

<b>Committee(s):</b>	<b>Date(s):</b>
Housing Management Sub Projects Sub-Committee Community and Children's Services	31 January 2013 12 February 2013 15 February 2013
<b>Subject:</b>	<b>PUBLIC</b>
Detailed Options Appraisal - Avondale Square Estate, George Elliston and Eric Wilkins Houses - Roofs and Windows	
<b>Report of:</b>	<b>FOR DECISION</b>
Director of Community and Children's Services	

### Summary

#### Dashboard

Project Status	<b>Amber</b>
Time Line	The Evaluation Report for the Roofs was due in May 2010 and the Options Appraisal Report for the Windows due in June 2012 as separate projects. Now combined as one project awaiting the Gateway 4 Options Appraisal approval to proceed to Gateway 5, with the following timeline: May 2013 to July 2016.
Programme status	Awaiting Gateway 4 Options Appraisal Approval.
Approved works budget	NONE
Latest estimated cost of works	£1,656,000 (previous totals – £800,000)
Works expenditure to date	NONE
Approved fees budget (inc. staff costs)	£47,000
Fees expenditure to date	£26,000
Staff costs expenditure to date	£4,000
Increase in estimated works budget sought at this Gateway	£856,000

#### Context

The 60 year old flat roof coverings and single glazed steel windows at the 1952 year built, five storey blocks of flats, George Elliston House (45 dwellings) and Eric Wilkins House (20 dwellings), on the Avondale Square Estate, Old Kent Road, Southwark, are at the end of their serviceable life. Budgets of (a) £35,000 to evaluate options for replacing the flat roof coverings (including the feasibility of providing additional flats in a pitched roof), and (b) £12,000 to evaluate options for replacing the single glazed metal windows, was agreed by Policy & Resources committee in October 2009 and October 2011 respectively. For economic reasons (covered below), this report brings the two schemes together as one project for a gateway 4 options appraisal.

#### Brief description of project

The project proposed provides nine new roof flats (7no one beds and 2no two beds), on the flat roofs, plus new double glazed windows and associated external fabric repairs and redecoration to the existing five storey blocks of flats which have a lifts service. In so doing, the City Corporation as a landlord fulfils its repairing obligations, and by using Section 106 finance from the Affordable Housing Fund (financed by Developer contributions), the housing asset is enhanced by providing an additional 9 flats to accommodate households in need of accommodation on the housing register.

### Options

Excludes fees and staff costs to reach this gateway of £30k

Description	Option A- Repairs to the roofs & windows & external redecoration (for a 5 year life)  £	Option B - New roof coverings & new double glazed windows (for 50-60 year life), & associated redecoraton  £	Option C - Nine new roof flats & new windows (for 50-60 year life) & associated redecoraton  £
Works Costs	340,000	925,000	1,656,000
Fees	nil	85,000	160,000
Staff Costs	42,000	21,000	40,000
<b>Total</b>	<b>382,000</b>	<b>1,031,000</b>	<b>1,856,000</b>
Tolerance +/-	+10%	+5%(works) +10%(fees)	+5%(works) +10%(fees)
<b>Funding Strategy</b>			
HRA Revenue (for the repairs and/or redecoration)	382,000	67,000	67,000
HRA Capital (for the new roofs and/or windows)	nil	964,000	586,000
Section 106 Affordable Housing (for the new roof flats)	nil	nil	1,203,000
<b>Total Funding Requirement</b>	<b>382,000</b>	<b>1,031,000</b>	<b>1,856,000</b>

NB Full details of all of the options are available in the Options Appraisal Matrix below

### **Recommendations**

Option recommended to develop to next Gateway

It is recommended that your Committee:-

- Approve Option 3 for the provision of roof flats, new double glazed windows and associated fabric repairs and redecoration at George Elliston House and Eric Wilkins House.
- Approve a budget of £1,856,000 - £1,203,000 from the Section 106 Affordable Housing Budget, £653,000 from the Housing Revenue Account, of which £149,000 from Long Leaseholders contributions.
- Approve the invitation of fee proposals from suitable firms of Architects/Surveyors to undertake the full design, costings, planning application, preparation of tenders/tender process, contract administration and health and safety(CDM)of the project up to a budget of £160,000 (with a tolerance of +10% or £16,000).
- Approve the tolerance figure of + 5% tolerance of the value of the works which totals £83,000.

### **Next Steps**

Following this Gateway (3-4) approval, the next stages will be the scheme design, planning application, then specification and tenders (RIBA stages C/D to H), followed by Gateway 5

(Tender report and authority to start work) approval.

Resource requirements to reach next Gateway and source of funding

The resource requirements up to Gateway 5 are:

(a) Consultant Fees - £110,000 (for scheme designs, planning application, preparation of specification and contract documents, tender process)

(b) Staff Costs - £24,000 (for client project management and stakeholder and residents' consultations).

To be funded from the Housing Revenue Account, Section 106 and leaseholder contributions.

Plans for consultation prior to the next Gateway report

At Design Stage –The Local Authority Planning and Building Control Departments will be consulted on the design development. A proposals exhibition for estate residents will be held so their comments are included in the designs.

At Planning Application Stage – the local planning authority.

Procurement strategy

For the Consultant – Lump Sum Fee Proposals are to be invited from Consultant Architects/Surveyors to provide a complete design and contract administration service inclusive of mechanical, electrical and structural engineering and cost consultancy (QS)

For the Contractor – Tenders will be invited from general building contractors to undertake the works with use of a suitable windows manufacturer from an approved list (selected by the consultant and client following the planning applications process)

Tolerances

I would recommend that a + 10% tolerance be applied to the Consultants' fees budget (£16,000) and 5% for the value of the works (which totals £83,000). This is to address the potential risk of unforeseen construction elements and planning-design requirements.

**Overview**

<p><b>1. Evidence of Need</b></p>	<p><u>Roofs</u> – The asphalt roof coverings are nearly 60 years old. The Government's Decent Homes guidance for the life expectancy of flat roofs to blocks is about 30 years, so the roof has exceeded the life expectancy in relation to this guidance. Increasing reports of water penetration from top floor flats led to the commissioning of a survey and investigation by consultant surveyors Pellings LLP in March 2009. Pellings concluded that:-</p> <ul style="list-style-type: none"><li>a) the coverings and associated elements have reached the end of their effective and serviceable life.</li><li>b) the poor detailing to perimeter locations and the deterioration of asphalt finishes in particular has led to rainwater penetration through the roof slab, which will undoubtedly lead to further incidents of rainwater ingress in the near future.</li><li>c) the brick parapet walls, copings and pointing are in a poor condition as are chimney stacks, and brick, timber and</li></ul>
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	<p>roofs of the water tank rooms and lift motor rooms, and that;</p> <p>d) consideration is given to recovering the existing roof finishes with either a liquid membrane or high performance felt system, along with various repairs in (c), plus upgrading the level of roof insulation, the roof restraint system and lightning protection systems.</p> <p><u>Windows</u> - The 60 year old single glazed metal (Crittall) windows at George Elliston House and Eric Wilkins House, are well past the Decent Homes guideline 30 to 40 year life expectancy. The 2010 condition survey indicates that the single glazed metal windows can be said to be coming to the end of their useful life and obsolete in terms of modern day standards. The windows could be repaired/refurbished to prolong their lifetime, albeit with difficulty in meeting current day standards that exist in respect to security, energy, noise (the blocks face the busy Old Kent Road), operation, safety and resident/tenant perceptions. The repair and redecoration of the windows becomes more expensive as they age so replacement becomes a consideration.</p> <p><u>External Repairs &amp; Redecoration</u> - The last cycle of external repairs and redecoration (gloss and masonry painting) was undertaken in 2002/03. To date the cycles of repairs and redecoration have been undertaken roughly every 5 years for external gloss painting and roughly every 10 years for external masonry (and internal stairs) painting, which is good preventative maintenance practice . But as the life expectancy of paints has improved and in order to simplify the management of the painting cycles future combined cycles of external and internal painting are undertaken roughly every 8-10 years. The next combined cycle at these blocks would have been from 2010/11. But, so that the option resulting from the condition survey of replacement double glazed windows might be considered, rather than continuing with the expensive repairs and redecoration cycle to the old windows, the work has been deferred so that an options appraisal may be undertaken.</p>
<p><b>2. Success Criteria</b></p>	<p>(1) <b>Securing full planning approval</b> for the new flats on the roof and the new double glazed windows  <u>Criteria:</u> planning approval confirmed.</p> <p>(2) <b>Enhancement in the blocks energy efficiency</b> with reduction in average energy bills as well as overall comfort making future lettings attractive for prospective tenants  <u>Criteria:</u> a higher Energy Rating and lower annually energy bills for the flats by comparing the energy rating and energy bills before and after the works for typical flats, plus a residents' satisfaction survey.</p>

	<p>(3) <b>Completion of the works by July 2016</b> (subject to scheme planning approvals.  <u>Criteria:</u> Practical completion by July 2016.</p> <p>(4) <b>Compliance by the Landlord with statutory repair obligations</b> and the Government's Decent Homes Standard.</p> <p>(5) <b>Delivering affordable homes</b>  <u>Criteria:</u> 9 dwellings added to stock in 2016.</p> <p><b>(5) Residents Satisfaction</b>  <u>Criteria:</u> Residents' Satisfaction Survey with between 80% and 90% satisfaction rate achieved.</p>
<b>3. Project Scope and Exclusions</b>	The scope of the project is limited to the external components of the building
<b>4. Link to Strategic Aims</b>	<p><u>Contributing towards delivery of The Department Business Plan, The City's Corporate Plan and The City Together Strategy</u></p> <p><b>"Improving Health and Well Being"</b> and <b>"Making Best Use Of Resources"</b> are two of the Department's Business Plan's Key Objectives, with the aim of achieving improved resident satisfaction and realising savings. These objectives support <b>The City Together Strategy Themes of "The City Together - Supporting our Communities</b> (To promote appropriate provision of housing and community facilities), and supports <b>the City of London Corporation's Corporate Plan Strategic aim: "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"</b>.</p> <p>It is widely acknowledged that affordable and decent housing has an impact upon health and wellbeing for both adults and children. The objective of improved residents' satisfaction will be achieved by undertaking satisfaction surveys after the various works.</p>
<b>5. Within which category does the project fit</b>	<p><b>Category 2 – Statutory:</b> Landlord repair obligation with respect to the roofs and windows.</p> <p><b>Category 7a - Asset enhancement/improvement</b> – capital value increase with respect to the provision of the nine additional flats.</p>
<b>6. What is the priority of the project?</b>	<p><b>Essential.</b> So that the City as a landlord meets it's landlord repair obligations with respect to the structural repairs to the roof and windows.</p> <p><b>Advisable.</b> The new flats to take advantage of the Section 106 Affordable Housing funding.</p>
<b>7. Governance arrangements</b>	The progress of the project will be reported monthly to the Community and Children's Services Programme Board which will oversee the project to ensure it meets the programme timescales

	and agreed budget.												
<b>8. Resources Expended To Date</b>	<p>Fees: £24,000 for Architects Witherford Watson Mann (WWM) consultant fees up to stage C</p> <p>Staff costs (Community and Children’s Services): £6,000.</p> <p>This will be financed from the HRA and long lessees’ contributions.</p>												
<b>9. Results of stakeholder consultation to date</b>	<p>The City’s consultant architect WWM, made a pre-planning application to Southwark Council in 2011 concerning the proposal for a pitched roof and flats on the roof. Following discussions, an outline scheme for nine flats on the roof was produced and WWM reported that – “the conclusion of the planning report states a general support for the scheme with ‘no objections in principle to extension of buildings at roof level’, and the adjustments made in line with the reports advice should provide a strong base from which to develop a full planning application to RIBA Stage D”.</p> <p>Following the installation of a pilot replacement window in September 2012, the residents of all 65 flats were sent a consultative newsletter and survey form in October 2012 outlining the three options and the reasons for why Option C is to be recommended, and preferences requested. 39 survey forms were received – a 60% response rate, with the results as follows:</p> <table border="1" data-bbox="534 1131 1460 1272"> <thead> <tr> <th>Option C)</th> <th>Option (B)</th> <th>Option (A)</th> <th>Totals</th> </tr> </thead> <tbody> <tr> <td>15</td> <td>22</td> <td>2</td> <td>39</td> </tr> <tr> <td>38%</td> <td>56%</td> <td>5%</td> <td>100%</td> </tr> </tbody> </table> <p>The majority of residents who responded prefer Option B. However, the consultation was influenced by an anonymous letter sent to all residents urging them to vote for Option B on the basis that they would have the new windows installed earlier with Option B (which is not quite correct as indicated in the consultative correspondence in Appendix 3)</p>	Option C)	Option (B)	Option (A)	Totals	15	22	2	39	38%	56%	5%	100%
Option C)	Option (B)	Option (A)	Totals										
15	22	2	39										
38%	56%	5%	100%										
<b>10. Commentary on the options considered</b>	<p>Option A is a basic repairs option, which will discharge the City’s statutory landlord repair obligations for a limited period. It is a holding option in the event that financial resources are very limited.</p> <p>Option B is a major works option that as well as discharges the City’s statutory landlord repair obligation, provides with the double glazed windows and pitched roof a measure of improvement that preserves asset value.</p> <p>Option C is a major works plus improvements options that in addition to discharging the City’s statutory landlord repair obligation enhances asset value with the provision of additional accommodation.</p>												
<b>11. Consequences if</b>	The following consequences are anticipated in the event of non-												

<p><b>project not approved</b></p>	<p>approval of the Project:</p> <ul style="list-style-type: none"> <li>• Failure of the landlord to meet their statutory repair obligations and the properties become NON- DECENT.</li> <li>• An increase in complaints from residents in connection with water ingress from the old roof and condensation particularly to the top floors which is prevalent, will worsen. This could result in:-</li> <li>• Potential legal challenges from residents due to disrepair</li> <li>• Deterioration of the fabric of the building will occur as no other works are planned or costed for within the Planned Maintenance Programme.</li> <li>• Expenditure on remedial and temporary measures. Short term patch repairs will have to be undertaken to the roof areas should leaks re-occur.</li> <li>• Escalating heating and running costs to residents, and the City's not meeting its "green credentials". The current Standard Assessment Procedure (SAP) rating has been calculated at just over 55, which is below the 65 level at which Government guidance sets as an indicator of fuel poverty. Providing the new roof and windows is estimated to raise the rating to approximately 70, which is a significant improvement that will translate into cost savings for residents.</li> <li>• Reputational risk. The blocks front the busy Old Kent Road and with the adjoining Peabody estates having had similar improvements undertaken and these works being planned since 2009, further delay will have the potential of reputational risk for the City of London by way of failing to meet its statutory obligations for repairs.</li> </ul>
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**Information Common to All Options**

<p><b>12. Key benefits</b></p>	<p>Option B and Option C would both:-</p> <ul style="list-style-type: none"> <li>a) discharge the City's statutory repair obligations,</li> <li>b) continue to meet the decency standard,</li> <li>c) improve the blocks energy efficiency with resultant lower energy costs for residents.</li> </ul>														
<p><b>13. Programme and key dates</b></p>	<p>Option B and Option C have similar programme timelines albeit that Option C is slightly longer as it involves new flats on the roofs. The key dates are anticipated as follows:</p> <table border="1" data-bbox="464 1917 1505 2085"> <thead> <tr> <th data-bbox="464 1917 783 1955">Task</th> <th data-bbox="783 1917 1150 1955">Date</th> <th data-bbox="1150 1917 1505 1955">Date</th> </tr> <tr> <td></td> <th data-bbox="783 1955 1150 1989">Option B</th> <th data-bbox="1150 1955 1505 1989">Option C</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 1989 783 2056">Approval of Options Appraisal Report</td> <td data-bbox="783 1989 1150 2056">February 2013</td> <td data-bbox="1150 1989 1505 2056">February 2013</td> </tr> <tr> <td data-bbox="464 2056 783 2085">Appointment of</td> <td data-bbox="783 2056 1150 2085">May 2013</td> <td data-bbox="1150 2056 1505 2085">May 2013</td> </tr> </tbody> </table>			Task	Date	Date		Option B	Option C	Approval of Options Appraisal Report	February 2013	February 2013	Appointment of	May 2013	May 2013
Task	Date	Date													
	Option B	Option C													
Approval of Options Appraisal Report	February 2013	February 2013													
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	Design Team		
	Design Stages C to D (for the planning application)	June to September 2013	June to October 2013
	Pre Planning Exhibition for all stakeholders	October 2013	November 2013
	Planning Application and Statutory Section 20 Pre-Tender Consultation with Long Leaseholders	November 2013 to February 2014	December 2013 to March 2014
	Completion of Design & Specification (Stages E to G)	March to May 2014	April to June 2014
	Tender Period (Stage H)	June – July 2014	July to August 2014
	Statutory Section 20 Post-Tender Consultation with Long Leaseholders	August to September 2014	September to October 2014
	Tender report Approvals	October to November 2014	November to December 2014
	Start on Site	January 2015	February 2015
	Completion	March 2016	July 2016
	Expiry of Defects Period	March 2017	July 2017
	Outcome Report	May 2017	September 2017
<b>14. Constraints and assumptions</b>	<p>Site investigations have included core samples of the concrete roof and a structural engineer's assessment of the building to take the additional load of the pitched roof and flats and concludes that this is possible with a light weight structure. The nine flats proposed are the maximum possible so as to meet the design requirements of the pre-planning application to set flats back from the perimeter. Southwark requires new homes to be sustainable and achieve level 4 of the Code for Sustainable Homes which the new flats aim to achieve. A pilot double glazed aluminium clad timber window has been fitted which although slightly more expensive than double glazed metal Crittall windows is more energy efficient and sound proof (see photo in appendix). It has proved satisfactory technically and for the resident. But as the appearance is different to the existing metal (Crittall windows) it will be necessary to obtain planning approval to the change in appearance. If this is refused then replacement double glazed Crittall windows will have to be fitted.</p> <p>It is assumed that should there be a refusal of the planning application or onerous conditions imposed for planning approval resulting in significant increases in costs that these will be reported back to the City.</p>		
<b>15. Risk implications</b>	<p><b>MEDIUM RISK:</b></p> <ul style="list-style-type: none"> <li>The planning application may be refused for the pitched roof and/or the additional flats in principle, but the pre-planning application discussions mentioned in 9 above indicated positive feedback from Southwark Planning. If there is refusal a decision on</li> </ul>		



	<p>whether or not to appeal (and associated costs), will be necessary.</p> <ul style="list-style-type: none"> <li>• Additional time may be necessary if water tank services have to be relocated requiring long lessees' consents</li> </ul>
<b>16. Stakeholders and consultees</b>	<p>The following are a list of stakeholders and consultees:</p> <ol style="list-style-type: none"> <li>a. City of London Members</li> <li>b. Tenants and Leaseholders of the two blocks</li> <li>c. Avondale Square Residents Association and Residents of Avondale Square Estate</li> <li>d. Southwark Council's Planning Department</li> <li>e. Southwark Council's Building Control Department</li> </ol>
<b>17. Legal implications</b>	<ul style="list-style-type: none"> <li>• The City has a statutory duty under section 11 of the Landlord and Tenant Act 1985 (as amended) where it has let residential premises on short term tenancies to keep in repair the structure and exterior of the dwelling (including the drains, gutters and external pipes); to keep in repair and proper working order the installations in the dwelling for the supply of water, gas or electricity and for sanitation (including basins, sinks, baths and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity) and to keep in repair and proper working order the installations in the dwelling for space heating and heating water.</li> <li>• The City has a statutory duty under the Housing Act 1985 (as amended) where it has granted long leases of residential premises to keep in repair the structure and exterior of the dwelling and the building in which it is situated (including drains gutters and external pipes).</li> <li>• Under the provisions of the Landlord and Tenant Act 1985 (as amended) the landlord is required to consult with long leaseholders on any professional services exceeding 12 months costing more than £100 per leaseholder, and on any works costing more than £250 per leaseholder, before and after contractors are invited to supply us with their estimate of the costs of the works.</li> </ul>
<b>18. HR implications</b>	See the Options Appraisal Matrix
<b>19. Benchmarks or comparative data</b>	NONE
<b>20. Funding strategy</b>	See the Options Appraisal Matrix
<b>21. Affordability</b>	See the Options Appraisal Matrix
<b>22. Procurement</b>	See the Options Appraisal Matrix

<b>approach</b>	
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## Options Appraisal Matrix

	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
23. Brief description	<p><b>Repairs to the roofs &amp; windows &amp; external redecoration (for about 5 years)</b></p> <p>With this option patch repairs (estimated at £60,000), would be done to areas of the roof not already patch repaired to minimise the risk of further leaks. Other roof level repairs (estimated at £60,000), would also be undertaken like brickwork, coping and gutter repairs re-pointing, tank room repairs, lightning conductor repairs/replacement.</p> <p>The external repairs and redecoration would be undertaken - windows would be repaired and serviced and redecorated and other previously painted building</p>	<p><b>New roof coverings &amp; new double glazed windows (for 50-60 year life), &amp; associated redecoration</b></p> <p>The old roof coverings would be removed and a new light weight pitched roof with a life expectancy of 60 years would be installed as the best option (see the roof type whole of life comparisons in the appendix).</p> <p>Other associated roof level works would include insulation, new gutters and drainage pipes, new handrails and lightning protection, repairs to the chimney stacks and tank rooms. A temporary roof as part of the scaffold would be used for the duration of the works to avoid rainwater penetration into flats.</p>	<p><b>Nine new roof flats &amp; new windows (for 50-60 year life) &amp; associated redecoration</b></p> <p>Under this option, nine new flats (seven - one bedrooms, two - two bedrooms), would be provided on the existing flat roofs. The new windows and associated repairs and redecoration as for Option B would also be undertaken.</p> <p>The advantage of this option is that the provision of the new flats will in addition to providing additional accommodation also address the roof works.</p> <p>There are currently 1,147 households on the housing register waiting for social housing. 187 (16% - 4/6 years average waiting time) require 1 bedroom accommodation, and 234</p>

	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
	<p>elements like front doors, soffits, down pipes and common parts sheds would be redecorated as part of the continuing cycle of repairs and redecoration (estimated at £145,000). Plus scaffolding costs (£75,000) and staff costs (£42,000), the total is £382,000.</p> <p>This option extends the useful life of the roof and windows by about 5 years, and maintains the appearance of the buildings, until replacement of the roofs and windows can be undertaken.</p> <p>This option really only delays the period when major works to the roofs and windows will become necessary. As the roof coverings and windows are at the end of their useful life risks of continuing water penetration will remain with consequent disturbance to</p>	<p>The old Crittall windows would be replaced with new double glazed timber windows that are aluminium clad for greater weather protection, with a life expectancy of about 50-60 years.</p> <p>The aluminium cladding has a factory finish that should not require redecoration for 10 to 15 years and are best value in terms of whole life costs (see annex for comparative window costs). In environmental terms the timber element of the proposed windows are a natural product and their manufacture has minimal impact on the environment being sourced from sustainably managed forests (the aluminium cladding although energy intensive to manufacture is then more re-useable than other materials like PVCu).</p> <p>The combination of additional roof insulation and double glazed windows would improve the</p>	<p>(20% - 7/10 years average waiting time) require 2 bedroom accommodation. The roof areas and planning-design guidelines indicate that the nine flats is the optimal mix.</p> <p>These would have to be to level 4 (of 6) of the Code for Sustainable Homes as required by Southwark Planning policy (see the appendix for further information). The code is national standard related to the building regulations which measures the energy efficiency and environmental impact of a building, with level 6 being zero carbon home. The new windows and associated repairs and redecoration as for Option B would also be undertaken.</p> <p>The advantage of this option is that the provision of the new flats will in addition to providing additional accommodation also address the roof works.</p> <p>The estimated cost at £1,203,000</p>

	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
	<p>residents and damage to property.</p> <p>Neither the Landlord's repair responsibility nor the Decent Homes warm and weather proof factors are likely to be fully met, so the expenditure would be better applied towards replacement.</p> <p><b>Consequently this option is <u>not</u> recommended.</b></p>	<p>energy rating (SAP rating – see appendix) by approximately 15 (or 15%) from an existing 55 to 70 (Rand's 2003/04 condition survey rated The two blocks' SAP rating at 55).</p> <p>This option would for discharge the landlord's repair obligations as well as meeting the Decent Homes standard.</p> <p>(Rand's 2003/04 condition survey rated The two blocks' SAP rating at 55). The Standard Assessment Procedure or SAP rating is a calculation of the energy efficiency of a building having regard principally to a building's construction, insulation, plus means of heating and hot water, and is a useful indicator of carbon emissions and fuel poverty. A SAP rating of 65 or below is a likely indicator of fuel poverty based on Government guidance that fuel poverty is likely to occur</p>	<p>(works- £1,073,000 plus £130,000 staff costs &amp; fees), can be financed from the Section 106 Affordable Housing Budget. The average unit cost for the nine dwellings would be £133,666 which compares favourably with the recent Middlesex Street conversions at £152,000.</p> <p>As the Section 106 funds will fund the £1,203,000 cost of the new dwellings, the balance of £653,000 only would be funded from the Housing Revenue Account and long lessees. So compared with the Option B cost of £1,031,000, which is the next preferred option and wholly chargeable to the HRA and long lessees, there is a saving of £378,000 (£1,031,000 less £653,000), with a net saving to the HRA of £294,000.</p> <p><b>Consequently this option is recommended.</b></p>

	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
		<p>when, in order to heat its home to an adequate standard of warmth, a household needs to spend more than 10% of its disposable income on total fuel use (including lighting and appliances).</p> <p>A risk is that the planning authority might reject these windows favouring similar appearance Crittal windows like the existing, albeit double glazed.</p> <p>In order to manage this risk it is proposed to budget for the more expensive Critall windows but only implement them should Southwark not approve the preferred aluminium clad timber windows. The difference in costs is approximately £45,000.</p> <p>This is a feasible option for discharging the landlord's repair obligations and the Decent Homes standard. <b>But the option is not</b></p>	

	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
		<p><b>recommended.</b></p> <p>This is because there is an opportunity to provide additional flats on the roof utilising finance from the Section 106 Affordable Housing fund to help with rehousing households on the City's Housing Register, so this option is described in Option C.</p>	
<p><b>24. Scope and Exclusions (where different to section 3)</b></p>	<p>Works are limited to essential repairs and repainting, but not to guarantee a high degree of weather tightness for the roof.</p>	<p>Covered in section 14 above</p>	
<p><b>25. Benefits and strategy for achievement (where different to section 10)</b></p>	<p>The main benefit is as a holding operation should finances be tight.</p>	<p>The blocks' main benefits are from new roofs and windows:</p> <p>a) to a higher standard of energy efficiency by virtue of the increased roof insulation and double glazed windows, and</p> <p>b) consequent savings in residents' energy costs.</p>	<p>In addition to the benefits of Option 2, there is the further benefit of nine additional flats on the roof, which is an improvement to the asset.</p>

	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
<b>26. Programme (where different to section 13)</b>	<p>The estimated duration from commencing the designs &amp; specification to completion is approximately, 14 to 16 months:</p> <ul style="list-style-type: none"> <li>• Surveys &amp; specification – 3 months</li> <li>• Tender period(including the statutory pre and post long lessee consultations) – 5/6 months</li> <li>• Contract Placement and Duration of works – 6/7 months</li> </ul>	<p>The estimated duration from commencing the designs &amp; specification to completion is approximately, 32 to 34 months:</p> <ul style="list-style-type: none"> <li>• Surveys, designs &amp; specification – 6 months</li> <li>• Planning Applications process – 6/7 months</li> <li>• Tender period(including the statutory pre and post long lessee consultations) – 6 months</li> <li>• Contract Placement and Duration of works – 14 months</li> </ul>	<p>The estimated duration from commencing the designs &amp; specification to completion is approximately, 38 to 40 months:</p> <ul style="list-style-type: none"> <li>• Surveys, designs &amp; specification – 8 months</li> <li>• Planning Applications process – 6/7 months</li> <li>• Tender period(including the statutory pre and post long lessee consultations) – 6 months</li> <li>• Contract Placement and Duration of works – 18 months</li> </ul>
<b>27. Constraints and assumptions (where different to section 14)</b>		Covered in section 14 above	
<b>28. Risk implications</b>	LOW RISK:	MEDIUM RISK:	



	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
<b>(where different to section 15)</b>	<ul style="list-style-type: none"> <li>Simple specification of repairs</li> </ul>	<ul style="list-style-type: none"> <li>The planning application may be refused for the pitched roof and/or additional flats in principle, but the pre-planning application discussions mentioned in 9 above indicated positive feedback from Southwark Planning. If there is refusal a decision on whether or not to appeal (and associated costs), will be necessary.</li> <li>Additional time may be necessary if water tank services have to be relocated requiring long lessees' consents</li> </ul>	
<b>29. Stakeholders and consultees (where different to section 16)</b>	<ul style="list-style-type: none"> <li>Long leaseholders for the statutory pre-tender and post-tender consultations.</li> </ul>	<ul style="list-style-type: none"> <li>The two blocks' residents to be consulted on the proposed designs for the new windows and pitched roofs</li> <li>The two blocks' long leaseholders for the statutory pre-tender and post-tender consultations.</li> <li>Southwark Planning Authority for planning approval to the new windows and new pitched roofs.</li> <li>Southwark Building Control for compliance with the building regulations.</li> </ul>	
<b>30. Legal implications (where different to section 17)</b>	Long leaseholders under the Landlord and Tenant Act 1985 and Commonhold and Leasehold Reform Act 2002.	<p>Long leaseholders under the Landlord and Tenant Act 1985 and Commonhold and Leasehold Reform Act 2002.</p> <p>A planning application for planning approval for the new roof and windows will be required</p>	<p>Long leaseholders under the Landlord and Tenant Act 1985 and Commonhold and Leasehold Reform Act 2002.</p> <p>A planning application for planning approval for the new roof flats and windows will be required.</p>

	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
<b>31. HR implications (where different to section 18)</b>	In House Staff Resources utilised to undertake the works	External Consultant to be used for the project	External Consultant to be used for the project
<b>32. Benchmarks or comparative data (where different to section 19)</b>	Not applicable	Not applicable	Not applicable

<b>Financial Implications</b>	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>			
<b>33. Total Estimated Cost (£)</b>	A. Continue Routine Roof Repairs, Window Repairs and External Repairs & Redecoration for a 5 to 10 year life	A. New Roof Coverings, New Double Glazed Windows (for 50-60 year life respt), and Associated Repairs & Redecoration:	C. Provision of Nine New Roof Flats, New Double Glazed Windows (50-60 year life), and Associated Repairs & Redecoration:			
	Roof Repairs	120,000				
	Window Repairs	35,000	New Light Weight Pitched Roof	342,000	Nine new flats (incl temporary roof)	1,073,000
	External Repairs & Redecoration	110,000	New Dbl Glazed Al-Timber Clad(Velfac 200) - includes scaffold costs & lintel repairs	523,000	New Dbl Glazed Al-Timber Clad(Velfac 200) - includes scaffold costs & lintel repairs	523,000
	Scaffold	75,000				
	Works Total	340,000	Associated Repairs	60,000	Associated Repairs &	60,000

	Staff Costs & Fees	42,000	& Redecoration		Redecoration	
	Total Estimated Cost	382,000	Works Total	925,000	Works Total	1,656,000
			Staff Costs and Fees	106,000	Staff Costs & Fees	200,000
			Total Estimated Cost	1,031,000	Grand Total	1,856,000
	<p><u>Confidence level:</u> The estimates are at late 2011-early 2012 prices. It is anticipated that by the time of tender invitation in 2013, that the process are likely to increase by between 5% and 10% to allow for building <u>repairs and maintenance</u> costs inflation.</p>		<p><u>Confidence level:</u> The estimates are at late 2011-early 2012 prices. It is anticipated that by the time of tender invitation in 2013, that the process are likely to increase by between 10% and 15% to allow for <u>building component replacement</u> costs inflation, and the risk that planning approval is refused for the aluminium clad timber windows and like for like Crittal windows have to be provide at an additional £45,000.</p>		<p><u>Confidence level:</u> The estimates are at late 2011-early 2012 prices. It is anticipated that by the time of tender invitation in 2013, that the process are likely to increase by between 10% and 15% to allow for <u>building component replacement</u> costs inflation, and the risk that planning approval is refused for the aluminium clad timber windows and like for like Crittal windows have to be provide at an additional £45,000.</p>	

<p><b>34. Anticipated source(s) of project funding (where different to section 20)</b></p>	<p>The Ring-Fenced Housing Revenue Account: HRA - £292,00 Leaseholder Contributions - £90,000</p>	<p>The Ring-Fenced Housing Revenue Account: HRA – £798,000 Leaseholder Contributions - £233,000</p>	<p>The Ring-Fenced Housing Revenue Account, Long Leaseholder Service Charges and Section 106 Affordable Housing Funds: Section 106 Affordable Housing - £1,203,000 HRA – £504,000 Leaseholder Contributions - £149,000</p>																																																				
<p><b>35. Anticipated phasing of capital expenditure</b></p>	<p>There is no capital expenditure for this option.</p>	<table border="1"> <thead> <tr> <th></th> <th>Total £000</th> <th>12/ 13</th> <th>13/ 14</th> <th>14/ 15</th> <th>15/ 16</th> </tr> </thead> <tbody> <tr> <td>Works</td> <td>925</td> <td></td> <td></td> <td>200</td> <td>725</td> </tr> <tr> <td>Fees &amp; Staff Costs</td> <td>106</td> <td>5</td> <td>39</td> <td>40</td> <td>22</td> </tr> <tr> <td>Total</td> <td>1,031</td> <td>5</td> <td>39</td> <td>240</td> <td>747</td> </tr> </tbody> </table>		Total £000	12/ 13	13/ 14	14/ 15	15/ 16	Works	925			200	725	Fees & Staff Costs	106	5	39	40	22	Total	1,031	5	39	240	747	<table border="1"> <thead> <tr> <th></th> <th>Total £000</th> <th>12/ 13</th> <th>13/ 14</th> <th>14/ 15</th> <th>15/ 16</th> <th>16/ 17</th> </tr> </thead> <tbody> <tr> <td>Works</td> <td>1,656</td> <td></td> <td></td> <td>210</td> <td>1,046</td> <td>400</td> </tr> <tr> <td>Fees &amp; Staff Costs</td> <td>200</td> <td>10</td> <td>67</td> <td>67</td> <td>45</td> <td>11</td> </tr> <tr> <td>Total</td> <td>1,856</td> <td>10</td> <td>67</td> <td>277</td> <td>1091</td> <td>411</td> </tr> </tbody> </table>		Total £000	12/ 13	13/ 14	14/ 15	15/ 16	16/ 17	Works	1,656			210	1,046	400	Fees & Staff Costs	200	10	67	67	45	11	Total	1,856	10	67	277	1091	411
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<p><b>36. Estimated capital value/return (£)</b></p>	<p>NONE</p>	<p>NONE</p>	<p>A one bedroom flat at Avondale Square was recently valued at £150,000 for Right to Buy, and two 2 bedroom flats at George Elliston House have recently sold for £220,000 &amp; £182,500 respt. On this basis, the value of the 7no, one bedroom and 2no,</p>																																																				

			two bedroom flats is estimated at around £1.452 million.
<b>37. Fund/budget to be credited with capital return</b>	The Ring-Fenced Housing Revenue Account	The Ring-Fenced Housing Revenue Account	The Ring-Fenced Housing Revenue Account
<b>38. Estimated on-going revenue implications (£)</b>	£30,000 to £35,000 annualised for continuing with repairing and redecoration of the existing structures.	£13,000 to £15,000 annualised for the future servicing, cleaning and external repairs & maintenance of the new windows, roofs and associated areas every 7 to 10 years.	£13,000 to £15,000 annualised for the future servicing, cleaning and external repairs & maintenance of the new windows and roofs and associated areas every 7 to 10 years. Approximately £43,000 annual rental income as per section 40 below.
<b>39. Source of on-going revenue funding</b>	The Ring-Fenced Housing Revenue Account	The Ring-Fenced Housing Revenue Account	The Ring-Fenced Housing Revenue Account
<b>40. Fund/budget to be credited with income/savings</b>	The Ring-Fenced Housing Revenue Account	The Ring-Fenced Housing Revenue Account	The Ring-Fenced Housing Revenue Account – With weekly rents(plus service charges) of £91.50 for a one bedroom flat and £101.19 for a two bedroom flat, the rental income of the 7no, one bedroom and 2no, two bedroom flats is approximately £43,000 annually.
<b>41. Anticipated life</b>	5 Years	60 Years	125 years for the roof flats, with regular maintenance, and 60 Years for the new windows with servicing of the windows at

			the 10 year external repairs and redecoration cycles.
<b>42. Investment Appraisal</b>	See Appendix 1 for the Whole Life Costing Analysis of the roof options and the window options for the options selected above.		
<b>43. Affordability (where different to section 21)</b>	This is covered in section 34 (project funding sources) above.		
<b>44. Proposed procurement approach (where different to section 22)</b>	<p><u>Specification and Works</u> - This repairs option would be specified, tendered competitively (using the City's Portal if possible), and the contract administered by the in house Housing Property Services Team. Up to six building contractors would be invited to tender for the works.</p>	<p><u>Consultants</u> - For the new pitched roof and new windows option, fixed fee proposals would be invited for a full service from RIBA stages C to L subject to a break at the end of RIBA Stage D. The invitation would be from up to six multi-disciplinary consultant building surveyors or architects using a 70/30 quality/price split which is in line with HM Treasury Procurement Guidance No3 Appointment of Consultants and Contractors. The lead consultant fee proposal would be inclusive of architect, structural engineering, mechanical and electrical and quantity surveying services.</p> <p>The City will use their own CDM - Health &amp; Safety Adviser and Clerk of Works.</p> <p><u>Works</u> - The proposed contract for</p>	<p><u>Consultants</u> – the same as Option 2</p> <p><u>Works</u> – the same as Option 2</p>

		contractor appointment is the JCT Standard Building Contract without Quantities 2011.	
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45. <u>Recommendation</u>	<i>Not recommended</i>	<i>Not recommended</i>	<i>Recommended</i>
46. <b>Reasons</b>	<p>This option really only delays the period when major works to the roofs and windows will become necessary. As the roof coverings and windows are at the end of their useful life risks of continuing water penetration will remain with consequent disturbance to residents and damage to property. Neither the Landlord's repair responsibility nor the Decent Homes warm and weather proof factors are likely to be fully met, so the expenditure would be better applied towards replacement.</p>	<p>This is a feasible option for discharging the landlord's repair obligations and the Decent Homes standard. <b>But the option is <u>not</u> recommended.</b> This is because there is an opportunity under Option 3 to provide additional flats on the roof utilising finance from the Section 106 Affordable Housing fund to help with rehousing households on the City's Housing Register.</p>	<p><b>Option 3 is recommended.</b> This is because as well as discharging the landlord's repair obligations and the Decent Homes Standard, additional flats can be provided on the flat roof as mentioned above.</p>