

Committees:	Dates:	
Community and Children's Services Projects Sub Committee Gresham City Side Committee	09 February 2018 14 February 2018 23 February 2018	
Subject: City of London and Gresham Almshouses, East Lodge and Communal areas – Refurbishment Works	Gateway 3/4 Options Appraisal(Regular)	Public
Report of: Director of Community & Children's Services Report Author: Lochlan MacDonald Community and Children's Services	For Decision	

Summary

Recommendations -Project Sub Committee

1. Note total estimated programme cost of £1,600,600 which includes fees and staff costs of £56,600 for internal, external and common parts refurbishment works including East Lodge, at the City of London and Gresham Almshouses.
2. That approval is given for Option Two - authority is given for the Director of Community and Children's services to use in house staff and Mooney Kelly quantity surveyors to develop the specification and carry out procurement of a works contractor to then proceed to Gateway 5, at an estimated cost of £37,300

Recommendations – Community and Children's Services Committee

1. Note total estimated programme cost of £1,344,504 which includes fees and staff costs of £47,544 for internal, external and common parts refurbishment works at the City of London Almshouses.
2. That approval is given for Option Two - authority is given for the Director of Community and Children's services to use in house staff and Mooney Kelly quantity surveyors to develop the specification and carry out procurement of a works contractor to then proceed to Gateway 5, at an estimated cost of £31,332

Recommendations – Gresham Cityside Committee

1. Note total estimated programme cost of £256,096 which includes fees and staff costs of £9,056 for internal, external and common parts refurbishment works at the Gresham Almshouses.
2. That approval is given for Option Two - authority is given for the Director of Community and Children's services to use in house staff and Mooney Kelly quantity surveyors to develop the specification and carry out procurement of a works contractor to then proceed to Gateway 5, at an estimated cost of £5,968, from funds of £51,000 in 2017/18 already approved for these works.
3. That further funds of £205,096 may be sought from City Cash Contingency accounts which will, along with £51,000 approved for 2018/19, allow refurbishment works to proceed.

Dashboard

Project status	Amber
Timeline	Gateway 3/4 – February 2018 Specification completed – May 2018 Tender exercise – June 2018 Gateway 5 – September 2018 Works start – Autumn 2018 Works complete – Spring 2019
Programme status	Pending approval of Gateway 3/4 – Options Appraisal (Regular)
Latest estimated total costs (Inc. fees)	£1,600,000
Expenditure to date	Staff fees of approx. £2000, and £16,350 for installation of property surveys, drainage inspection and pre-planning application drawings for window refurbishment.

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

At Gateway 2, approval of fees of £3,000 for a consultant to be appointed to carry out a detailed condition survey of the Almshouses site facilities, and provide costed options on the refurbishment of these, was granted. It was originally envisaged that Harman Close and Isleden House, sheltered units within the housing department, would be looked at with the Almshouses. However, Harman Close has now been separated into a distinct project, and Isleden House is deemed to be satisfactory at present, following works carried out there previously. There has been slippage since the Gateway two but recent additions to staff within Property Services has now enabled the project to proceed. Local budgets were approved to appoint a consultant to carry out a more in-depth survey. A qualified quantity surveyor was appointed to carry out an initial assessment of what may be needed in each dwelling, as well as general external works. This was beyond what was originally envisaged that Gateway 2.

Part of the increased scope of work was to undertake a drainage survey, given concerns raised by estate staff as to the condition of below ground services. Architects have also been commissioned to work on pre-planning drawings for the works required to bring the windows up to standard. As the Almshouses are in a conservation area and are listed, replacement of the existing wooden frames and sashes may not be approved, and listed building consent will be required for any overhauling works.

The detailed expenditure so far is:

Item	Cost
Detailed Quantity Surveyor survey of all properties	£7000
Drainage Survey	£4950

Window Pre-Planning Drawings	£4400
Staff fees (Estimated)	£2000
Total Expenditure	£18,350

The above costs have not been included within the current estimated cost of works as these have been funded from local resources.

Overview of Options

The options appraisal report below details two possible options:

Option 1 – Do not carry out a project to update facilities and instead address any replacement and repair works via the response repairs and voids procedure.

Option 2 – Carry out replacement and refurbishment of internal and external facilities within flats and across the whole site, as identified by Mooney Kelly's cost estimate of September 2017 and associated extra works as determined by the City officers.

The previous Gateway report indicated that the future of the City's sheltered schemes was under review and alternative methods of delivery may be looked at. Whilst this is currently the case with the dedicated sheltered schemes, the Almshouses differ in that the properties on the site are listed and the scope for possible change of use are limited. Given these restrictions, the City as trustees has an obligation to ensure the current facilities are modern and fit for purpose within the confines of listed building consent.

When properties have become void in the past, they have been individually assessed, with facilities replaced or not as required. It is not possible to give an indicative cost per property as this depends on the amount of work needed in each and variations within individual properties in terms of condition and size. Whilst there is an advantage of being able to carry out works within empty properties, this does not give the incoming resident any choice on finishes and has led to some residents having far better facilities than others. This option would not achieve the stated aim of bringing all homes up to standard so is not recommended.

The external and common parts works are overdue as the sheltered housing review precluded carrying out such works. It makes sense to undertake these works at the same time as works to individual properties to minimise disruption to residents and achieve economies of scale for works.

The survey carried out by Mooney Kelly in the summer of 2017 included individual assessments of dwellings where access was available. Assumptions, based on findings at similar properties and information from the scheme manager, have been made about properties where no access was available.

Option two will achieve the aim of ensuring all homes are up to standard. Residents will be given a degree of choice on the internal finishes and possibly design (although this is limited by space restrictions). The works will probably have to be carried out with residents remaining in their homes, but this will be discussed with Support Staff to try and ensure this causes minimal disturbance.

Proposed Way Forward

We are recommending that Option Two is approved. If this approved, it is proposed that Mooney Kelly, who undertook the initial surveys, will be appointed to draw up a detailed specification of interior, exterior and common parts works and develop the tender documents. The existing Decent Homes specification, that is being used at similar projects at other blocks, may be made available to them to ensure consistency across estates for internal finishes. If some residents indicate that they want walk in bathrooms rather than standard bathrooms, this will be addressed on an

individual basis with support staff and included in the specification.

Procurement Approach

City Procurement have been approached for advice on the tender process, a part of which will be quality questions for examples of working within occupied premises and with older, more vulnerable people. Consideration may be given to using existing decent homes contractors, depending on assessment of current performance.

Table with Financial Implications

Description	Option 2
Works Costs	£1,544,000
Fees (Specification, tender documents by Quantity Surveyor)	£18,000
Staff Costs (2.5%)	£38,600
Total	£1,600,600
Source	City of London Almshouses Trust and Gresham Almshouses Trust

Appendix Two shows the breakdown of costs between City of London and Gresham Almshouses.

This is the total estimated budget to carry out the works. This report is seeking budget approval for £37,300 to reach the next gateway as per the recommendations below:

1. To note the total estimated programme cost of £1,600,600 which includes fees and staff costs of £56,600 for internal, external and common parts refurbishment works at the City of London and Gresham Almshouses
2. That approval is given for Option Two - authority is given for the Director of Community and Children's services to use in house staff and Mooney Kelly quantity surveyors to develop the specification and tender documents and carry out procurement of a works contractor to then proceed to Gateway 5, at an estimated overall cost cost of £37,300 (£31,332 for City of London Almshouses and £5,968 for Gresham Almshouses).
3. That further funds of £205,096 may be sought from City Cash Contingency accounts which will, along with £51,000 approved for 2018/19, allow refurbishment works to proceed at Gresham Almshouses.

Options Appraisal Matrix

See attached.

Appendices

Appendix 1	PT4
Appendix 2	Estimated costs split

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Options Appraisal Matrix

	<i>Option 1</i>	<i>Option 2</i>
1. Brief description	Carry out replacement and repair works through repairs and voids procedure	Renew internal facilities in identified flats and carry out programme of exterior and common parts works.
2. Scope and exclusions	<p>Scope</p> <ul style="list-style-type: none"> • Kitchens, bathroom and heating replaced as and when voids become available. • External works as reported <p>Exclusions</p> <ul style="list-style-type: none"> • Properties that have already had elements replaced or do not report repairs required • All other properties 	<p>Scope</p> <ul style="list-style-type: none"> • Kitchens, bathroom and heating replaced as identified and required. • Programme of external works <p>Exclusions</p> <ul style="list-style-type: none"> • Almshouses which have already had elements replaced • All other properties
<i>Project Planning</i>		
3. Programme and key dates	<ul style="list-style-type: none"> • Gateway 3/4 – February 2018 • Works will then proceed as required when individual properties become vacant 	<ul style="list-style-type: none"> • Gateway 3/4 – February 2018 • Specification complete – May 2018 • Procurement of contractor – May/June 2018 • Authority to proceed/Gateway 5 – July 2018 • Works commence – Summer 2018 • Complete – May 2019
4. Risk implications	<ul style="list-style-type: none"> • Not all properties will be necessarily modernised. 	<ul style="list-style-type: none"> • Works may have to take place during winter months which may distress residents.

	<ul style="list-style-type: none"> • Some residents left with non standard facilities. • Possible reputational damage to City for failing to provide adequate accommodation to vulnerable residents. 	<ul style="list-style-type: none"> • Resident refusal to have works done, may mean some properties remain non decent.
5. Benefits and disbenefits	<p>Benefits</p> <ul style="list-style-type: none"> • Lower initial outlay than other option. <p>Disbenefits</p> <ul style="list-style-type: none"> • Not all properties brought to standard. • No choice for residents in choosing finishes 	<p>Benefits</p> <ul style="list-style-type: none"> • All properties given opportunity to be brought to standard • Residents given chance to choose finishes. • Less response repair costs for future voids and external repairs <p>Disbenefits</p> <ul style="list-style-type: none"> • Potentially high initial expenditure
6. Stakeholders and Consultees	<p>Tenants of City of London and Gresham Almshouses, Members, Trustees of the City of London Almshouses and Gresham Almshouses Trusts, Department of Community and Children's Services Staff. This being a sheltered scheme, there are no long leaseholders so no Statutory Section 20 consultations with lessees are necessary.</p>	
Resource Implications		
7. Total Estimated cost	Unknown as this will depend on void turnover	£1,600,600 including fees and staff costs of £56,600.
8. Funding strategy	City of London Almshouses Trust	City of London Almshouses Trust – Total unrestricted reserves of £1,601,904 as at 31 March

	Gresham Almshouses Trust	<p>2017, held mainly as Charities Pool Units that would need to be realised in order to fund the the work. This would mean the loss of annual investment income (£42,000 in 2017) and some reduction in income on cash balances (£1,000 in 2017)</p> <p>Gresham Almshouses Trust, pending approval;from City Cash Contingency fund or from unallocated resources.</p>
9. Estimated capital value/return	Not applicable	
10. Ongoing revenue implications	The works will continue to expend the response repairs and void budgets, though the extent is unknown.	<p>Any repairs required on the first year will be covered by defects liability, after which any necessary repair or maintenance will come for the response repairs budget. This should be reduced as new facilities should not require as many repairs in the short term. The new facilities will need replacement within 25- 30 years, depending on decisions made regarding the future of The Almshouses and sheltered housing in general.</p> <p>City of London Almshouses Trust realisation of Charity Pool investments and reduction in cash balances would mean the loss of annual investment income (£42,000 in 2017) and some reduction in income on cash balances (£1,000 in</p>

		2017).
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 City and Gresham Almshouses	
12. Affordability	The works will be funded from existing agreed budgets for void and response repairs.	The works costs have been estimated and form part of the funded 5 year and 30 year Asset Management Plans.
13. Legal implications	<ul style="list-style-type: none"> A failure to meet Decent Homes Standard may result in reputational risk to the City. 	
14. Corporate property implications	It is important that assets which the City is responsible for remain in good, safe and statutory compliant condition. Therefore, all necessary action should be taken to ensure that assets are kept as such throughout their lifetime.	
15. Traffic implications	Access will be granted as per the normal procedures for repairs contractors.	Access will be required for contractors at the Almshouses and local arrangements will be made with the estate staff.
16. Sustainability and energy implications	The planned works to the windows and the radiators within flats and roof repairs and improved loft insulation will help to further prevent heat loss.	
17. IS implications	Not applicable	
18. Equality Impact Assessment	Not applicable	An Equality Analysis will be carried out and a Design Risk Assessment will be stipulated as part of the design/specification process. The delivery phase of the works will be carefully planned and

		implemented in conjunction with residents to ensure positive effects are realised and adverse impacts are minimised.
19. Recommendation	Not recommended	Recommended
20. Next Gateway	Choose an item. N/a	Gateway 5 - Authority to Start Work
21. Resource requirements to reach next Gateway	Unknown as this will depend on amount of repairs	
		Option 2
		QS Fees £18,000
		Staff Fees (1.25%) £19,300
		Totals £37,300