.</p>
4. Key Benefits	<p>1. Compliance with statutory Decent Homes requirements.</p> <p>2. Improved and modernised facilities for the residents living in the properties where works are completed.</p> <p>3. Improved energy efficiency for properties where heating systems were modernised.</p>

5. Was the project specification fully delivered (as agreed at Gateway 5 or any subsequent Issue report)	<p>Yes, as per the Issues Report approved at Projects Sub Committee 23/11/2016 and DCCS Grand Committee 09/12/2016.</p>												
6. Programme	<p>The project was completed within the agreed programme</p> <p>However, as work progressed it became evident that significant additional works were required over and above those identified during the initial pre-tender survey process. The main elements of these additional works were full electrical rewires, plastering work following removal of tiling, asbestos removals and the addition of mechanical extraction fans to reduce the risk of condensation. Accommodating the cost of these additional works led to the early exhaustion of the project budget and the necessary early curtailment of the programme, whereby, as detailed above, 98 properties where works were required were omitted from the programme. This change of project scope was approved by Issues Report at Projects Sub Committee 23/11/2016 and DCCS Grand Committee 09/12/2016.</p> <p>The required works to the omitted properties have subsequently, with Committee approval, been the subject of a separate project within the Gateway process with works now being delivered by the appointed contractor.</p>												
7. Budget	<p>The project was completed within the agreed budget.</p> <p>The aforementioned post-Gateway 5 Issues Report authorised the amendment of the Gateway 5 budget to allocate £355,523.69 of the approved Fees budget to meet the cost of the additional works required within the tenanted flats. The overall project budget remained unchanged.</p> <table border="1" data-bbox="646 1570 1401 1648"> <tr> <th colspan="2">Estimated Budget at Gateway 2</th></tr> <tr> <td>Total</td><td>£4,071,000.00</td></tr> </table> <table border="1" data-bbox="646 1718 1401 1870"> <tr> <th colspan="2">Approved Budget at Gateway 5</th></tr> <tr> <td>Works</td><td>£3,879,134.85</td></tr> <tr> <td>Fees and staff costs</td><td>£484,891.86</td></tr> <tr> <td>Total</td><td>£4,364,026.71</td></tr> </table>	Estimated Budget at Gateway 2		Total	£4,071,000.00	Approved Budget at Gateway 5		Works	£3,879,134.85	Fees and staff costs	£484,891.86	Total	£4,364,026.71
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Final Account Verification		

***Please note that the Chamberlain's department Financial Services division will need to verify Final Accounts relating to medium and high risk projects valued between £250k and £5m and all projects valued in excess of £5m.**

Review of Team Performance

8. Key strengths	The works which were completed were finished to a high quality.
9. Areas for improvement	<p>1. A more robust specification and more comprehensive series of pre-contract condition surveys would have identified the nature and extent of the additional works which were required and allowed for them to be included in the tender package.</p> <p>2. The earlier appointment of a Quantity Surveyor would have allowed greater control over costs during the initial stages of project delivery.</p> <p>3. Up to date periodic electrical surveys carried out in advance of the refurbishment works would have given a clearer picture of the extent of the electrical works required.</p>
10. Special recognition	N/A

Lessons Learnt

11. Key lessons	<p>This was the first major contract of this kind let under the City of London's current Decent Homes Programme. There have been a number of lessons learned from this including:</p> <ol style="list-style-type: none">1. More rigorous analysis of submitted tenders and subsequent awarding of the contract.2. Increased quality of specifications and other contract documentation to reduce the potential for disputes, variations and claims for additional works.3. Improved processes and procedures for contract management to ensure contracts are managed effectively and we get value for money.4. Closer alignment of the various programmes of work contained within the Decent Homes Programme to ensure effective co-ordination and programming, minimise disruption for our residents, cost reductions and value for money through economies of scale.
12. Implementation plan for lessons learnt	<p>Experience gained from this project will be implemented in other similar future projects. The lessons learnt and areas identified for improvement have already been implemented into three similar Decent Homes projects currently being delivered by DCCS Property Services.</p>

Appendices

None

Contact

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