

Committees:	Dates:	
Housing Management & Almshouses Sub Committee Projects Sub	16 May 2017 10 May 2017	
Subject: Decent Homes works to Avondale Square Estate (Phase II)	Gateway 3/4 Options Appraisal(Regular)	Public
Report of: Director of Community & Children's Services Report Author: David Downing		For Decision

Summary

Project status	Green
Project risk	Green - low
Timeline	Procurement – to July 2017 Gateway 5 / Authority to Commence Works – July 2017 Contractor Appointed – August 2017 Works Start – September 2017
Programme status	Pending Approval of Gateway 3/4 – Options Appraisal
Current estimated cost of works	£900,000
Expenditure to date	Staff Costs £1,000
Total estimated project cost	£1,035,000

Progress to Date (including resources expended and any changes since previous Gateway)

The City has a statutory duty to keep its tenanted Housing properties in good repair and meet the national Decent Homes standard for social housing. For a property to achieve this standard it must have no outstanding health and safety related repairs, be weatherproof and have 'reasonably modern' kitchen, bathroom and heating facilities. A desktop exercise has now been completed and has confirmed the extent of the works required to replace kitchens, bathrooms and/or heating equipment to meet statutory requirements in the outstanding 72 tenanted properties omitted from previous Decent Homes works on the Avondale Estate (as detailed at Gateway 1/2). Since the last Gateway, an additional two residents who had previously refused works or had not responded to requests for access have advised that they wish to be included in Phase II, thus increasing the scope of the project to 74 tenanted properties.

A cost planning exercise has also been completed upon which the following estimated costs are based:

Projected Costs - Decent Homes Avondale Phase II			
Works	Average Unit Cost	Units required	Estimated Total Cost
Kitchens	£7,000	69	£483,000
Bathrooms	£4,500	71	£319,500
Central Heating Upgrades	£4,500	21	£94,500
TOTAL			£897,000
TOTAL (rounded)			£900,000

Expenditure to date is limited to £1,000 staff costs only.

Overview of Options

There is only one practicable option for this project – procuring a principal contractor to complete a planned programme of the necessary works to replace kitchens, bathrooms and central heating systems at the identified properties. Undertaking the works reactively as items fail is not recommended as it is poor practice to wait for items to fail, and more expensive (in terms of both works cost and staff time) to procure and address these failures individually. This option will not be considered further. Doing nothing is not a valid option as these works are considered statutory.

Proposed Way Forward

The proposed way forward is to proceed with the sole option as described above.

Procurement Approach

The department holds a specification for Decent Homes works which has been recently refined to incorporate lessons learned from previous projects. This will be edited further to reflect any local differences that may be found on the Avondale Square Estate. Various options for procurement were considered as per the Committee Procurement Report attached as Appendix 1. Procuring via a framework agreement was considered but limiting the pool of prospective contractors to the typically larger corporate concerns was seen as disadvantageous on this project, where the relatively small scale of the works involved may suit a SME. City Procurement have recommended that these works are advertised on the City of London's Capital eSourcing portal as a below OJEU open tender.

Table with Financial Implications

Description	Option 1
Works Costs	£900,000
Fees & Staff Costs	£135,000
Total	£1,035,000
Funding Strategy	Housing Revenue Account (HRA)

Recommendations

1. That Option 1, a structured programme of Decent Homes works to 74 flats on the Avondale Square Estate, is approved for proceeding to Procurement and Gateway 5.
2. That the estimated total project budget of £1,035,000 is noted.
3. That a budget of £7,000 is approved to reach the next Gateway.

Options Appraisal Matrix

See attached.

Appendices

Appendix 1	PT 4 Procurement form
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Contact

Report Author	David Downing
Email Address	david.downing@cityoflondon.gov.uk
Telephone Number	0207 332 1645

Options Appraisal Matrix

	<i>Option 1</i>
1. Brief description	A structured programme of works to bring the kitchen, bathroom and central heating facilities within 74 tenanted, residential properties up to modern, 'Decent Homes' standards on the Avondale Square Estate.
2. Scope and exclusions	<p>Scope: 74 tenanted properties on the Avondale Square Estate previously omitted from the prior Decent Homes programme.</p> <p>Exclusions: Properties that are rented to leaseholders on long-lease agreements. Tenanted properties in which all facilities are modern and meet the criteria for Decent Homes.</p>
<i>Project Planning</i>	
3. Programme and key dates	<p>Procurement - to July 2017</p> <p>Gateway 5 / Authority to Commence Works – July 2017</p> <p>Contractor Appointed – August 2017</p> <p>Works Start – September 2017</p>
4. Risk implications	<p>Low overall risk.</p> <ul style="list-style-type: none"> This type of work forms part of the core function of this department and has been carried out successfully on numerous previous occasions.

	<i>Option 1</i>
	<ul style="list-style-type: none"> • The procurement of the contractor will be carefully structured to ensure the contractor has both sufficient previous experience of this type and scale of project and appropriate levels of financial capacity. • Further residents who had previously refused or not responded to requests for access may contact officers for inclusion in the project.
5. Benefits and disbenefits	<p>Benefits</p> <ul style="list-style-type: none"> • Preservation of the City of London Corporation's assets. • Improved living conditions for residents. • Compliance with Decent Homes legislation and regulation. • Potential enhancement to Right-to-Buys sale value.
6. Stakeholders and consultees	<ul style="list-style-type: none"> • Members and Ward Members. • Officers including City Surveyors, Chamberlain's, Housing and Neighbourhood Management and Town Clerk's. • Residents of the relevant properties.
<i>Resource Implications</i>	
7. Total Estimated cost	£1,035,000
8. Funding strategy	The works will be funded by the Housing Revenue Account (HRA)
9. Estimated capital value/return	N/A.

	<i>Option 1</i>
10. Ongoing revenue implications	Following the completion of the project, including any warranty periods, the installations will be maintained through the existing reactive repairs and maintenance contract. All properties are currently included in this reactive contract; there will therefore be no cost implications.
11. Investment appraisal	Timely intervention and replacement reduces spend on reactive repairs and maintenance as unexpected failures occur less frequently.
12. Affordability	These works are a necessary part of rolling maintenance of the City of London Corporation's Housing stock. The works have been anticipated and budgeted for in the 5 and 30 year Asset Management Plans.
13. Legal implications	Failure to maintain homes to the required standard has scope for legal challenge.
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 implications	The detail of the traffic plan for the installation phase will be agreed with the successful contractor; however no disruption to traffic is anticipated.
16. Sustainability and energy implications	The installation of new central heating systems will offer improvements in energy efficiency and sustainability which may be sufficient to demonstrate an improvement in the overall SAP rating of the City's housing stock.
17. IS implications	N/A.

<i>Option 1</i>													
18. Equality Impact Assessment	The proposed works will not have an impact on equality or protected characteristics. The delivery phase of the works will be carefully planned and implemented in conjunction with residents to ensure no adverse impacts.												
19. Recommendation	Recommended												
20. Next Gateway	Gateway 5 - Authority to Start Work												
21. 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>Undertaking tender process, completing the contract letting and pre-start processes.</td> <td>£2,000</td> <td>HRA</td> </tr> <tr> <td>Principal Designer</td> <td>Advising on the suitability and health & safety of final designs.</td> <td>£5,000</td> <td>HRA</td> </tr> </tbody> </table>	Item	Reason	Cost (£)	Funding Source	Staff Costs	Undertaking tender process, completing the contract letting and pre-start processes.	£2,000	HRA	Principal Designer	Advising on the suitability and health & safety of final designs.	£5,000	HRA
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