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| Committee(s): Projects Sub Committee Finance Committee Housing Management Sub Committee | Date(s): 10 January 2013 22 January 2013 31 January 2013 |
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| Subject: Golden Lane Estate – Great Arthur House: Curtain Walling/Windows/Other Works Gateway 4c Detailed Design | Public |
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| Report of: The City Surveyor | CS 490/12 | For Decision |
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Summary
Dashboard

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| Project Status | Amber |
| Time Line | April 2012 – June 2015 |
| Programme status | On time |
| Approved works budget | £4,071,000 |
| Latest estimated works cost | £5,525,000 |
| Works expenditure to date | £ 9,845 |
| Approved fees budget (inc. staff costs) | £ 798,000 |
| Estimated fees budget (inc. staff costs) | £ 662,325 |
| Fees expenditure to date | £ 125,553 |
| Staff costs expenditure to date | £ 42,977 (City Surveyors £28,283, Community and Children's Services £14,694) |
| Additional works budget sought at this Gateway | £1,454,000 |
| Reduction in fees from Evaluation Report | £ 155,675 |

Context

Great Arthur House is a Grade II listed residential block located on the Golden Lane Estate, which was constructed in 1957 by Chamberlin, Powell and Bon. A key architectural feature of the block is the narrow sectioned curtain walling, which has come to the end of its economic life and is failing significantly. As a consequence, residents have experienced significant water penetration. In addition, the thermal qualities of the construction do not meet modern standards and, in 2007 the block failed to meet “Decent Homes” standards.

In May 2010 an Evaluation Report was approved by the Community and Children's Services Committee to proceed with the appointment of consultants to draw up proposals for the complete replacement of the curtain walling and associated elements including redecoration.

One of the key issues identified within the report was the anticipated need for significant structural strengthening of the block's structure as a consequence of increased weight from any replacement curtain walling. This report provides an update on the position relating to structural strengthening following further design development and includes details of the project budget revisions.

Brief description of project

The project consists of the replacement of curtain walling to the East and West elevations including the adjoining balcony doors, the replacement of single windows to the North and South elevations and external redecoration. Other ancillary works include remedial works to the balcony door upstands, the provision of a cleaning and maintenance system for the external elevations and some external repairs and redecoration to all external elements. The total cost of this project will be funded from Capital (HRA): £5,987,325 & Revenue: £200,000.

Option selected at previous Gateway

The recommendation to replace the current curtain walling was approved via an Evaluation Report under the previous approval arrangements. The Town Clerk has confirmed that in order to tie into the current approval process, the next approval stage (this report) will be Gateway 4c: Detailed Design. As a consequence this report provides more information than would normally be provided at Gateway 4c in order to capture the project development intended to be reviewed at earlier Gateway reports.

Next Steps

Following approval of this report, the next steps will be to:

- Secure planning approval and Listed Building Consent
- Procure the works via advert in the Official Journal of the European Union (OJEU)
- Seek approval via Gateway 5: Authority to Start Work to commence works on site.

Recommendations

It is recommended that your Committee:-

- Approve the proposed design for the replacement of the curtain walling and associated works as set out in this report.
- Approve a revised budget of £6,187,325, an increase of £1,318,325 over the previous estimated project cost. (£3,815,904 from HRA and £2,371,421 from long leaseholder contributions.)
- Approve the continuation beyond RIBA Stage D to Stage L of the appointment of John Robertson Architects Ltd. and Sweett (UK) Limited.
- Approve the application to the Government Office for London (GOL) to obtain a further extension to obtaining the Government's Decent Homes Standard until July 2015.
- Approve the tolerance figure of + 5% of the value of the works totalling £276,250 to address the potential risk of unforeseen construction elements.

Overview

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| 1. Evidence of Need | <p>Great Arthur House was constructed in 1957 during a period of austerity and when technical design solutions and manufacturing systems were unsophisticated compared to today's standards.</p> <p>The original curtain walling and independent flank wall windows have reached the end of their economic life with residents experiencing severe water penetration, condensation and poor thermal qualities. In 2007 the block failed to meet the requirements of the Government's Decent Homes Standards.</p> <p>Whilst a range of remedial works have been undertaken to try to remedy the problems over a number of years, these measures have failed to provide a comprehensive, effective and long term solution.</p> <p>Approval for complete replacement of the curtain walling and independent windows was granted in May 2010.</p> |
| 2. Success Criteria | <ul style="list-style-type: none">• The securing of full Planning Permission and Listed Building Consent.• The completion of the works by summer 2015.• A significant improvement in the quality of living including thermal and sound efficiencies for residents.• Compliance by the Landlord with the Government's Decent Homes standards. |
| 3. Project Scope and Exclusions | <p>The scope of the project is limited to external envelope works. No internal works are proposed except for those that interface with the external works such as window reveal replacement and the need to relocate light switching and electrical sockets where they are currently located within the reveals or spandrel below the curtain wall fenestration. Provision has been made for additional electrical works that may be required in order to satisfy statutory obligations as part of the budget increase.</p> |
| 4. Link to Strategic Aims | <p>To provide modern, efficient and high quality local services and policing within the Square Mile for workers, residents and visitors with a view to delivering sustainable outcomes.</p> <p>This project also supports the Sustainable Community Strategy Themes of "The City Together – Supporting our Communities" (to promote appropriate provision of</p> |

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| | housing and community facilities) and “Protection, Promotion and Enhancement of our Environment” (to ensure high standards of energy and resource efficiency in the design and implementation of the built environment and to encourage reduced carbon emissions across all sectors) and supports the City of London Corporation’s strategic aims of maintaining high standards of residential housing within the City (and in six other London Boroughs). |
| 5. Within which category does the project fit | The curtain wall/window replacement works are categorised as Type 1 (Health and Safety) as well as a statutory priority of meeting landlord’s obligations and the Government’s Decent Homes standard. |
| 6. What is the priority of the project? | Priority A (Essential). |
| 7. Governance arrangements | The progress of the project will be reported monthly to the Community and Children’s Services Programme Board which will oversee the project and act as the decision making body. |
| 8. Resources Expended To Date | Fees: 125,553.00 Staff costs: £42,977 of which City Surveyors £28,283 Community and Children’s Services £14,694. This will be financed from the HRA and long lessees’ contributions. |
| 9. Results of stakeholder consultation to date | Significant consultation has been undertaken as set out at Appendix 2. Results of stakeholder consultation have been positive, with the majority of residents supporting the scheme. A number of meetings have also been held with the City of London Planning Department, Building Control English Heritage and the Twentieth Century Society (C20) in order to obtain an understanding of the specific interests of these stakeholders and to share and develop an approach that meets both the constructional challenges of the project and the demands that the listing status imposes on any proposals moving forward. These meetings have proved to be of significant value and have resulted in stakeholder support for the proposed scheme. |
| 10. Consequences if project not approved | It is anticipated that the following consequences are likely should the project not be approved: <ul style="list-style-type: none"> • Continued and increasing complaints from residents in connection with water ingress and |

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| | <p>condensation will be experienced</p> <ul style="list-style-type: none"> • Potential legal challenges from residents due to disrepair • Deterioration of the fabric of the building will occur as no other works are planned or costed for within the Planned Maintenance Programme. • Failure of the landlord to meet their statutory repair obligations • Potential H&S issues with the possibility of sections of the curtain walling becoming loose • Disproportionate expenditure on remedial and temporary measures. Short term repairs to the curtain walling have proved to be ineffective. Access to the external faces of the building currently represents a high health and safety risk and is disproportionately costly. • Escalating heating and running costs to residents. As the curtain walling units continue to fail with more residents being affected, it is anticipated that residents' heating and running costs will increase. The current Standard Assessment Procedure (SAP) rating has been calculated at just over 65, the level at which Government guidance sets as an indicator of fuel poverty. The current Occupant Comfort Assessment undertaken by the design team predicts that the proposed improvements will reduce heat loss of the building by 31%, which is a significant improvement that will translate into cost savings for residents. • Reputational risk. The project has been developed over a considerable period of time, with works first discussed some 12 years ago. Further delay will have the potential of reputational risk for the City of London by way of failing to meet its prior commitments and statutory obligations. |
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Detailed Design

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| <p>11. Brief description</p> | <p>The proposed works consist of:</p> <ul style="list-style-type: none"> • replacement of curtain walling to the East and West elevations including the balcony doors and fanlights. The balcony doors which were approved for refurbishment at evaluation stage |
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| | <p>are now recommended for replacement due to the interface with the proposed curtain wall construction and in order to provide an adequate threshold between the balcony and living room.</p> <ul style="list-style-type: none"> • replacement of the single windows to the North and South elevations. • the inclusion of an access system (roof cradle) that facilitates an improved maintenance and cleaning regime. It is noted that basic repairs of the existing cradle were approved at evaluation stage with main reliance upon abseiling as a method of cleaning and maintenance. However, this report recommends the installation of a new cradle access system to provide both a mechanism for cleaning and maintenance due to safety issues and the improvement in technical options. • external redecorations and associated repairs including concrete works. • enabling works including a provisional sum for unforeseen asbestos removal • remedial works to residents' electrical installations affected by the curtain walling replacement. A provisional allowance has been incorporated to cover rewiring works is necessary. • the provision of internal screen protection to maintain weather tightness, security, safety, light and heat within the properties whilst the existing curtain walling is being replaced. It is anticipated that the works will be undertaken to 2 Nr dwellings at a time with the internal protection being relocated as the works progress within the block. |
| <p>12. Design summary</p> | <p>Details of the proposed design are provided at Appendix 3</p> |
| <p>13. Confirmation that design solution will meet service requirements</p> | <p>Community and Children's Services' brief (in summary) is to provide a scheme that will</p> <ul style="list-style-type: none"> a) Secure Listed Building consent b) Comply with the Building Regulations c) Meet the Decent Homes Standard d) Improve energy efficiency of the building e) Improve the residents' overall amenity in relation to operation and comfort |

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| | <p>f) Minimise disturbance to residents in occupation during the construction works</p> <p>g) Provide a reasonable & maintainable life for the new components.</p> <p>The proposed scheme meets these requirements.</p> |
| <p>14. Key benefits</p> | <p>Approval of the proposals set out in this report will result in the following key benefits:</p> <ul style="list-style-type: none"> • A scheme that is sympathetic to the original design concepts of the block and the Golden Lane Estate. • A scheme that will provide residents with a significantly improved level of comfort being wind and watertight with considerably enhanced thermal qualities. • A long term solution that will ensure warrantability and whole life cost advantage. • Value for money. • Ensures compliance with the city's statutory repair obligations in its capacity as the landlord. • Ensures that structural integrity is maintained with the minimum amount of disruption to residents. • Includes an improved cleaning and maintenance regime for the façade. • Provides real cost benefits for residents resulting in lower heating bills due to the enhanced thermal qualities of the new curtain walling. |
| <p>15. Programme and key dates</p> | <p>The programme and key dates are provided at Appendix 4</p> |
| <p>16. Constraints and assumptions</p> | <p>A significant and varied number of site investigations, modelling and review has been undertaken in order to understand the construction parameters of Great Arthur House and to verify or otherwise the original drawings and details that have been made available to the design team.</p> <p>This has included:</p> <ul style="list-style-type: none"> • Asbestos surveys at two properties • Constructional opening up of internal elements associated with the curtain walling • Structural analysis including core sampling of the concrete structure, exposure of reinforcement |

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| | <ul style="list-style-type: none"> • A full dimensional survey • Structural and thermal modelling • A review of historical data and records <p>However, it should be noted that no investigation can be exhaustive and assumptions that relate to the findings of these analyses may fail to be consistent once works commence on site.</p> <p>It is possible that asbestos containing material maybe discovered and unforeseen construction elements identified.</p> <p>This has been accommodated by the inclusion of a tolerance identified within this report.</p> |
| <p>17. Risk implications</p> | <p>A risk summary is included at Appendix 5.</p> |
| <p>18. Stakeholders and consultees</p> | <p>The following are a list of stakeholders and consultees for this project:</p> <ul style="list-style-type: none"> • Members • Tenants of Great Arthur House • Leaseholders of Great Arthur House • Residents of the Golden Lane Estate • Users of facilities within the Golden Lane Estate • Local residents adjoining the Golden Lane Estate • Interested parties: Architectural Organisations • City of London Planning Department • Building Control • English Heritage • Twentieth Century Society (C20) <p>Significant consultation has been undertaken with a range of stakeholders as the scheme has been developed following the Evaluation Report.</p> <p>The key elements for consultation prior to the next Gateway report will be to:</p> <ul style="list-style-type: none"> • Consult all stakeholders on the proposed planning application and Listed Building Consent. • Secure a resident group to assist in the selection of a contractor for the works. • Comply with the consultation obligations under the Landlord and Tenant Act 1985, |

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| | <p>Section 20.</p> <ul style="list-style-type: none"> • Hold a number of resident drop in sessions to engage with residents and provide an opportunity for seeking residents' views and feedback. • Issue regular newsletters advising residents of the progress of the project. • Ensure that Members are adequately and regularly briefed. |
| 19. Legal implications | <p>It is possible that the City may receive challenges from residents as a consequence of the City's statutory obligations as the landlord & challenges from long leaseholders. The risk will need to be managed through active consultation with the relevant stakeholder as indicated in the risk summary included at Appendix 5.</p> <p>Given the value of the works, it will be necessary to ensure compliance with the Public Contracts Regulations 2006 (as amended), advertising the tender through the publication of a notice in the Official Journal of the European Union (OJEU) and allowing for an "Alcatel" standstill period within the programme for potential legal challenges from unsuccessful tenderers prior to final contract award.</p> <p>It will not be possible to utilise the iESE framework to procure the construction works due to the City's obligations to comply with the Landlord and Tenant Act 1985 – Section 20 consultation process.</p> |
| 20. HR implications | Not applicable. |
| 21. Benchmarks or comparative data | Under the previous Evaluation Report comparative analysis was undertaken to identify the most appropriate approach. In addition, the design team have subsequently reviewed a range of curtain walling systems and profile options in order to select the most appropriate proposals. These details are available on request. |
| 22. RIBA Stage (where relevant) | The project is currently reaching the end of RIBA Stage D. |
| 23. External advice required | All external consultants anticipated for the project have now been appointed, no further external advice is anticipated at this stage. |

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| <u>Financial Implications</u> | |
| 24. Total Estimated Cost (£) | £6,187,325 |
| | The increase from the previous budgets approved in |

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| | <p>May 2010 is detailed at Appendix 1. The reasons for this increase are due to the following:</p> <ul style="list-style-type: none"> a) An uplift in rates to bring the costs in line with 2012 figures b) More detailed analysis of the structure has revealed the lack of tolerance within the building's construction to accommodate further structural loading c) The need to meet the specific requirements of listed status d) The additional cost of installing a curtain walling system that complies with current Building Regulations e) The selective and restrictive nature of the curtain wall industry |
| <p>25. Source(s) of project funding</p> | <p>Housing Revenue Account and leaseholders' contributions</p> <p>For a breakdown of funding see Appendix 1.</p> <p>Of the 120 dwellings at Great Arthur House, 46 are currently of leasehold tenure. It is noted that long leaseholders' contributions to this scheme will be high: £51,552 - see Appendix 1 (vi). The City has put in place a number of payment options and assistance to support any leaseholders who meet the required criteria.</p> <p>Leaseholders may be entitled to a discretionary loan for up to ten years. For leaseholders who are owner occupiers there is an interest free period for up three years. However, the current maximum loan is £41,000.</p> <p>Equity loans or purchase of an equitable interest may be considered for leaseholders who meet the criteria outlined in the City's buy back scheme.</p> <p>The buyback scheme applies to original Right to Buy purchasers who are owner occupiers who satisfy hardship criteria and wish to remain in occupation. The property is bought back at the lower of the original discounted Right to Buy price or current market value.</p> <p>There is also a mandatory scheme which is included in the lease which offers a loan to Right to Buy purchasers and their successors for a period of ten years from the purchase of the lease, interest is payable on the loan.</p> <p>If long lessees opt for loans or buy back options there would be a financial implication for the City Fund. This will need to be quantified following further consultation with long lessees which is due to be undertaken in January 2013.</p> |

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| <p>26. Anticipated phasing of capital expenditure</p> | <p>Anticipated phasing is provided at Appendix 1.</p> <p>Current approval has been granted for fees and staff costs of £798,000 & works at £4,071,000 (Capital) plus £20,000 for fees and staff costs & £180,000 for works from the 2012/13 & 2013/14 revenue budgets. Refer to Appendix 1 for revised figures. It is anticipated that the total cost of fees and staff costs required up to Gateway 5 will be £400,000.</p> |
| <p>27. Estimated capital value/return (£)</p> | <p>n/a</p> |
| <p>28. Fund/budget to be credited with capital return</p> | <p>n/a</p> |
| <p>29. Estimated on-going revenue implications (£)</p> | <p>There will be on-going maintenance costs associated with the proposed works with an initial maintenance inspection at the end of 10 years following completion with five yearly inspections thereafter.</p> |
| <p>30. Source of on-going revenue funding</p> | <p>Housing Revenue Account (HRA)</p> |
| <p>31. Fund/budget to be credited with income/savings</p> | <p>n/a</p> |
| <p>32. Anticipated life</p> | <p>The anticipated life of the proposed works as recommended in this report is a minimum of 30 and a maximum of 50 years with the exception of redecoration which is anticipated to have a 7- 10 year life.</p> |
| <p>33. Procurement approach</p> | <p><u>Consultants</u></p> <p>A brief for the appointment of a Multi-Disciplinary Designer was tendered via OJEU in 2011 which included a full service from RIBA stages B-L subject to a break at the end of RIBA Stage D.</p> <p>The break was incorporated to limit the City's financial commitment and to provide an opportunity to review the designer's performance.</p> <p>Tender submissions were evaluated by a panel of City of London Officers along with two residents from Great Arthur House on the basis of a 70/30% quality/price split which is in line with HM Treasury Procurement Guidance No3 <i>Appointment of Consultants and Contractors</i>. The preferred bid was from John Robertson Architects Ltd (JRA).</p> <p>The cost consultancy works were tendered in 2011 utilising the City of London Consultant Appointment</p> |

Conditions F via the London Portal. Again this was for the full service but included a break clause at RIBA Stage D in order to limit the City's financial commitment and to facilitate the opportunity of review subject to the cost consultant's performance.

Tender evaluation identified that Sweett (UK) Limited (Sweett) had submitted the most economically advantageous tender.

Following the approval of the Evaluation Report in May 2010, both consultants' appointments were confirmed in April 2012. Background papers are identified at the end of this report which provides details of the tender analysis.

A review of the performance of both consultants has been undertaken, which included seeking views from long leaseholders. It has been concluded that both JRA and Sweett have acquired a detailed understanding of the technical demands of the project and it is therefore in the interests of the project to retain that expertise and avoid the delay and increased costs that would be involved in re-tendering the consultancy services.

The retention of both JRA and Sweett has implications in connection with the City's obligations as landlord in complying with the Landlord and Tenant Act 1985 ("the Act"). The continued appointments will amount to "qualifying long term agreements" for the purposes of Section 20 of the Act, which requires prior consultation with leaseholders.

An application to request dispensation from consultation imposed on the City by Section 20 was submitted to the Leasehold Valuation Tribunal on 18 October 2012.

The dispensation hearing is on 12 December 2012. Given this timing, the results of the hearing will be communicated orally to the committee and this report is draft upon the assumption that the City's application is successful.

Should there be a negative decision resulting in the City having to re-consult, options and implications will be considered via an Issues Report.

Works

A works contractor will need to be procured to undertake the fabrication, manufacture and installation of the new curtain walling and independent flank windows as well as undertake the range of other ancillary works required as part of this project.

The curtain walling and window replacement is a specialist area requiring the procurement of an experienced and competent contractor who is also able to understand and meet the demands of completing these works whilst all 120 properties are fully occupied.

A number of specialist curtain walling fabricators/installers have already been approached on an informal basis to “soft market test” the design proposals and develop an understanding of the likely appetite for the project.

Given the anticipated value of the works, the procurement approach will be advertisement via the Official Journal of the European Union (OJEU) utilising the Restricted procedure.

As the fabrication and installation of the new curtain walling is a specialist area, care will need to be exercised at tender stage to ensure that the most appropriate contractor is appointed who can demonstrate a high level of technical competence and engagement with a specialist curtain wall sub-contractor, assuming that such contractor does not have sufficient in-house capabilities. Verification will be also sought at tender stage to ensure that the successful contractor will be able to demonstrate a high level of experience in managing complex construction projects with works being undertaken in occupied properties. To this end approval is also sought to incorporate, as part of the procurement approach a pre-qualification stage with evaluation of the overall tender submissions based on a 60/40% quality/cost split. Again, this proposed split is in line with guidance from HM Treasury where there is a need to specifically evaluate the qualitative elements of the tender submissions.

The proposed contract for contractor appointment is the JCT Standard Building Contract without Quantities 2011, to incorporate a Contractor’s Design Portion, whereby the contractor will take responsibility for developing and completing the design of the curtain wall, the major value element. The proposed contract will include amendments prepared in consultation with the Comptroller & City Solicitor, in line with the City’s contract standards.

It is noted that at the time of the Evaluation Report “Design and Build” was the suggested procurement route. However, following detailed analysis of the specifics of the project and noting the number of unique project risks associated with the proposed works at

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| | <p>Great Arthur House, this is not considered to provide the most appropriate and cost effective procurement route.</p> <p>These risks can be summarised as follows:</p> <ul style="list-style-type: none"> • the nature of the project, being refurbishment, where the condition of the existing construction cannot be known in its entirety prior to works commencing • the requirement to work within a fully occupied residential block of 120 units • the logistical complexity of installation • the specialist and “bespoke” nature of the curtain walling required to meet the Listed Building Consent • the reduced certainty of the continuation of the design team to progress the design <p>Due to the risk profile of the project, it is considered that tenders will be disproportionately increased to accommodate these should the responsibility for all elements be transferred to the contractor.</p> <p>The procurement analysis is available as a background paper.</p> |
| <p>34. <u>Recommendation</u></p> | <p>This Gateway 4c report seeks the following recommendations:</p> <ul style="list-style-type: none"> • Approval of the proposed design for the replacement of the curtain walling and associated works. • Approval of an increased budget of £6,187,325 • Approval, subject to a satisfactory outcome to the Section 20 dispensation hearing, to the continuation beyond RIBA Stage D of the appointment of John Robertson Architects Ltd. and Sweett (UK) limited. • Approval (if necessary) to apply to the Government Office for London (GOL) to obtain a further extension to obtaining the Government’s Decent Homes Standard until July 2015. • Approve the tolerance figure of +25% of the value of the works which totals £276,350. |
| <p>35. Reasons</p> | <p>The report recommends the most appropriate design solution following significant technical analysis. The proposal as set out in Appendix 3 best meets the requirements of Planning & Listed Building Consent, Building Regulations and other statutory obligations to</p> |

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| | improve the quality of comfort for residents and offers a long term, cost effective solution. |
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Background Papers

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| Evaluation Report | Report Community and Children's Services Committee 14 May 2010 |
| Consultants' Appointments | Tender reports |
| Design Development | JRA Stage D Report |
| Procurement Analysis | City Surveyor's |

Internal Consultation

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| The following Departments have been consulted as part of the drafting of this report | Chamberlain's, City Surveyors, City Solicitors, Policy, Community and Children's Services. |
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Appendices

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| Appendix 1 | Financial Analysis |
| Appendix 2 | Stakeholder Consultation |
| Appendix 3 | Detailed Design Information |
| Appendix 4 | Programme and Key Dates |
| Appendix 5 | Risk Summary |

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