

<b>Committees:</b> Corporate Projects Board <i>[for information]</i> Projects Sub <i>[for decision]</i> Community & Children's Services <i>[for decision]</i>	<b>Dates:</b> 26 August 2020 15 September 2020 28 September 2020
<b>Subject:</b> Decent Homes at Dron House, Golden Lane, Southwark, Sydenham, Windsor, and York Way Estates.  <b>Unique Project Identifier:</b> 11542	<b>Gateway 6:</b> <b>Outcome Report</b> Regular
<b>Report of:</b> Director of Community & Children's Services <b>Report Author:</b> David Downing, Asset Programme Manager	<b>For Decision</b>
<b>PUBLIC</b>	

## Summary

<b>1. Status update</b>	<p><b>Project Description:</b> A structured programme of works to bring the kitchen, bathroom and central heating facilities within tenanted, residential properties on several City housing estates up to modern, 'Decent Homes' standards thereby meeting statutory requirements. Works to 376 out of a potential 572 properties have been completed.</p> <p><b>RAG Status:</b> Green (Green at last report to Committee)</p> <p><b>Risk Status:</b> Low (Low at last report to Committee)</p> <p><b>Costed Risk Provision Utilised:</b> £0</p> <p><b>Final Outturn Cost:</b> £2,626,951</p>
<b>2. Next steps and requested decisions</b>	<p><b>Requested Decisions:</b></p> <p><b><u>Projects Sub Committee and Community &amp; Children's Services Committee</u></b></p> <ol style="list-style-type: none"> <li>1. To note the content of this report,</li> <li>2. To note the lessons learnt,</li> <li>3. To authorise closure of this project.</li> </ol>

<p><b>3. Key conclusions</b></p>	<p>1. Works were completed within budget but not to the initial timescales envisaged. Extensions of time were requested and approved to allow the contractor a further six months to satisfy heritage constraints at the Listed Golden Lane Estate and to complete works at hard to access properties.</p> <p>2. Works to 376 properties were completed (with these works comprised of 265 kitchens, 313 bathrooms, 33 separate WCs and 8 heating system replacements) out of a total of 572 identified for conclusion at the commencement of the project.</p> <p>3. A tight 'all-inclusive' specification with clearly defined cost reductions for omissions as opposed to a looser basket rate with an accompanying schedule of rates for additions (as was used in the preceding project) enabled costs to be managed effectively.</p>
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## Main Report

### Design & Delivery Review

<p><b>4. Design into delivery</b></p>	<p>The project design worked well. Internal condition surveys to as many properties as would grant access were completed prior to tender to reduce project uncertainty at an early stage.</p> <p>Tightly defined 'all-inclusive' specifications were drawn up setting a maximum upper price limit on all components that could be scaled down on instruction but not exceeded. This was a large factor in the successful delivery of the project and a significant aid to overall cost control and is a recommended approach for future projects of this nature.</p>
<p><b>5. Options appraisal</b></p>	<p>The selected option to procure a contractor to deliver a structured programme of works via open tender successfully delivered the projects objectives. No changes were required during project delivery.</p>
<p><b>6. Procurement route</b></p>	<p>The works contract was successfully procured via open tender. The tender generated an appropriate and manageable number of competitively priced bids for evaluation. This procurement route can be recommended for future projects of this nature.</p> <p>Procurement Reference: itt_COL_5729</p>

<b>7. Skills base</b>	The City of London project team had the required skills and experience to deliver the project. An external quantity surveyor was employed to verify contractor valuations and to aid in ensuring rigorous cost control.
<b>8. Stakeholders</b>	Satisfaction surveys have been completed; the project was completed with a 95% resident satisfaction level (based on 203 returned surveys – a response rate of 54%).

### Variation Review

<b>9. Assessment of project against key milestones</b>	<p>The project progressed as expected throughout the design period with a main works contractor appointed in July 2017 for a September 2017 start as anticipated.</p> <p>During the delivery phase, two requests by the contractor for extensions of time, initially to 31 January 2019 and then to 31 March 2019 were approved. The extension of the contract allowed additional time to finalise designs and secure heritage approvals for works to the listed Golden Lane Estate, and also additional time to re-book surveys and carry out works at hard to access properties at the request of the City. The contract extensions delayed the conclusion of the project for seven months.</p>
<b>10. Assessment of project against Scope</b>	<p>The scope of the project remained unchanged throughout both the design period and project delivery.</p> <p>During project delivery, 180 properties designated for potential Decent Homes works either did not grant access or refused the works and were therefore omitted from the project. A further 16 properties were omitted from the project as works had already been completed as part of Void works under the Decent Homes Callbacks budget.</p>
<b>11. Risks and issues</b>	<p>The project proceeded as planned with no significant risks realised. This is largely attributable to the successful application of lessons learnt from previous Decent Homes projects which were incorporated into the project design, specification and procurement which greatly aided the management of the resultant contract.</p> <p>Costed Risk Provision was not applicable to this project.</p>

<b>12. Transition to BAU</b>	The new installations have a defect liability period of 12 months commencing from the date of practical completion. At the close of this period, the ongoing maintenance of these components will transfer to the general Repairs & Maintenance contract.
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### Value Review

<b>13. Budget</b>	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"><i>Estimated Outturn Cost (G2)</i></td> <td>Estimated cost (excluding risk): Range £4,000,000 – £5,000,000</td> </tr> </table> <p>The Gateway 2 cost range was a product of analogous estimating with comparative cost data drawn from previous Decent Homes projects. As previous projects were beset by cost control issues, which were successfully addressed during design phases of this project, the over-estimation is not surprising.</p> <table border="1" style="width: 100%; text-align: right;"> <thead> <tr> <th></th> <th><i>At Authority to Start work (G5)</i></th> <th><i>Final Outturn Cost</i></th> </tr> </thead> <tbody> <tr> <td><i>Fees</i></td> <td>£200,000</td> <td>£54,563</td> </tr> <tr> <td><i>Staff Costs</i></td> <td>£200,000</td> <td>£58,769</td> </tr> <tr> <td><i>Works Contract</i></td> <td>£3,167,013</td> <td>£2,513,619</td> </tr> <tr> <td><i>Costed Risk Provision</i></td> <td>£0</td> <td>£0</td> </tr> <tr> <td><b><i>Project Total</i></b></td> <td><b>£3,567,013</b></td> <td><b>£2,626,951</b></td> </tr> </tbody> </table> <p>Final retention payments to the contractor have been paid and no further expenditure is anticipated.</p> <p>There is a total underspend on the approved Gateway 5 budget of £940,062. Of this sum, the £653,394 underspend on the main works contract can be attributed to the 180 properties omitted from the project which either did not grant access for the works or refused the works outright and the further 16 properties where the required works had already been completed as part of the Decent Homes Callbacks programme. Overall works were completed to 376 of the originally identified 572 properties where works were potentially required.</p> <p>The remainder of the underspend is unused provision for professional fees and staff costs. The main works contractor, TSG Building Services, performed well throughout and did not require the same degree of continual monitoring and oversight to ensure cost and quality control as previous, less diligent, Decent Homes contractors have necessitated.</p>	<i>Estimated Outturn Cost (G2)</i>	Estimated cost (excluding risk): Range £4,000,000 – £5,000,000		<i>At Authority to Start work (G5)</i>	<i>Final Outturn Cost</i>	<i>Fees</i>	£200,000	£54,563	<i>Staff Costs</i>	£200,000	£58,769	<i>Works Contract</i>	£3,167,013	£2,513,619	<i>Costed Risk Provision</i>	£0	£0	<b><i>Project Total</i></b>	<b>£3,567,013</b>	<b>£2,626,951</b>
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	Final accounts have been subject to an independent verification check, undertaken by a suitably experienced officer within the relevant implementing department.
<b>14. Investment</b>	N/A
<b>15. Assessment of project against SMART objectives</b>	<ol style="list-style-type: none"> <li>1. This project brought 376 residents homes up to required standards and ensured compliance with statutory obligations.</li> <li>2. The programme of works was delivered to the desired specification and within the agreed costs with minimal variation. Value for money has been demonstrated by the cost savings apparent when compared to previous Decent Homes projects.</li> </ol>
<b>16. Key benefits realised</b>	<ol style="list-style-type: none"> <li>1. Improved and modernised facilities for the residents living in the 376 properties where works were completed.</li> <li>2. The value of the City's Housing assets was maintained.</li> <li>3. Compliance with statutory measures.</li> <li>4. Newly installed kitchens have expected lifespans of 20 years.</li> <li>5. Newly installed bathrooms have expected lifespans of 30 years.</li> </ol>

### **Lessons Learned and Recommendations**

<b>17. Positive reflections</b>	<p><b>Cost Control</b> - Works were delivered within the approved Gateway 5 budget. There was a significant improvement in cost control as compared to the previous Decent Homes project which ran from 2014-2016. A tightly defined specification, whereby tendered costs for component installation were 'all-inclusive' and generally only subject to variation by reduction (by the instructed omission of any priced for item not required) has proved a far more effective way to control costs than the model previously applied where a more loosely defined basket rate for key components was subject to multiple additions by variation where extra items were added in from a schedule of rates to complete the installation.</p> <p><b>Resident Satisfaction</b> - The works contractor, TSG Building Services, performed well, completing works to a constantly high standard which is reflected in a resident satisfaction rate of 95%.</p>
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<p><b>18.Improvement reflections</b></p>	<p><b>Tenant Refusals</b> - As detailed above, 180 properties (31.5%) scheduled for improvement works in this project at the previous Gateway did not grant access for the works. Although this a slightly lower refusal rate when compared to other Decent Homes projects carried out recently (the prior 2016 project had a no access rate of 34.26%), additional work engaging with residents should be considered for future projects to reduce this rate further (with the acceptance that there are always likely to be some residents, particular the elderly or those with young families, who may not desire the disruption that these works would necessarily entail at any given time).</p> <p>Increasing early engagement with residents would have the associated benefit of reducing pressure on the programme as time lost repeatedly seeking access to hard to reach properties would be minimised.</p> <p><b>Budget Estimation</b> - The works budget estimates at earlier Gateways was significantly over-estimated as was largely based on previous Decent Homes projects where cost control had proved challenging. This project will now form a realistic benchmark for estimating future projects of this nature.</p> <p>Similarly, the Gateway 5 estimates for fees and staff costs were also significantly over-estimated. Estimates were again based on previous Decent Homes projects where cost control had been an issue which had required far more intrusive project management and independent oversight. Similar estimates could be adjusted downwards as appropriate for future similar projects.</p>
<p><b>19. Sharing best practice</b></p>	<p>1. Dissemination of key information through team and project staff briefings. A standard approach to Decent Homes work has been adopted by the Major Works team reflecting industry best practice.</p> <p>2. Lessons learned have been logged and recorded on departmental SharePoint.</p>
<p><b>20. AOB</b></p>	<p>N/A</p>

**Appendices**

<b>Appendix 1</b>	Project Coversheet
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