

Committees:	Dates:	Item no.
Housing Management and Almshouses Sub-Committee Community and Children's Services	20/11/2014 12/12/2014	
Subject: Project Proposal – internal and external refurbishment works programme at the Middlesex Street Estate.	Gateway 1 & 2 Project Proposal	Public
Report of: Director of Community & Children's Services		For Information

Project Summary

<p>1. Context</p>	<p>Phase 3 of the Middlesex Street Sustainability Project (MSSP) was an option that was explored to finance the necessary refurbishment works and some improvement works at the estate on the basis of the sale value of circa 100 new flats to be built on the roof of the estate. Following surveys including rights to light and daylight and sunlight analysis, as well as market-testing with developers, the new development proposals are no longer considered viable and will not go ahead, therefore the refurbishment work will now proceed independently.</p>
<p>2. Brief description of project</p>	<p>A programme will now commence to complete the following:</p> <ul style="list-style-type: none"> • lift refurbishment • electrical rewire (both landlord and tenant supplies) • communal heating system replacement • ventilation system replacement • internal and external redecorations • replacement balcony doors and adjacent glazing • concrete repairs (project already underway). <p>The likely process steps will be:</p> <ul style="list-style-type: none"> • Engage in consultation with residents and members. • Procure and appoint a consultant to assess options. • Schedule and sequence the works. • Tender for and appoint contractor(s) to carry out the works. <p>There are some works which will benefit by proceeding in advance of others, it is anticipated that individual works projects may proceed separately. The scheduling will be outlined at the Options Appraisal stage.</p>

3. Consequences if project not approved	<p>The condition of the properties will deteriorate, both internally and externally.</p> <p>Reactive repairs and maintenance spend will increase.</p> <p>Reputational damage caused to the City of London by failing to perform legal duty to keep properties in a good state of repair.</p>
4. Success criteria	<p>Properties are effectively maintained, achieving regulatory and statutory compliance.</p> <p>Reduction in reactive repairs and maintenance spend.</p>
5. Notable exclusions	<p>This programme solely applies to the Middlesex Street Estate. All other estates are excluded. However, as part of the planning phase of this programme, assessment will be made of whether it is possible to include Middlesex Street Estate works delivery with existing or upcoming projects.</p>
6. Governance arrangements	<p>Spending Committee: Community and Children's Services Committee</p> <p>Senior Responsible Officer: Karen Tarbox, Assistant Director of Barbican and Property Services</p> <p>Project Board: Yes</p>

Prioritisation

7. Link to Strategic Aims	<p>2. 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>
8. Links to existing strategies, programmes and projects	<ul style="list-style-type: none"> • The Asset Management Strategy and 5 and 30 year plans. • Department of the Built Environment Projects, including the removal of the car park ramps and street scene enhancements. • City Surveyor's proposal to explore enhancement of the retail parade alongside the proposed new gym and healthcare facility.
9. Project category	<p>2. Statutory</p>
10. Project priority	<p>A. Essential</p>

Options Appraisal

11. Overview of options	<p>1. Do nothing.</p> <p>This is not a viable option because of the statutorily required repairs and maintenance work.</p>
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	<p>2. Commence a programme of repair and maintenance work</p> <p>At this stage, it is anticipated that the detailed options available will include comparisons of communal heating systems and the interrelation with ventilation systems. The interrelation of concrete repair and external redecoration will be explored.</p> <p>The options available for delivery of all works will be further explored and set out at the Options Appraisal stage following further survey. It may be that options for individual aspects of the works are brought forward separately.</p> <p>3. As Option 2, but omitting non-statutorily required works (e.g. redecoration)</p> <p>It is considered that completing redecoration in a timely fashion is a requirement to keep the building in good repair, and the cyclical completion fulfils commitment to residents.</p>
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Project Planning

<p>12. Programme and key dates</p>	<p>Overall programme: October 2014 – April 2019 This timeline is subject to change following further appraisal.</p> <p>Key dates: October 2014 – confirmation that Phase 3 cannot proceed. November 2014/December 2014 – Gateways 1 and 2 January 2015 – Initial consultation with residents. February 2015 – appointment of consultant to review options (if necessary) April 2015 – Gateway 3/4 relaying options and recommending commencement of individual projects.</p> <p>Other works dates to coordinate: The implementation plan for all refurbishment works will be carefully programmed so that each aspect can be delivered effectively and all works are completed in a timely fashion.</p>
<p>13. Risk implications</p>	<p>Overall project risk: Green There is a risk of reputational damage caused by the end of the previous Phase 3 project, as leaseholders are now required to pay for works.</p>
<p>14. Stakeholders and consultees</p>	<p>Residents, including Statutory Consultation with leaseholders. Members and Ward Members.</p>

Resource Implications

<p>15. Total estimated cost</p>	<p>2. £250k to £5m Likely cost range: £4-5m</p>
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<p>16. Funding strategy</p>	<p>The works will be funded from the Housing Revenue Account (HRA) which includes service charge recovery from leaseholders for most works (current proportion circa 30%).</p> <p>Careful planning will be carried out to ensure the burden on the HRA can be accommodated in the financial years that the works are intended. Such planning extends to ensuring the costs of the works are reasonable for leaseholders to incur.</p>
<p>17. On-going revenue implications</p>	<p>Future revenue implications will be as per the existing freeholder obligations of repair and maintenance under the conditions of the lease agreements.</p>
<p>18. Investment appraisal</p>	<p>N/A.</p>
<p>19. Procurement strategy</p>	<p>The Procurement strategy will vary for individual items of work within the programme, dependent upon their value. There a currently significant work streams being delivered by this department, thought will be given to scheduling, in order to combine works where possible as part of joint contracts or with other estates.</p>
<p>20. Legal implications</p>	<p>There is a risk of challenge to the recoverability of the costs of some works items. Previous information was given that the new-build development would cover the costs of some works. However, it is not considered that such a challenge would be successful, as not paying for the works was always clearly stated to be conditional upon the new development proceeding, therefore the costs for these necessary repair and refurbishment works are recoverable.</p>
<p>21. Corporate property implications</p>	<p>It is important that the City's assets remain in good, safe and statutory compliant condition. Therefore all necessary action should be taken to ensure that assets are kept as such throughout the assets' lifetime.</p>
<p>22. Traffic implications</p>	<p>Any traffic implications would be negotiated with the works contractor(s) at the pre-contract and pre-start stages.</p>
<p>23. Sustainability and energy implications</p>	<p>New installations to improve energy performance which were proposed as part of Phase 3, such as over-cladding, will now not be completed. They are considered improvements under the lease, and would not be recoverable through service charges. However, works to the heating and ventilation systems and refurbishment of the lifts will reduce energy usage and improve the overall sustainability of the estate.</p>
<p>24. IS implications</p>	<p>N/A.</p>

25. Equality Impact Assessment	An equality impact assessment will not be undertaken. However, at the works stage, the needs of residents will be factored into the works delivery plans.
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Recommended Course of Action

26. Next steps	Commence consultation with residents to discuss the approach to the works. Appoint consultant to assist with overview of options.												
27. Approval track and next Gateway	Approval track: 2. Regular Next Gateway: Gateway 3/4 - Options Appraisal (Regular)												
28. Resource requirements to reach next Gateway	<table border="1"> <thead> <tr> <th>Item</th> <th>Reason</th> <th>Cost (£)</th> <th>Funding Source</th> </tr> </thead> <tbody> <tr> <td>Staff costs</td> <td>Resident consultation</td> <td>£1000</td> <td>HRA – local risk</td> </tr> <tr> <td>Consultants cost</td> <td>Initial options assessment</td> <td>£10,000</td> <td>HRA – local risk</td> </tr> </tbody> </table>	Item	Reason	Cost (£)	Funding Source	Staff costs	Resident consultation	£1000	HRA – local risk	Consultants cost	Initial options assessment	£10,000	HRA – local risk
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