

Committees:	Dates:	Item no.
Barbican Estate Residents Consultation Committee (RCC) Barbican Residential Committee(BRC) Community and Children's Services Committee (CCS) Projects Sub	24/11/2014 08/12/2014 12/12/2014 21/01/2014	
Subject: Water System Testing and Associated Safety Works at the Barbican and the HRA Estates	Gateway 3/4 Options Appraisal	Public
Report of: Director of Community & Children's Services		For Information – RCC For Decision – BRC, CCS and Projects Sub

Summary

Project Status	Green
Time Line	Overall programme: 5 year programme - 2015/16 – 2019/20 Key dates: Procurement for assessment/testing contractor– completed March 2015. First works commence – April 2015. Programme works in for following 5 years – April 2015-March 2020.
Programme status	Pending Approval of Gateway 3/4 – Options Appraisal
Latest estimated cost of works	£2-2.5m (should a 3-5 year works programme be approved)
Expenditure to date	N/A.

Progress to Date:

No expenditure has been incurred. An initial planning exercise has been carried out to map out the necessary procurement process. No change to previous gateway.

Overview of options:

There are two options. Option 1 is proceeding with the existing approach of procuring the required tests on an annual basis; this approach has been effective to date. Option 2 is to build upon the previous approach by procuring for a longer term contract of 3-5 years for testing and minor works, with an associated programme of major works. Option 2 is recommended.

Procurement Approach:

The procurement approach will be similar for either a 1-year or 3-5-year programme. The tenders will be advertised on the London Portal. In addition, should the 3-5 year programme be approved, following the first round of testing, major works will be identified and a contractor procured to address the works.

Current Estimate of Costs:

Description	Option 1: annual one-off testing exercise	Option 2: 3-5 year programme (inc. major works)
Works Costs	£110,000	£2-2.5m (Includes circa £100,000 p.a. for 5 years for testing)
Fees & Staff Costs	£13,750	£250,000 - £312,500
Total	£123,750	£2,250,000 - £2,812,500
Funding Strategy		
Source	HRA/City Fund	HRA/City Fund

Recommendations

- Approval is given to go out to tender to seek a contractor to undertake the 3-5 year programme of testing and minor works.
- Approval is given to build a programme of works based upon the testing outcomes.
- Approval of up to £2.5m to fund these two aspects.

Options Appraisal Matrix

See attached.

Contact

Report Author	Amy Carter, Asset Programme Manager
Email Address	Amy.Carter@cityoflondon.gov.uk
Telephone Number	0207 332 3768

Options Appraisal Matrix

	<i>Option 1 - reactive</i>	<i>Option 2 – planned programme inc. major works</i>
1. Brief description	Assess and test the assets on an annual basis, in accordance with statutory requirement, undertaking repair works in a reactive fashion.	Undertake a programme of assessments and testing, in accordance with statutory requirement, building a schedule of planned major works. Complete the works on a hierarchical basis starting with the equipment that poses the highest risk.
2. Scope and exclusions	<p>Scope: The project applies to residential accommodation at the Barbican Estate and all the HRA Estates (Avondale Square, Dron House, Golden Lane, Holloway, Middlesex Street, Southwark, Sydenham Hill, York Way, William Blake, Windsor House).</p> <p>Exclusions: internal equipment e.g. shower heads and taps within flats which are the responsibility of the resident.</p>	
<i>Project Planning</i>		
3. Programme and key dates	<p>Overall programme: annual rolling.</p> <p>Key dates: Procurement for assessment/testing contractor– completed March 2015. Testing commences – April 2015. Testing completes – March 2016</p> <p>Other works dates to coordinate: The programme will have regard to other projects that affect the estates.</p>	<p>Overall programme: 5 years - 2015/16-2019/20</p> <p>Key dates: Procurement for assessment/testing contractor– completed March 2015. First testing commences – April 2015. 5 year works programme April 2015 – March 2020.</p> <p>Other works dates to coordinate: The programme will have regard to other projects that affect the estates.</p>
4. Risk implications	<p>Overall project risk: Green</p> <p>Health and Safety of residents and staff is compromised if assessments, testing and any associated works are not carried out in a timely fashion. However, under both options, statutory compliance is achieved.</p>	
5. Benefits and disbenefits	<p>Benefits:</p> <ul style="list-style-type: none"> Statutory compliance is achieved. <p>Disbenefits:</p>	<p>Benefits:</p> <ul style="list-style-type: none"> Statutory compliance is achieved. Lower cost by procuring a longer-term contract. High risk aspects of the systems are programmed

	Option 1 - reactive	Option 2 – planned programme inc. major works
	<ul style="list-style-type: none"> Higher cost by operating annually. High risk aspects of the systems are not programmed for removal, continuing to require the management of these risks and incur testing costs. 	for removal, reducing both future risks and testing costs.
6. Stakeholders and consultees	Residents, including leaseholders through Section 20 where they stand to incur service charges. Departments of City Surveyor's, Comptroller and City Solicitor, Town Clerks and Chamberlain's (including CLPS).	
Resource Implications		
7. Total Estimated cost	Annual amount for testing (please note, this does not include any works costs): £50,000 - £60,000 on the Barbican Estate. £60,000 - £70,000 on the HRA Estates.	£2 - £2.5m The early estimate is that the works cost split will be 60% Barbican Residential Estate and 40% HRA estates; however this is subject to confirmation as the detail of the works programme is developed through the testing.
8. Funding strategy	<p>The HRA estates: The project is funded by the Housing Revenue Account (HRA), which includes service charge recovery from leaseholders. The amount by estate varies dependent upon proportions of leaseholders.</p> <p>The Barbican Residential Estate: The project is funded by the City Fund, the majority (circa 95%) of the cost is recoverable by way of service charges from leaseholders, the remainder (circa 5%) is funded from ongoing annual Barbican Residential local risk revenue budgets.</p>	
9. Estimated capital value/return	N/A.	
10. Ongoing revenue implications	Ongoing revenue implications will remain unchanged, with assessments, testing and reactive works completed on an annual basis.	Ongoing revenue implications will be reduced as the higher risk systems are subject to major works which will lower the outstanding risk, and therefore lower the required amount of testing/monitoring.

	<i>Option 1 - reactive</i>	<i>Option 2 – planned programme inc. major works</i>
11. Investment appraisal	N/A.	
12. Affordability	The works have been factored into the Asset Management plans for the Barbican Estate.	The works have been factored into the Asset Management plans for the Barbican Estate; this programmed approach is considered more cost-effective.
13. Procurement strategy	Tenderers will be asked to submit costing for initial assessments and testing for a one year contract, and a schedule of rates for a list of standard works where these works are required to be carried out immediately.	Tenderers will be asked to submit costing for initial assessments and testing for a three year contract, and a schedule of rates for a list of standard works where these works are required to be carried out immediately. Tenderers will also make recommendations, dependent upon the outcomes of the assessments and testing, for further works – the full works requirements will be in the scope of procurement.
14. Legal implications	Water systems that include tanks or areas that are not regularly flushed with running water pose a risk of harbouring bacteria. There could be legal consequences where failure to monitor and maintain equipment has caused exposure to bacteria and led to illness.	
15. Corporate property implications	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.	
16. Traffic implications	N/A.	
17. Sustainability and energy implications	Should pipework be replaced or re-configured this may improve water flow rates with a marginal reduction in pumping requirements and therefore energy. However, the work may also involve tasks such as adjusting settings on hot water equipment to achieve higher temperatures for safe storage. A consequence may be higher energy usage.	
18. IS implications	N/A.	
19. Equality Impact	N/A.	

	<i>Option 1 - reactive</i>	<i>Option 2 – planned programme inc. major works</i>
Assessment		
20. <u>Recommendation</u>	Not recommended	Recommended
21. Next Gateway	Gateway 5 - Authority to Start Work	Gateway 5 - Authority to Start Work
22. Resource requirements to reach next Gateway	£2,000 staff costs. Funding source: the HRA and the City Fund, proportions as outlined in the Funding Strategy (Boxes 7&8).	£8,000 staff costs. Funding source: the HRA and the City Fund, proportions as outlined in the Funding Strategy (Boxes 7&8).