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Committees: Corporate Projects Board <i>[for information]</i> Projects Sub <i>[for decision]</i> Community and Children Services Committee <i>[for decision]</i>	Dates: 01 April 2020 22 April 2020 24 April 2020
Subject: York Way Estate, London N7, Communal Heating Replacement Unique Project Identifier: 11535	Complex Gateway 5 Issue Report
Report of: Director of Community & Children's Services Report Author: Lochlan MacDonald	For Decision
<h1>PUBLIC</h1>	

1. Status update	<p>Project Description: To renew the current communal heating system serving three blocks at York Way Estate.</p> <p>RAG Status: Amber (Amber at last report to Committee, Gateway 5)</p> <p>Risk Status: Medium (Medium at last report to committee, gateway 5)</p> <p>Total Estimated Cost of Project (excluding risk): £3,150,490</p> <p>Change in Total Estimated Cost of Project (excluding risk): Increase of £62,500 (2%) since last report to Committee</p> <p>Spend to Date: £23,550 (no change from Gateway 5).</p> <p>Costed Risk Provision Utilised: £0 (No CRP was requested at Gateway 5);</p> <p>Slippage: There are eight flats at Kinefold House, previously converted from an infill space, which are not on the current communal system. It was intended that these would continue to use their own individual gas boilers for heating their homes. However, Cadent, who manages the gas supply networks, has</p>
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	since confirmed that the gas supply to these flats is now to be discontinued. Therefore, provision will have to be made to heat these flats and, this can be best achieved by including them in the new communal heating system installation. We have been advised by Cadent that the gas supply to the eight individual flats will be turned off in April 2020. As the new communal heating system will not be available until late 2020 at the earliest, further budgetary provision is needed for a temporary solution to heat the eight flats until they can be fully connected to the new system. To ensure that residents are not left without heating at any point, the temporary heating works will be funded from previously approved funding for this project, which will then be repaid from the requested additional funding. The additional works are not expected to delay the project completion date.											
2. Requested decisions	<p>Next Gateway: Gateway 6, Outcome report</p> <p>Requested Decisions:</p> <ol style="list-style-type: none">1. That the contents of this report are noted;2. That an additional budget of £40,000 is approved from the Housing Revenue Account for connecting eight flats to the new communal heating system at the York Way Estate.3. That a further budget of £22,500 is approved from the Housing Revenue Account for temporary heating to be provided at the eight flats due to the existing gas supply being disconnected4. That approval is given for TSG to undertake the works outlined at 2 and 3 above;5. Note the revised project budget of £3,150,490 (excluding risk);6. Note the total estimated cost of the project at £3,150,490 (excluding risk).7. That Option 1, to supply temporary electric boilers and then connect the new communal heating system to the eight previously converted flats at Kinefold House, is approved											
3. Budget	<p>Revised total cost</p> <p>This is an increase of £62,500 (2%) due to necessary, unforeseen works.</p> <table><tr><th>Item</th><th>Reason</th><th>Funds/ Source of Funding</th><th>Cost (£)</th></tr><tr><td>Temporary heating to flats</td><td>To supply temporary heating via</td><td>Housing Revenue Account</td><td>£22,500</td></tr></table>				Item	Reason	Funds/ Source of Funding	Cost (£)	Temporary heating to flats	To supply temporary heating via	Housing Revenue Account	£22,500
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		electric boilers in 8 no. flats		
	Extend new communal heating system	To connect 8 no. flats to communal heating system	Housing Revenue Account	£40,000
	Total			£62,500
Costed Risk Provision requested for this Gateway: £0 (No costed risk provision requested).				
4. Issue description	<ol style="list-style-type: none"> 1. The current communal system is being replaced as it has reached the end of its life expectancy. 2. 8 converted flats at Kinefold House, which were previously built as an infill project, have their own individual gas boilers that supply the heating to their homes (hot water is provided separately). The new flats were not connected to the existing communal system at the time. Whilst the exact reasons for this decision cannot be confirmed, it is possible that the costs of providing the eight properties with individual heating was more cost effective than connecting them to the communal system. 3. Cadent, who is responsible for the gas supply to individual properties, has advised that the gas supply to three York Way blocks, which supplies individual flats, is to be disconnected. 4. The gas supply for the communal heating and hot water system is not affected by Cadent's plans. 5. Cadent has advised that the reason why they are disconnecting individual flats' gas supplies is that the gas supply pipe network is embedded within the fabric of the building and is difficult to service, maintain and repair. 6. Whilst Cadent considered a new, externally run gas supply network, this was decided against due to costs, aesthetics and the fact that most flats were on the communal system for heating and hot water. 7. Cadent have made payments of £2,000 per dwelling to those affected by the gas disconnection, in lieu of buying electric cookers to replace existing gas ones. The tenants in the eight dwellings at Kinefold House mentioned above have received this payment. 8. The City has a duty to ensure that heating is provided to the dwellings affected by the gas disconnection. This can be achieved by connecting the flats to the 			

	<p>replacement communal heating, and TSG has quoted a cost of £40,000 to include these flats.</p> <p>9. However, as the gas supply disconnection will occur in April 2020, and the new communal heating system will not go live until late 2020 at the earliest, the City must provide temporary heating in the interim period.</p> <p>10. Cadent was asked to contribute to the cost of temporary heating and connecting the flats to the new system when this is installed. However, Cadent refused as, they are already paying £2,000 per dwelling to residents, and believe that it is the City's responsibility to ensure heating provision within their own housing stock given the way the buildings were built (with gas supply pipes generally inaccessible as they were built into the fabric of the building). As Cadent is ultimately responsible for the timing of the disconnection, and the urgent need to ensure no residents are left without heating, there is no time to pursue this matter further with Cadent.</p> <p>11. The options for the temporary heating for the 8 flats are:</p> <ul style="list-style-type: none"> • To provide each flat with electric boilers connected to the existing radiators and controls within all 8 flats at a cost of £22,500 • Provide standalone electric heaters (3 per property) at a total cost of £2,400 <p>12. The costs of running electric heaters will be compensated for by the fact that residents will no longer have to pay for gas and also the £2,000 payment from Cadent.</p>
<p>5. Options</p>	<ol style="list-style-type: none"> Option One – Connect 8 no. flats to the new communal system, and provide interim temporary heating in the meantime by installing electric boilers in all 8 flats, at a cost of £62,500 Option Two – Connect 8 no. flats to the new communal system, and provide interim temporary heating in the meantime by providing plug in electric heaters (3 per flat) to residents of all 8 flats, at an estimated cost of £42,400. Option Three – Install permanent individual electric boilers within 8 no. flats, to replace redundant gas boilers at a cost of £22,500. <ul style="list-style-type: none"> • Option one will discharge the City's duty in providing temporary and permanent heating. The provision of electric boilers as a short-term measure is more expensive and intrusive in terms of installation works compared to stand alone heaters. However, the heating provided will ensure total heating within each property, the boilers can be connected to existing pipework and

	<p>radiators and will be fully compliant. Once the flats are connected to the new communal system, the electric boilers will be removed, and the possibility of storing these for future re-use will be considered. This makes sense in the longer term due to lower running costs for residents, for consistency and for future maintenance. Furthermore, the option reflects the thinking that communal systems are regarded as a better solution in environmental terms. The new system will be less likely to fail completely or need extensive repairs. However, in the event that the system goes wrong, this will be covered by defects liability and then the existing maintenance contract. For these reasons, this option is RECOMMENDED.</p> <ul style="list-style-type: none">• Option Two will discharge the City's duty in providing temporary and permanent heating. This is less expensive than providing temporary electric boilers. The heating provided by these heaters will be for specific rooms rather than throughout the whole flat. As they will not be able to heat the entire flat, and given the amount of time they could be used until the full system is connected, they will have to be on for longer so running costs of these heaters is expected to be higher. The heaters are not as efficient as a dedicated system and the running costs are generally higher. The heaters will be freestanding and portable to a degree, but this will mean their power cables from sockets will form potential trip hazards. These heaters also represent an increased fire risk, especially if residents cover them or dry clothes on them. Once the flats are connected to the new communal system, the electric heaters will be reclaimed by the City and require storage. As per option one, connecting the flats to the new communal system makes sense in the longer term due to lower running costs for residents and for consistency and future maintenance, and reflects the thinking that communal systems are regarded as a better solution in environmental terms. However, due to the issues outlined above with regard to free standing electric heaters, this option is NOT RECOMMENDED.• Option Three will discharge the City's duty in providing immediate and permanent heating. However, this would mean that the running costs for these flats will be higher than for other properties served by the communal system, and will require separate maintenance arrangements. For these reasons, this option is NOT RECOMMENDED.
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Appendices

Appendix 1	Project Coversheet
Appendix 2	Risk Register
Appendix 3	

Contact

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