

Committees:	Dates:	
Housing Management and Almshouses Sub Committee Chief Officer Approval	18 January 2019	
Subject: City of London (and Gresham) Almshouses, East Lodge and Communal areas – Refurbishment Works	Gateway 5 Authority to Start Work Regular	Public
Report of: Director of Community & Children's Services Report Author: Lochlan MacDonald	For Decision	
Recommendations:		
Members of the Housing Sub Committee (as Trustees) to agree the following funding strategy:		
<ol style="list-style-type: none"> 1. Approve the use of £254,300 from the City of London Almshouses Trust cash balances for initial refurbishment works in 2018/19: 2. Approve to seek of the disposal of investment assets to the value of £432,679 to fund-future-refurbishment works, fees and staff costs which will result in a future loss of investment income to be advised. 		
Members of the Housing Sub Committee (as Trustees) to, conditional to approval of 1 and 2:		
<ol style="list-style-type: none"> 3. Approve the appointment of TSG Building Services to carry out internal, external and common parts refurbishment works at the City of London Almshouses at a cost of £654,300, as part of a wider contract to encompass similar works to the Gresham Almshouses (which is subject to approval through a separate gateway 5 report). 4. Approve a total project sum of £707,440 for the COLA works. 5. Approve a staff cost budget of £25,000 to be used to for project management costs up to the completion of the works (including £5,341 spent to date). 6. Approve a budget of £28,140 for Quantity Surveyor fees to take project to completion (including £15,120 spent to date). 7. Note the attached Risk Register and a potential mitigated risk budget of £92,400 		
<u>Summary</u>		
Dashboard		
Project Status	Green	
Projected Time Line	<i>January 2019– Seek approval Gateway 5 February 2019 - Let Contract February 2019 – Start Works</i>	
Programme status	Pending Approval of Gateway 5 to appoint contractor	

Approved budget	£31,332 (fees and staff costs approved spend to reach Gateway 5)
Latest estimated costs	<ul style="list-style-type: none"> • Works: £654,300 • Staff Costs: £25,000 • Previously approved QS fees £15,120 • New QS fees: £13,020 • Total: £707,440
Expenditure to date	<ul style="list-style-type: none"> • £15,120 quantity surveyor's fees. • £5341.21 staff Fees • Total £20,461.21

Progress to Date Including resources expended and any changes since previous gateway.

In February 2018, committee gave approval for expenditure of staff costs of £16,212 and Quantity Surveyor fees of £15,120 (total £31,332) for tenders to be sought in relation to the internal, external and common parts refurbishment works at the City of London Almshouses. These works are to be undertaken with similar works at City of London Almshouses and East Lodge. Mooney Kelley were employed to draft the tender documents at a cost to the COL Almshouses of £15,120.

A full and compliant tender process has been completed in conjunction with City Procurement. Three tenders were received and were fully evaluated on the quality and cost criteria from which TSG Building Services were identified as the winning contractor.

As noted above, these works are being undertaken in tandem with similar works at the Gresham Almshouses in order to achieve economies of scale, expedite all works and minimise disturbance to residents by having only one contractor on site. Approval of the final contract to cover both Gresham and City of London Almshouses is required from Gresham Cityside committee and the Director of Community and Children's Services.

Proposed way Forward

To appoint TSG Building services to undertake the works.

Total Estimated Cost

£654,300 and £53,140 fees and staff costs, for a total amount of £707,440

Main Report

<p>1. Design summary</p>	<ol style="list-style-type: none"> 1. The contract will cover the replacement and refurbishment of internal and external facilities within City of Almshouses and across the whole site. 2. The contract will be coordinated so that previous works undertaken (such as void improvements) are taken account of and are not replaced unnecessarily. 3. The works are being carried out in tandem with similar works at the Gresham Almshouses, to achieve economies of scale and minimise disruption to residents.
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<p>2. Delivery team</p>	<ul style="list-style-type: none"> • The contractor TSG Building Services has submitted the winning tender and will be contracted to undertake the work. • The contractor will undertake the duties of Principal Designer (under the Construction Design and Management (CDM) Regulations 2015). • The City's delivery team will be formed of a project manager and clerk of works from the DCCS New Developments and Major Projects team working closely with the site based Matron and sheltered housing staff. 																								
<p>3. Programme and key dates</p>	<ol style="list-style-type: none"> 1. Contractor Appointment – January 2019 2. Works Commence – February 2019 3. Works Complete – August 2019 																								
<p>4. Outstanding risks</p>	<ol style="list-style-type: none"> 1. Tenants may object to certain works being undertaken within their homes but this will be mitigated by working with estate staff to find solutions. 2. Asbestos surveys before works commence will determine any hazards which need to be addressed. 3. Unforeseen additional works which may not be evident until stripping out of existing facilities is undertaken. The contractor will report any such issues to the City so mitigating action may then be taken. These are noted on the attached risk register and the approximate cost of these for the City of London Almshouses is £92,400. If necessary, further authorisation for funds to tackle these risks will be sought. 																								
<p>5. Budget</p>	<p>An estimated budget of £1,344,504 was previously identified at Gateway 4, as follows:</p> <table border="1" data-bbox="517 1391 1414 1653"> <thead> <tr> <th colspan="2">City of London Almshouses Refurbishment G3/4</th> </tr> <tr> <th>Item</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>Works</td> <td>£1,296,690</td> </tr> <tr> <td>Staff fees and costs</td> <td>£47,544</td> </tr> <tr> <td>Total</td> <td>£1,344,504</td> </tr> <tr> <td>Funding Strategy</td> <td>City of London Almshouses Trust</td> </tr> </tbody> </table> <p>However, following the tender exercise for these works, the revised costs are:</p> <table border="1" data-bbox="517 1756 1414 2040"> <thead> <tr> <th colspan="2">City of London Almshouses Refurbishment G5</th> </tr> <tr> <th>Item</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>Works</td> <td>£654,300</td> </tr> <tr> <td>Staff costs</td> <td>£25,000</td> </tr> <tr> <td>QS fees already incurred</td> <td>£15,120</td> </tr> <tr> <td>Extra QS fees required</td> <td>£13,020</td> </tr> </tbody> </table>	City of London Almshouses Refurbishment G3/4		Item	Cost	Works	£1,296,690	Staff fees and costs	£47,544	Total	£1,344,504	Funding Strategy	City of London Almshouses Trust	City of London Almshouses Refurbishment G5		Item	Cost	Works	£654,300	Staff costs	£25,000	QS fees already incurred	£15,120	Extra QS fees required	£13,020
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Fees and costs subtotal	£53,140
Total	£707,440
Funding Strategy	City of London Almshouses Trust

- The tendered cost of works (£654,300) is less than the previously estimated works amount at Gateway 3/4 (£1,296,690) by £642,390 which represents a 49% decrease. The previous figure was based on estimates from the quantity surveyor. This figure is the tendered costs of the works following a fully compliant tender exercise and has been checked.
- Staff costs and QS fees have increased, from the estimated amount (£47,544) to the revised estimate (£53,140), by £5,596, a percentage increase of 12%. Previously reported staff costs and fees were estimates and are less than are now estimated, based on the QS fees and revised staff fees estimate.

City of London Almshouses Refurbishment		
Expected Expenditure		
Year	Item	Amount
2018/19	Previously Incurred QS Fees	£15,120
2018/19	Works	£254,300
2018/19	Incurred Staff Costs	£5341
2018/19 Sub Total:		£274,761
2018/19 total minus fees and costs already spent:		£254,300
2019/20	Works	£400,000
2019/20	QS Fees	£13,020
2019/20	Staff Costs	£19,659
2019/20 Sub Total		£432,679
Overall Total Expenditure (2018/19 & 2019/20)		£707,440

Chamberlains have advised that there is a cash surplus within the trust at present, and approval is sought for these to be used to cover the costs of the works in 2018/19 (£254,300).

Furthermore, funding for the remainder of the works due in 2019/20 and associated fees and staff costs are also required. Therefore, approval is sought for the Trust to dispose of investments to fund the works in 2019/20.

Overall a figure of £687,000 requires approval once staff costs and fees that have already been spent are deducted, calculated as follows:

COLA Refurbishment	
Item	Cost
Works	£654,300.00
Fees	£28,140.00
Staff Costs	£25,000.00
Project Cost	£707,440.00
Staff Costs Incurred	£5,341.00
QS fees Incurred	£15,120.00
Project Cost minus amounts spent	£686,979.00

This has been rounded up to £687,000 for ease of accounting purposes.

6. Scope of Works

In September 2017, the City appointed Mooney Kelley to survey as many properties as possible at the City of London and Gresham Almshouses to ascertain a more precise picture of what was required and the likely costs of this. Accordingly, Mooney Kelley highlighted areas that needed refurbishment and TSG submitted a tender, at a total cost of £803,091.60. This covers both COLA and Gresham Almshouses and is split as follows:

COLA and Gresham Almshouses Breakdown of Tender			
Tender Received : TSG Building Services: £803,091.60			
Properties Affected	Total Cost	COLA Costs	Gresham Costs
1 - 8 Gresham Alms.	£79,845.92	£0.00	£79,845.92
3 - 8 COLA	£46,118.89	£46,118.89	£0.00
9 - 22 COLA	£105,217.77	£105,217.77	£0.00
23 - 30 COLA	£42,044.90	£42,044.90	£0.00
31 - 38 COLA	£46,487.72	£46,487.72	£0.00
39 - 44 COLA	£52,007.97	£52,007.97	£0.00
East Lodge	£19,735.15	£16,577.53	£3,157.62
Estate wide/ Communal Works	£56,120.00	£47,140.80	£8,979.20
Other Works	£28,700.00	£24,108.00	£4,592.00
Provisional Quantities	£57,163.28	£48,017.16	£9,146.12
Windows Glazing	£213,729.00	£179,532.36	£34,196.64
Preliminaries	£55,921.00	£46,973.64	£8,947.36
Totals	£803,091.60	£654,226.73	£148,864.87

The total cost for COLA, of £654,226.73 is made up as follows:

CITY OF LONDON ALMSHOUSES			
TSG Tender Breakdown			
	<i>Internals</i>	<i>Externals</i>	<i>Totals</i>
3-8 COLA	£33,682	£12,437	£46,119
9-22 COLA	£86,602	£18,616	£105,218
23-30 COLA	£29,749	£12,296	£42,045
31-38 COLA	£33,335	£13,153	£46,488
39 -44 COLA	£39,312	£12,696	£52,008
East Lodge			£16,578
Estate Wide			£47,141
Other Works			£24,108
Provisional Sums			£48,017
Windows option			£179,532
Prelims			£46,974
	Total Cost (Rounded)		£654,227

The total figure has been rounded up to £654,300 for ease of accounting purposes.

With regard to the above:

- Internal works refer to kitchen and bathroom works, CO2 detectors, heating and insulation works, overhaul external doors, internal redecorations, fire breaks, electrical works.
- External works include roof renewal, redecorations, brickwork repairs, drainage works, scaffolding.
- Windows – the current windows are to be re- glazed with double glazing, as approved by Lambeth Planning.
- East Lodge and Communal areas – As part of the refurbishment project, the Matron's residence at East Lodge and the communal areas were also identified as needing works. These costs have been proportionately calculated and attributed.
- Other works – Minor items across the estate identified by the contractor, subject to final Project Manager approval
- Provisional Quantities – For possible unknown items that may be discovered during works (asbestos, damp, etc)
- Preliminary Amounts – Costs associated with Site set up, etc

The above leaves an amount required to carry out the works at City of London Almshouses, as per the tender received from TSG at a cost of £654,300. This is almost half the costs estimated at Gateway 3/4.

7. Success criteria

That all dwellings at the City of London Almshouses have improved internal, external and communal facilities, thereby increasing the comfort and wellbeing of residents.

	That facilities are improved so that void works required to bring properties to standard will decrease.
8. Progress Reporting	Progress will be monitored on a monthly basis by the Housing Programme Board.

Appendices

Appendix 1	PT8 Tender Report
Appendix 2	Mitigated Risk Register
Appendix 3	Cover Sheet

Contact

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