

Committees:	Dates:
Housing Management and Almshouses Sub Committee	27 November 2017
Subject: Great Arthur House – Progress Update New Curtain Walling and Window Replacement	Public
Report of: Director of Community and Children’s Services	For Information

Summary

The City of London Corporation has contracted with Keepmoat to carry out a major refurbishment project at Great Arthur House on the Golden Lane Estate. Work commenced on site in November 2015 with an expected completion date of December 2016. Since work started on site, there have been a number of technical and structural issues arising from the works that have led to substantial cost increases and delays in the completion date.

The purpose of this report is to update members on progress with the works, the issues that have arisen and the actions taken to deal with them.

Recommendations

The Committee is asked to:

1. Note the progress of the works, the difficulties encountered and the actions taken to resolve them as outlined in this report.

Main Report

Background

1. The procurement for the major refurbishment project to Great Arthur House on the Golden Lane Estate took place between July 2013 and March 2014. The tender process was carried out in full compliance with OJEU Public Procurement Rules using the London Tenders Portal.
2. The contract was subsequently awarded to Keepmoat for a sum of £5,846,000, which included provisional sums of £391,000. The works contained in the major refurbishment project included:
 - Replacement curtain walling;
 - Replacement windows;
 - Replacement balcony doors and fanlights;

- Various other associated external repairs.
3. Work commenced on site in November 2015 with an expected completion date of December 2016. Since work started on site, there have been substantial cost increases for additional works arising during the construction phase. These additional works are summarised below:
 - Alterations to new curtain walling to overcome deviations in the existing concrete frame;
 - Additional concrete repairs;
 - Structural alterations to facilitate the replacement of windows to the north and south gable elevations;
 - New electrical supply to bedroom lights in 60 flats;
 - Costs associated with a claim for an Extension of Time.
 4. Great Arthur House contains 46 long-leasehold flats in a high rise block of 120 flats. The estimated recharge for the works, based on the original contract value, is over £54,000 per flat, which long leaseholders will be invoiced.

Current Position

5. The approved budget at Gateway 5 for the major refurbishment project at Great Arthur House was £6,558,668, which included the contract sum with Keepmoat of £5,846,000 plus associated design costs, consultancy costs, staff costs and fees.
6. The current approved revised total outturn cost, which was reported to the Committees in February 2017, is £8,710,017 and although this has not changed further, colleagues in City Surveyors have advised that it is likely that there will be a lengthy process to settle the Final Account with Keepmoat and the final outturn cost may take some time to resolve.
7. With regard to the final completion date for the works, an 'Extension of Time' has been granted to the 20 November. However, realistically, it is estimated that the works will not be completed until April next year at the earliest.

Current Issues

8. Before works began on site in January 2016, our contractor, Keepmoat, fitted out the interior of Flat 59 as a 'show flat' for residents to see how their flat would look once the works had been completed. All residents were invited to visit the 'show flat' and give us their views and opinions on what they saw. Those that did manage to see the flat were generally very happy with what they saw. The design of the 'show flat' was also presented to, and approved, by the City of London Corporation's (the Corporation) planning officers. As a result, it was agreed that the design and standard of the internal works completed in Flat 59 would be rolled out to all the flats in Great Arthur House and this is what we have done.
9. However, recently, some residents have expressed new concerns relating to the internal finishes in the flats which, in their opinion, lead to a loss of character of the design of Great Arthur House. These concerns relate to:

- the style of the replacement balcony doors;
- the new timber batten fixed to the ceiling;
- the finish to the window reveals to the main curtain walling;
- the positioning of the handrail on the window cills;
- the finish to the window reveals of the new gable end windows;
- the refixing of the external handrail to the balcony.

13. In response to the new concerns raised by residents, we recently fitted out Flat 101 as a second 'show flat' incorporating new design details that more closely replicated the original internal finishes. We subsequently invited residents of Great Arthur House to visit the flat and give their views on the changes we had made. Approximately 50% of the residents attended one of the three consultation 'drop-in' sessions at Flat 101. In general terms, most of the residents who attended expressed a strong view that they wanted the work to be completed as soon as possible and were not particularly concerned with the alternative detailing of the internal finishes. Some residents however, expressed a clear preference for some of the changes made in Flat 101.

10. In order to progress this matter, the Corporation has recently written to all residents of Great Arthur House, offering them the opportunity to decide on the type of internal finish they prefer in their home. The letter makes clear however, that the cost of the alternative finishes in Flat 101 is greater than the original agreed and approved finishes in Flat 59 and the cost of changing the internal finishes to flats where the work has already been completed will be considerably more than for flats that have not, as yet, been started. The letter also makes clear that the Corporation will seek to recover the cost of these alternative finishes directly from the individual leaseholder or tenant. The closing date for residents to respond to the letter is Monday 4 December 2017.

Impact on leaseholders

11. The City recognises that the costs of these works are significant and will place a financial burden on leaseholders. The estimated recharge for the works, based on the original contract value, was over £54,000 per flat. Based on the new outturn cost of £8,710,017, the estimated recharge for the works has risen to £72,500.

12. At its meeting on 8 September 2017, members of the Community and Children's Services Committee received and considered a report entitled "Financial Support with Major Works for Leaseholders. Members subsequently agreed the option to offer discretionary loans to owner-occupier leaseholders at an increased maximum amount of £72,500 with up to three years of interest-free borrowing and charge legal and administrative fees. A copy of the report is attached at Appendix 'A' for information.

13. The full extent of the cost of the works that will be recharged to leaseholders is not known at this stage and will only be finalised once the project has been completed and all costs are known.

Appendices

Appendix 'A'

Financial Support with Major Works for Leaseholders – Report to Community and Children's Services 8 September 2017

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