

<b>Committees:</b>	<b>Dates:</b>
Housing Management and Almshouses Sub Committee Projects Sub	27 April 2015 06 May 2015
<b>Subject:</b> Gateway 7 Outcome Report: Boiler Replacement Project – 2013/14 - 2014/15	<b>Public</b>
<b>Report of:</b> Director of Community & Children's Services	<b>For Decision</b>

### Summary

Project Status	Green
Time Line	The anticipated timeline of this project is as follows: Works completion – 6 <sup>th</sup> November 2014 Gateway 7 outturn reports – April/May 2015
Programme status	Works complete. Pending approval of Gateway 7 report and project closure.
Approved budget	£278,400
Cost of works	£144,635.55 contract value £76,442.75 Boiler Replacement Works £36,760.52 Variations
Expenditure	<b>Total outturn works cost:</b> £110,373.19 (£2830.08 retention)  <b>Staff costs:</b> £13,796.65  <b>Total Cost:</b> £124,169.84 (+VAT)

#### **Summary**

At the outset of the project there were 75 properties estimated to require the works. During the project, 42 properties had the works completed and 33 did not have the works completed; reasons included following survey, works were confirmed as not required, or the residents declining the works (some owing to illness and other personal reasons).

The total expenditure was £124,169.84 capital in one financial year, 2014-15.

#### **Recommendations**

It is recommended that the lessons learnt be noted and the project be closed.

## Main Report

<p><b>1. Brief description of project</b></p>	<p>To replace boilers nearing, at, or over 15 years old in tenanted properties at: Dron House, Southwark Estate, Sydenham Hill Estate and Windsor House.</p> <p>The project scope was the replacement of boilers; the variations under the contract were to address full central heating system replacements where these were required and to vary the specification to include an additional item of equipment for cleaning the water supply for each installation where necessary. These variations were allowed for when the budget was set.</p>
<p><b>2. Assessment of project against success criteria</b></p>	<ul style="list-style-type: none"> <li>• The boilers identified for replacement have been completed (with the exception of those properties where the works were not necessary, or residents declined the works). N.B. Those residents who declined the works on this occasion will be offered the opportunity to have works completed as part of future contracts, or works can be undertaken as a reactive repair where necessary.</li> <li>• The works were completed on time, to a re-negotiated programme at the request of the contractor.</li> <li>• The works have been completed to budget.</li> </ul>
<p><b>3. Programme</b></p>	<p>The project was completed within the agreed programme A minor extension (19 working days) of the agreed works programme was granted to the contractor, within the terms of the contract and parameters of the overall programme.</p>
<p><b>4. Budget</b></p> <p><b>Final Account Verification</b></p>	<p>The project was completed within the agreed budget. The project was a margin of 44.6% under-budget. Verified.</p> <p>The reasons the project has come in under-budget are:</p> <ol style="list-style-type: none"> <li>1. The initial project scope was more than 90 boilers. Reactive replacements were required as the project was being established, by the point of commencement, only 75 remained.</li> <li>2. The budget was set using an average amount following reactive boiler replacements carried out by the department. The benefits of economies of scale in this larger contract lowered the cost of each item of work.</li> <li>3. 44% of the properties (33/75) that were included within the contract were not completed.</li> <li>4. The budget allowed for variations to each boiler replacement, therefore, the 33 that were not carried out lowered the required spend.</li> </ol>

### **Review of Team Performance**

<b>5. Key strengths</b>	<p>The Asset Management and Property Services delivery team worked closely to ensure the contract started strongly and that ongoing liaison was carried out with both residents and the contractor.</p>
<b>6. Areas for improvement</b>	<p>Greater clarity within the works specification with regards to the precise process of determining the replacement equipment for each individual property.</p> <p>Greater influence and quality control over requirements regarding work delivered by the subcontractor. This has already been used to inform strong subcontractor performance related KPIs in an upcoming contract.</p>
<b>7. Special recognition</b>	<p>The Property Services Team Manager who was supervising the contract carried out constructive monitoring and issued clear instructions for improvement on any occasion where required.</p>

### **Lessons Learnt**

<b>8. Key lessons</b>	<p>Greater allowance for economies of scale when predicting future budget requirements for works of this nature.</p> <p>Greater clarity within the works specification with regards to the precise process of determining the replacement equipment for each individual property. This has already been implemented in an upcoming Decent Homes project.</p> <p>The contractor's contact details and works process will be issued to residents in advance of the project to prevent the DCCS Property Services department handling day-to-day management of the works appointments and other minor details.</p> <p>Pricing for each individual boiler replacement was submitted by the contractor as part of the tender, this enabled faster administration processes for payment. This will be replicated in the upcoming tenders for Decent Homes projects.</p>
<b>9. Implementation plan for lessons learnt</b>	<p>Further works of boiler/central heating replacements are planned to be carried out as part of Decent Homes projects in 2015/16 and 2016/17; the lessons learned from this project will be incorporated into the tender, pre-start and delivery phases for those projects.</p>

### **Contact**

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