

Committees:	Dated:
Community and Children's Services Committee – For Decision	09/09/2016
Projects Sub Committee – For Decision	11/10/2016
Subject: Heating and hot water equipment replacement – Golden Lane Estate	Public
Report of: Director of Community and Children's Services	For Decision
Summary	
Dashboard	
Project Status	Green
Projected timeline	<p>Basterfield House, Bayer House, Bowater House, Cuthbert Harrowing House, Great Arthur House, Hatfield House, Stanley Cohen House:</p> <ul style="list-style-type: none"> • August/September 2016 – finalise options with the Planning Section of the Department of the Built Environment • September/October 2016 – commence procurement • January 2017 – seek authority to commence works (Gateway 5). <p>Crescent House and Cullum Welch House:</p> <ul style="list-style-type: none"> • November/December 2016 – finalise options with the Planning Section of the Department of the Built Environment • December 2016/January 2017 – commence procurement • March/April 2017 – seek authority to commence works (Gateway 5).
Programme status	<p>Gateway 3/4 Options Appraisal Approved:</p> <ul style="list-style-type: none"> • Community and Children's Services Committee on 10/07/15 • Projects Sub Committee on 21/0715.
Expected total cost	£1,071,563–£1,279,688 (approved at Gateway 3/4)
Apportionment of the expected total cost across blocks	<p>Basterfield House, Bayer House, Bowater House, Cuthbert Harrowing House, Great Arthur House, Hatfield House, Stanley Cohen House: £745,407</p> <p>Crescent House and Cullum Welch House: £534,281</p>
Expenditure to date	£32,590 + VAT
Apportionment of expenditure to date across blocks	<p>Basterfield House, Bayer House, Bowater House, Cuthbert Harrowing House, Great Arthur House, Hatfield House, Stanley Cohen House: £18,983 + VAT on surveying and report.</p> <p>Crescent House and Cullum Welch House: £13,607+ VAT on surveying and report.</p>

Summary of Issue

The Gateway 3/4 report concerning the replacement of the heating and hot water equipment at Golden Lane Estate was approved by the Community and Children's Services Committee on 10 July 2015 and by the Projects Sub Committee on 21 July 2015.

Due to the listed status of Crescent House and Cullum Welch House, and the complexities around the planning arrangements, we are seeking approval to separate these two buildings into a separate project, so that we can progress the work to the remaining properties on the estate.

Risks

The current situation, with the requirement for more detailed flue design proposals at Crescent House and Cullum Welch House, is delaying the specification and tendering processes for the remaining properties on the Golden Lane Estate, and poses a further risk of additional costs associated with reactive replacements of any boilers that fail in the interim.

If viable options are not agreed for Crescent House and Cullum Welch House, it may result in having to submit a formal planning application, which could further impact project timescales.

Proposed Way Forward

To proceed with the specification and tendering process for all of the remaining properties on the estate, and to treat Crescent House and Cullum Welch House as a separate project while we explore solutions around the flue designs that will comply with planning and legislative requirements.

Financial Implications

Having reviewed the budgets previously agreed at Gateway 3/4 and apportioned them across the relevant blocks, we do not anticipate that there will be any requirement at this stage to seek authorisation for additional budget. For reference, the apportionments break down as follows (note that the Total Project Costs include the Consultancy Fees & Staff Costs as well as the Resources required to reach next Gateway):

	Total Project Costs	Consultancy Fees & Staff Costs	Resources Required to reach next Gateway
Crescent House	£370,549.39	£41,172.28	£10,713.80
Cullum Welch House	£163,731.12	£18,192.40	£4,734.01
<i>(Sub-total)</i>	<i>£534,280.51</i>	<i>£59,364.68</i>	<i>£15,447.81</i>
Hatfield House	£94,791.70	£10,532.44	£2,740.74
Cuthbert Harrowing House	£47,395.85	£5,266.22	£1,370.37
Basterfield House	£94,791.70	£10,532.44	£2,740.74
Bayer House	£60,321.99	£6,702.46	£1,744.11
Great Arthur House	£310,227.39	£34,469.82	£8,969.70
Bowater House	£60,321.99	£6,702.46	£1,744.11
Stanley Cohen House	£77,556.85	£8,617.45	£2,242.42
<i>(Sub-total)</i>	<i>£745,407.47</i>	<i>£82,823.29</i>	<i>£21,552.19</i>
Combined Total	£1,279,688	£142,188	£37,000

Recommendations

1. That approval is given to separate Crescent House and Cullum Welch House into a separate project, for which a separate Gateway 5 report will be submitted at a future date.
2. To note that the tendering and specification process for the remaining properties will proceed as planned and that a separate Gateway 5 report will be submitted accordingly.
3. That approval is given to split the approved Resources Required to Reach Next Gateway accordingly, as per the apportioned costs above (namely that £15,448 will be apportioned to Crescent House and Cullum Welch House and that £21,552 will be apportioned to the remaining blocks).

Main Report

1. Issue description	<p>Following approval of the Gateway 3/4 report, further discussions and site visits have taken place with City of London Planning Department to determine and finalise the appropriate approach for all properties on the estate.</p> <p>At present, the boilers at Basterfield House, Bayer House, Bowater House, Cuthbert Harrowing House, Great Arthur House, Hatfield House and Stanley Cohen House will be replaced with gas boilers, offering a replication of the existing provision, with an energy-efficient and known-cost solution.</p> <p>For two blocks, namely Crescent House and Cullum Welch House, ensuring compliance with existing safety legislation and planning requirements poses additional challenges in developing appropriate solutions around ventilation. As such, we are required to review the existing flue agreements and submit more detailed design options around ventilation for further discussion with colleagues in Planning.</p> <p>Once the viable options are agreed, a Heritage & Access Statement will be submitted which, if approved, may preclude the necessity of having to submit a formal planning application.</p> <p>The present situation means that we are unable to proceed with the specification and tendering process for the works to the remaining properties across the estate, which may result in further delays to the whole project as well as increased costs for reactive repairs or replacement as existing assets fail in the meantime.</p>
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	<p>Financial Implications</p> <p>While we do not at this stage anticipate any variance in the budgets previously approved, we do need to take into account the potential risks of reactive costs of boiler replacement across the estate if we do not proceed with works on the blocks for which we currently have approval.</p> <p>While there will be some delay with proceeding with the specification and tendering process at Crescent House and Cullum Welch House, progressing with the remaining blocks will ensure that we have a presence on site and we can assure residents that the works are proceeding in order to manage expectations.</p>
<p>2. Last approved limit</p>	<p>£1,071,563–£1,279,688 (approved estimate at Gateway 3/4)</p>
<p>3. Options</p>	<ul style="list-style-type: none"> • Option 1: No change to project approach. Increase project timescales to accommodate the additional time required to develop more detailed design options for Crescent House and Cullum Welch House, while absorbing the potential reactive repair costs in the interim. • Option 2: Establish a stand-alone project for heating and hot water replacement for Crescent House and Cullum Welch House, allowing the specification and procurement process to proceed with the remainder of the properties across the estate. <p>Option 2 is recommended.</p>

Appendices

<p>Appendix 1</p>	<p>Gateway 3/4 report approved 21/07/15</p>
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