

Committees:	Dates:
Housing Management and Almshouses Sub Committee Projects Sub Committee	26 September 2016 11 October 2016
Subject: Gateway 3/4 Options Appraisal: Middlesex Street Estate, Petticoat Tower, Replacement of Windows and Balcony Doors	Public
Report of: Director of Community & Children's Services	For Decision

Summary

Project Status	Green
Time Line	Specification of works: October/November 2016 Undertake Procurement: January – April 2017 Contract Let: June 2017 Works Complete: September 2017
Programme status	Pending Approval of Gateway 3/4 – Options Appraisal
Latest estimated cost of works	£700,000
Expenditure to date	Survey & Specification Cost £7,500
Total Project Cost	£787,500

Progress to date (including resources expended and any changes since previous gateway)

A combined Issues report and Gateway 3/4 Options Appraisal for the Middlesex Street Estate Programme of Works and Internal and External Redecorations was previously submitted and approved at Project Sub 11 May 2016 and Housing Management and Almshouses Sub Committee 4 July 2016.

The issues report outlined that each of the projects detailed in the original Middlesex Street Sustainability Project (MSSP) would progress through the Gateway process independently.

A detailed survey of the existing windows and balcony doors was carried out by a firm of Chartered Surveyors. 21 out of 80 properties were surveyed. Following the survey, the resulting report was consulted upon with residents, and a technical specification has been completed.

The original approach around funding for the MSSP was structured in such a way that Leaseholders weren't going to be re-charged.

The City has taken legal advice on its repairing obligations under the lease in relation to the balcony doors and screens. The legal advice confirmed that the City is responsible for the maintenance and repair of the balcony doors and screens and that leaseholders could legitimately be recharged their proportion of the works.

It had originally been intended that the City would replace the balcony doors and windows to all properties in Petticoat Towers back in 2010. The cost of this work at that time would have been covered entirely by Section 106 monies from the Minerva Tower development. Leaseholders were advised that they would not be required to contribute towards the cost.

Given that it was the City of London's decision not to carry out this work back in 2010, leaseholders will be particularly aggrieved if they are now required to contribute towards the cost of the works that they were originally told would not be rechargeable. As such, the DCCS Department Leadership Team (DLT) has agreed that the works would proceed and the long leaseholders would not be re-charged.

Overview of options

The option to do nothing is not realistic because the existing single-glazed windows and doors are over 40 years old. They have performed well beyond their expected service life and the condition survey indicates that they need to be replaced.

Options 1 and 2 reflect the existing layout, Options 3 and 4 were originally devised when the previous sustainability project was proposed and some residents wished the options to remain available despite the fact the sustainability work was no longer going ahead.

Option 1

Replacing the existing windows and door with an equivalent layout, with triple glazing to match the windows that were installed to the building in 2010.

Option 2

Replacing the existing windows and door with an equivalent layout, with double glazing.

Option 3

Installing an open-able window across the opening in the balcony, to create a 'winter garden' or 'sun room', that may be used as a balcony when residents open the window.

Option 4

Installing an open-able window across the opening in the balcony, as per Option 3, and undertaking remedial work to remove the existing windows, panels and balcony door, and undertake alterations to make the former balcony part of the room.

Proposed Way forward and summary of recommended option

The residents were originally consulted on all the options outlined above with the caveat that more than 40 residents would need to opt for Options 3 or 4 to justify proceeding with the significant change of layout.

The reasoning behind this approach was to allow for the fact that many residents do not respond to consultation and it could be unsafe and potentially open to challenge if we decided to make major changes to all residents' homes without a significant response and a clear majority of residents wanting such changes.

The consultation process resulted in 38 responses with no clear majority for any of the options put forward. As such, it was decided to proceed with the option to replace the existing windows on a like-for-like basis with no change to the existing layout.

The balcony doors and screens are much less exposed to the external elements than the rest of the windows to the flats. As such, DLT has agreed that the new balcony doors and screens will be double-glazed and not triple glazed like the rest of the windows.

Therefore, Option 2 (like-for-like replacement with double glazing) is now the recommended approach.

Procurement Approach

The contract will be advertised via the City's Procurement Service. The works fall beneath the OJEU threshold, as such, the options for advertising are more varied – for example, a framework may be used if there is a suitable one available. Option 2 will be set out within the tender documentation.

Table with Financial Implications

Description	Option 2:
Works Costs	£700,000
Fees & Staff Costs	£87,500
Total	£787,500
Funding Strategy:	
Source	<ul style="list-style-type: none"> Funding from the remainder of the 'Minerva' development (Section 106) Housing Revenue Account (HRA) excluding proportional contributions from leaseholders.

Recommendations

- Note the budget of £787,500.
- That Option 2 is approved for proceeding to Procurement and Gateway 5.
- Approve the £14,000 resources required to reach next gateway, as detailed at section 20 of the options appraisal.

Options Appraisal Matrix

See attached.

Appendices

Appendix 1 - PT4 Report

Background Paper

Gateway 1-2 Project Proposal – internal and external refurbishment works programme at the Middlesex Street Estate.

Corporate Projects Board 7th November 2014

Projects Sub Committee 9th December 2014

Contact

Report Author	Jason Crawford, Asset Programme Manager
Email Address	Jason.Crawford@cityoflondon.gov.uk
Telephone Number	0207 332 3010

Options Appraisal Matrix

	Option 2 – replacing existing layout with double glazing			
1. Brief description	Replacing the existing windows and door with an equivalent layout, with double glazing.			
2. Scope and exclusions	<p>Scope: The project solely applies to Petticoat Tower, on the Middlesex Street Estate. There are 88 properties within Petticoat Tower, of which 80 are known to have the existing layout. Of these 80, 32 are leaseholders who have the opportunity to opt-in or out, depending upon their preferences. At this point, we will assume that all 80 properties will have the works done under the contract, and revise this accordingly following the consultation process.</p> <p>Exclusions: There are 8 properties within the block which were converted to residential use in 2014. These properties do not have the same balcony layout and therefore will not be included within the project scope.</p> <p>When the original survey was carried out and the option of creating an enclosed balcony or sun room were still being considered, it was noted that 13 of the 80 properties had already been converted by their occupants.</p> <p>These installations will be checked for safety and compliance. If they are not compliant, the occupiers will be compelled to make necessary repairs, either independently, or by allowing permission for the works to be carried out as part of the project. Both of the above will involve a re-charge to the resident.</p>			
Project Planning				
3. Programme and key dates	<p>Specification of works: October/November 2016</p> <p>Undertake Procurement: January – April 2017</p> <p>Contract Let: June 2017</p> <p>Works Complete: September 2017</p>			

	<i>Option 2 – replacing existing layout with double glazing</i>
4. Risk implications	<ul style="list-style-type: none"> • Weather delays. The contractor will be asked to set out a plan for reacting to the impacts of severe weather in the pre-contract negotiations. • Residents refuse access. To mitigate this, early engagement will be carried out with residents to make them aware of the upcoming works. Explanation will be provided of the benefits of the works, and any queries or concerns that residents may have will be answered. • Failure of supply chain to meet programme requirements due to changes in market conditions.
5. Benefits and disbenefits	<p>Benefits:</p> <ul style="list-style-type: none"> • Replication of existing facilities. • Double-glazing offers a higher level of thermal efficiency (than the existing). <p>Disbenefits:</p> <ul style="list-style-type: none"> • Not as thermally efficient as triple-glazing.
6. Stakeholders and consultees	<p>Residents, leaseholders and Members, including Ward Members.</p> <p>Departments of City Surveyor's, Comptroller and City Solicitor, Town Clerks and Chamberlain's (including City Procurement Service).</p>
<i>Resource Implications</i>	
7. Total Estimated cost	£787,500
8. Funding strategy	The project will be part-funded using the remainder of the funding supplied by a local development referred to as 'Minerva' or the 'Section 106 funding'. The initial funding was used for other improvements on the estate including replacement windows and doors.

	<i>Option 2 – replacing existing layout with double glazing</i>
	The remaining funding will come from the Housing Revenue Account (HRA) which is formed of tenant's rent payments.
9. Estimated capital value/return	N/A.
10. Ongoing revenue implications	The installations will be maintained under the City's existing repair and maintenance contracts. In accordance with average life cycles, the new installations will require replacement in 30-40 years.
11. Investment appraisal	The options are all costed within the department's 5 year asset management plan and the 30 year business plan for the Housing Revenue Account (HRA). The addition of the Minerva money to offset the cost.
12. Affordability	These works are a necessary part of rolling maintenance of the City of London Corporation's Housing stock and have been included in the 5 and 30 year Asset Management Plans.
13. Legal implications	<p>The City is required to ensure all tenanted properties are maintained in a 'decent' condition – as determined by the government's Decent Homes standard. All options outlined will ensure compliance with this requirement.</p> <p>Under the terms of the lease, the City does not have the right to compel leaseholders to replace the window and door within their properties. This is because the glazed area is recessed within the balcony and lies within the leaseholder's demise. The only exception to this would be if this facility was in a state of poor repair and necessary repairs were required.</p>
14. 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.
15. Traffic	The detail of the traffic plan and method statements for the installation phase will be agreed with the successful

	Option 2 – replacing existing layout with double glazing			
implications	contractor.			
16. Sustainability and energy implications	Double-glazing offers a slightly lower thermal value than triple-glazing; however it remains significantly more thermally efficient than the existing single-glazed unit, with u values of circa 1.8. (U-values of single glazing circa 4.8.)			
17. IS implications	N/A.			
18. Equality Impact Assessment	The delivery phase of the works will be carefully planned and implemented in conjunction with residents to ensure no adverse impacts. An equality assessment will be carried out and a Design Risk Assessment will be required as part of the specification process.			
19. Recommendation	Option 2 – replacing existing layout with double glazing			
20. Next Gateway	Gateway 5 - Authority to Start Work			
21. Resource requirements to reach next Gateway	Item	Reason	Cost (£)	Funding Source
	Staff Time	Managing the design, procurement and contract-letting process.	£5,000	HRA & Minerva
	Surveyor Cost	Undertaking specification work and setting final design including installation method.	£5,000	HRA & Minerva
	Principal Designer (formerly CDM)	Satisfy the legal requirements of the CDM Regulations 2015	£4,000	HRA & Minerva
	Total		£14,000	