

Committees:		Dates:	
Choose an item. Projects Sub Housing management and Almshouse Sub		18 July 2018 24 September 2018	
Subject: Rewire the landlord's electricity supply at Southwark Estate (partial) and the Sydenham Hill Estate.		Gateway 3 - 4 Outline Options Appraisal(regular)	Public
Report of: Director of Community & Children's Services Report Author: Lochlan MacDonald			For Decision
<u>Recommendations:</u> <ol style="list-style-type: none"> 1. That approval is given for the necessary repairs to Lammas Green (flats) and Pakeman House communal electricity supplies are removed from this project and undertaken instead under response repairs using the minor works framework. 2. That Otto Close communal electrics are removed from this project and instead inspected under the Phase Four Electrical contract; 3. That approval is given for Middlesex Street Estate to be included within this project. 4. That the emergency repairs already carried out at Middlesex Street are noted: 5. That approval is given to seek two separate tenders for works at Middlesex Street as follows: <ol style="list-style-type: none"> i) Works that do not require section 20 Long Leasehold consultation at an estimated cost of £393,750 including staff costs and fees; ii) Works which require section 20 Long Leasehold consultation at an estimated cost of £337,500 including staff costs and fees; 6. That estimated staff costs of £3,000 and estimated fees of £13,000 (2% of works costs) are approved to develop the specification and seek procurement; 7. The Project is renamed Middlesex Street Non-Emergency Electrical Works. 			
<u>Summary</u>			
Dashboard			
Project Status		Green	
Timeline		<ul style="list-style-type: none"> • Gateway 3/4 – July 2018 • Tender Exercise – August 2018 • Gateway 5 – September 2018 • Works Start – October 2018 <p>The above relates to the non Section 20 works: The works that are rechargeable to leaseholders is as follows:</p> <ul style="list-style-type: none"> • Gateway 3/4 – July 2018 	

	<ul style="list-style-type: none"> • Pretender Consultation: July/August 2018 • Tender exercise: September 2018 • Tender Analysis: October 2018 • Post Tender Consultations: November 2018 • Gateway 5 - December 2018; • Start Works January 2019
Programme Status	Pending approval of Gateway 3/4 – Options Appraisal (Regular)
Latest estimated total costs (including fees)	Middlesex Street Rechargeable - £337,500 Middlesex Street Non-rechargeable: £393,750 Sydenham Hill – N/A - Pakeman House – N/A
Expenditure to date	<ul style="list-style-type: none"> • £902.23 staff fees • £2,000 electrical test reports at Sydenham Hill and Pakeman House • £9,300 Consultant costs <p>There has also been the following expenditure in relation to Middlesex Street.</p> <ul style="list-style-type: none"> • Petticoat Tower Emergency Lighting: £65,293 • Petticoat Square Emergency electrical works - £41,915 • Petticoat Tower - Emergency electrical works - £68,737.50 • Redecs Works following emergency lighting installation - £7,946. <p>Total Approved Expenditure: £10,202.23 Total Non Approved Expenditure: £185,891.50</p>

Progress to date:

Your committee previously authorised the £23,000 fees and staff costs of £1,150 for surveys to inform the options appraisal of this project. The initial report only covered Sydenham Hill estate and Pakeman House (at Southwark Estate). The original report did not include Middlesex Street as consideration was being given to combining this with other projects at that estate. However, it was subsequently decided to look at including this estate given concerns about the lack of a current valid certificate, and recent electrical surveys undertaken, and the fact that the tests for the other estates cost less than expected.

The reports for Sydenham Hill and Pakeman House cost a total of £2000, and indicated that whilst there are some issues with the landlord's electrics, full rewiring is not required. All repairs are non urgent and it is proposed that these are dealt with by response repairs via the minor works framework as the volume of repairs is such that they do not need to be addressed as a project. Sydenham Hill only covers Lammas Green flats as the houses are either freehold or dealt with as tenanted properties. Otto Close will be addressed under the separate Phase Four testing contract and Mais House is due to be demolished so is no longer required to reach compliancy.

A specialist consultant was appointed to carry out a thorough survey at Middlesex Street. The survey detected serious health and safety defects across the electrical intake rooms which needed to be addressed immediately. Accordingly, a procurement exercise was undertaken and orders were placed to get the urgent works expedited at the following costs:

Works	Cost
Petticoat Tower provision of emergency lighting	£65,293.00
Petticoat Tower Emergency Electrical Works	£68,737.50
Petticoat Square Emergency Electrical Works	£41,915.00*
Redecoration Works	£7,946.00
TOTAL	£183,891.50

*this may increase as final invoice awaited.

However, the survey also identified non emergency works which need to be addressed to meet compliance. This includes upgrading the current generator, which is 22 years old and its condition suggests it may not be wholly reliable should a fire occur, which could endanger residents, staff and fire fighters. The new generator will be linked to the lifts as a fire fighting back up unit but will also cater for the communal lighting and heating for safe passage and protection of vulnerable residents should a power failure occur. It is proposed that these works are split into two separate contracts so that works that do not need long lessee consultation may be expedited.

Overview of Options:

Option One – Address all outstanding repairs at all estates under response repairs.

Option Two – Sydenham Hill and Pakeman House Repairs are addressed under response repairs and Middlesex Street repairs undertaken under two separate contracts (rechargeable and non rechargeable).

Proposed way forward and summary of recommended option:

Option one would be a realistic way to tackle Lammas Green and Pakeman House given the small volume of repairs. However, given the larger volume required at Middlesex Street, there is a concern that the response repairs budget may be stretched by these. In view of this option two is recommended as the quickest way to get the required repairs undertaken.

Procurement Approach: CLPS REF:16/175PS.

City Procurement have been consulted in the preparation of this report and have produced the PT 4 report. They have suggested the response repairs route for Sydenham Hill and Pakeman House. Separate invitations to tender will be issued for the rechargeable and non-rechargeable works for Middlesex Street Estate.

Financial Implications Table
Middlesex Street Estate

<i>Estimated Works Cost</i>	<i>Staff Fees and Costs 12.5%</i>	<i>Total</i>	<i>Estimated Service Charge Contribution</i>	<i>Estimated HRA Contribution</i>
Rechargeable	£300,000	£337,500	£107,601	£229,899
Non-rechargeable	£350,000	£393,750	£0.00	£0.00
TOTALS	£650,000	£731,250	£107,601	£229,899

Options Appraisal Matrix

See attached.

Appendices

Appendix 1	PT4 FORM(PROCUREMENT)
Appendix 2	
Appendix 3	

Contact

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Options Appraisal Matrix

Sydenham Hill, Pakeman House and Middlesex Street Electrical Works

	<i>Option 1</i>	<i>Option 2</i>
1. Brief description	<ul style="list-style-type: none">• Address all outstanding repairs at all named estates under response repairs.• Schedule of repairs will be passed to the housing repairs team to arrange through the term contractor.	<ul style="list-style-type: none">• Sydenham Hill and Pakeman House Repairs are addressed under response repairs.• Middlesex Street repairs undertaken under two separate contracts• Rechargeable and non rechargeable works separated to expedite works.
2. Scope and exclusions	Scope: <ul style="list-style-type: none">• Lammas Green Flats• Pakeman House• Middlesex Street Estate. Exclusions: <ul style="list-style-type: none">• All other Estates:	Scope: <ul style="list-style-type: none">• Middlesex Street Estate Exclusions: <ul style="list-style-type: none">• All other blocks and estates
<i>Project Planning</i>		
3. Programme and key dates	N/a	Non Rechargeable works <ul style="list-style-type: none">• Gateway 3/4 – July 2018• Tender Exercise – August 2018• Gateway 5 – September 2018

	<i>Option 1</i>	<i>Option 2</i>
		<ul style="list-style-type: none"> • Works Start – October 2018 Rechargeable works <ul style="list-style-type: none"> • Gateway 3/4 – July 2018 • Pretender Consultation: July/August 2018 • Tender exercise: September 2018 • Tender Analysis: October 2018 • Post Tender Consultations: November 2018 • Gateway 5 - December 2018; • Start Works January 2019
4. Risk implications	<ul style="list-style-type: none"> • Current facilities continue to deteriorate, endangering residents' safety. • Failure to provide service due to outages caused by disrepair. • Increased pressure on repairs and maintenance budgets. 	<ul style="list-style-type: none"> • Possible opposition from long leaseholders over large capital costs. • Possibility of interruption to services during works. • Safety of residents endangered if works not carried out.
5. Benefits and disbenefits	Benefits: <ul style="list-style-type: none"> • No immediate large capital outlay required. • Less inconvenience to residents in terms of access requirements. • No section 20 leasehold consultations necessary Disbenefits:	Benefits: <ul style="list-style-type: none"> • Addresses the problem of deteriorating electrics immediately, helping to protect residents and assets. • Will improve services across the estate. • Increases life expectancy of asset • Likelihood of reduced spending on repairs.

	<i>Option 1</i>	<i>Option 2</i>
	<ul style="list-style-type: none"> Continuing deterioration of electrical services endangering residents' safety. Increased likelihood of further breakdowns and fire. System becomes irreparable and fails completely, despite maintenance. Extended disruption to residents during times of service failure. Continued and higher spending on the maintenance contract. 	Disbenefits: <ul style="list-style-type: none"> Higher Initial capital charge. Long leaseholder dissatisfaction at costs.
6. Stakeholders and consultees	Tenants, Leaseholders, Members and, Department of Community and Children's Services Staff. Residents of Middlesex Street Estate will be advised about potential works, and all necessary statutory consultations with long leaseholders will be undertaken.	
<i>Resource Implications</i>		
7. Total Estimated cost	Unquantifiable – as and when required.	Rechargeable - £337,500 Non-Rechargeable - £393,750 Total: £731,250
8. Funding strategy	Housing Revenue Account, leaseholder contributions.	

	<i>Option 1</i>	<i>Option 2</i>
9. Estimated capital value/return	N/A	
10. Ongoing revenue implications	This requires maintenance under response repairs contract, and costs are likely to rise as the electrics get older.	The new installations will be covered by the defects period for one year following works. Response repairs will be carried out as necessary and regular testing of the installations will also be required.
11. Investment appraisal	This will form part of the overall maintenance and repair budgets submitted annually for approval.	The option is costed within the department's 5 year asset management plan and the 30 year business plan for the Housing Revenue Account
12. Affordability	This will be accommodated within repair and maintenance budgets.	The works costs have been estimated and form part of the funded 5 year and 30 year Asset Management Plans.
13. Legal implications	The safe maintenance of the facilities is a prime legal duty the City has towards tenants and leaseholders.	
14. Corporate property implications	It is important that the facilities within the City's assets remain in good, working order. The communal electrics helps ensure the safety of residents Therefore all necessary action should be taken to ensure that the facilities are kept working and maintained throughout the assets' lifetime.	
15. Traffic implications	Any necessary traffic arrangements for contractor's vehicles will made locally on site.	

	<i>Option 1</i>	<i>Option 2</i>
16. Sustainability and energy implications	N/a	The new installations will need to meet current regulations which will mean that they have to be as energy efficient as possible
17. IS implications	N/A	
18. Equality Impact Assessment	An Equality Impact Assessment will be undertaken for whichever option is chosen.	
19. Recommendation	Not recommended	Recommended
20. Next Gateway	N/A	Gateway 5 - Authority to Start Work
21. Resource requirements to reach next Gateway	Staff fees as required (currently unquantifiable)	<ul style="list-style-type: none"> • Consultant Costs (2%) £13,000 • Staff fees (estimate) £3000 Total £16,000