

<b>Committees:</b>	<b>Dates:</b>	
Choose an item. Projects Sub Housing Management and Almshouses Sub	17 January 2018 12 February 2018	
<b>Subject:</b> Harman Close – Decent Homes	<b>Gateway 3/4 Options Appraisal(Regular)</b>	<b>Public</b>
<b>Report of:</b> Director of Community & Children's Services <b>Report Author:</b> Lochlan MacDonald		<b>For Decision</b>

### **Recommendations**

1. Note total estimated programme cost of £982,660 which includes fees and staff costs of £32,260 for decent homes works at Harman Close.
2. That authority is given for the Director of Community and Children's services to use in house staff and quantity surveyors to develop the specification and carry out procurement of a works contractor as per Option 2, to proceed to Gateway 5, at an estimated cost of £16,130.

### **Summary**

### **Dashboard**

Project status	Amber
Timeline	Gateway 3/4 – January/ February 2018 Specification completed - April 2018 Tender exercise – May 2018 Gateway 5 – July 2018 Works start – Summer 2018 Completion of works – March 2019
Programme status	Pending approval of Gateway 3/4 – Options Appraisal (Regular)
Latest estimated total costs (inc. fees)	£982,660
Expenditure to date	Staff fees Approx. £2000, and £2771.00 for installation of pilot heating system

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

At Gateway 2, fees of £12,000 for a consultant to be appointed to carry out a detailed condition survey of the Harman Close's facilities, and provide costed options on the refurbishment of these. Since this time, staff resources within Property Services in DCCS have increased and new technical staff were able to carry out the surveys of most properties within Harman Close, to establish which properties required which upgrades (kitchen and/or bathrooms) as some have had

new facilities fitted as and when they became void.

Technical staff identified a new heating system to replace the current ones of historic underfloor heating and older style storage heaters, installed where the underfloor heating has failed. Due to lack of space, it is not possible to install individual gas fired central heating systems. Officers were able to get a pilot system installed in a flat at Harman Close, which residents could come and look at. Over half the residents of Harman Close took the opportunity to view this. The new heating hardware was provided free of charge and the only costs incurred were for installation of the new system. The same heating system has also since been installed in another property.

Total expenditure to date has been £2771.00 in relation to costs of installation of the pilot heating installation and approx. £2000 staff costs associated with surveys for the works.

## **Overview of Options**

The options appraisal report below details three possible options:

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

Option 2 – Carry out replacement of facilities as required in each flat, as identified on DCCS surveys carried out in the Summer of 2017.

Option 3 replace all facilities in all flats regardless of current condition, in order to establish a consistent basis for future asset management and planned replacement programmes.

When properties have become void in the past, they have been individually assessed, with kitchens, bathrooms and heating 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 survey carried out by DCCS staff during the summer of 2017 has identified what works are required and where, and option two will achieve the aim of ensuring all homes are up to standard. Residents will be given a degree of choice on the 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.

Option three would mean that all properties are up to standard and, from an asset management point of view, establish a baseline for future replacement. However, this ignores that facilities in several properties already reach the standard, would be more expensive than the other options, and more disruptive for all residents. Also, as the long-term future of Harman Close may be reviewed, such an option could mean money being spent now on full replacement facilities that may not be required for their full lifetime.

## **Proposed Way Forward**

If option two is approved, it is proposed that the existing Decent Homes specification, that is being used at similar projects at other blocks, be adapted by DCCS Property Services staff, in liaison with sheltered staff over design particulars for individual flats. Some residents have indicated that they want walk in bathrooms rather than standard bathrooms and this will be discussed with support staff and addressed in the specification as necessary

## **Procurement Approach**

City Procurement will be approached for advice on this issue. It may be possible for a current similar project at Avondale Square Estate (where Harman Close is based) to be extended to include Harman Close, providing that project managers are happy with the current contractor's performance and they can satisfy officers with regard to working within occupied premises and with older, more vulnerable people. A further option may be to carry out a straightforward tender process. If such an approach is taken, the quality questions will be as for examples of working within occupied premises and with older, more vulnerable people. It is proposed that one contractor is appointed to carry out all elements of works.

## **Table with Financial Implications**

<b>Description</b>	<b>Option 2</b>
Works Costs	£950,400
Fees (Clerk of Works, QS)	£8,500
Staff Costs (2.5%)	£23,760
<b>Total</b>	<b>£982,660</b>
Source	Housing Revenue Account (HRA)

## **Options Appraisal Matrix**

See attached.

## **Appendices**

<b>Appendix 1</b>	PT4 Report
<b>Appendix 2</b>	
<b>Appendix 3</b>	

## **Contact**

<b>Report Author</b>	Lochlan MacDonald
<b>Email Address</b>	Lochlan.macdonald@cityoflondon.gov.uk
<b>Telephone Number</b>	020 7332 3939

## Options Appraisal Matrix

	<i><b>Option 1</b></i>	<i><b>Option 2</b></i>	<i><b>Option 3</b></i>
<b>1. Brief description</b>	Carry out replacement works through repairs and voids procedure	Renew facilities in identified flats	Install new facilities to all flats
<b>2. Scope and exclusions</b>	<p>Scope</p> <ul style="list-style-type: none"> <li>Kitchens, bathroom and heating replaced as and when voids become available</li> </ul> <p>Exclusions</p> <ul style="list-style-type: none"> <li>Harman Close properties that have already had elements replaced</li> <li>All other properties</li> </ul>	<p>Scope</p> <ul style="list-style-type: none"> <li>Kitchens, bathroom and heating replaced as identified and required.</li> </ul> <p>Exclusions</p> <ul style="list-style-type: none"> <li>Harman Close properties that have already had elements replaced</li> <li>Harman Close properties where residents have indicated works are not required;</li> <li>All other properties</li> </ul>	<p>Scope</p> <p>All kitchens, bathrooms and heating systems replaced.</p> <p>Exclusions</p> <ul style="list-style-type: none"> <li>Harman Close properties where residents have indicated works are not required;</li> <li>All other properties</li> </ul>
<i><b>Project Planning</b></i>			
<b>3. Programme and key dates</b>	<ul style="list-style-type: none"> <li>Gateway 3/4 – February 2018</li> <li>Works will then proceed as required when</li> </ul>	<ul style="list-style-type: none"> <li>Gateway 3/4 – February 2018</li> <li>Specification complete – April 2018</li> </ul>	<ul style="list-style-type: none"> <li>Gateway 3/4 – February 2018</li> <li>Specification complete – April 2018</li> </ul>

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>
	individual properties become vacant	<ul style="list-style-type: none"> <li>• Procurement of contractor – May 2018</li> <li>• Authority to proceed/Gateway 5 – July 2018</li> <li>• Works commence – Summer 2018</li> <li>• Complete – March 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement of contractor – May 2018</li> <li>• Authority to proceed/Gateway 5 – July 2018</li> <li>• Works commence – Summer 2018</li> <li>• Complete – March 2019</li> </ul>
<b>4. Risk implications</b>	<ul style="list-style-type: none"> <li>• Not all properties will be necessarily modernised.</li> <li>• Residents left with non standard facilities.</li> <li>• Possible reputational damage to City for failing to provide adequate accommodation to vulnerable residents.</li> </ul>	<ul style="list-style-type: none"> <li>• Works may have to take place during winter months which may distress residents.</li> <li>• Money being spent on facilities that may not be required for their whole lifetime depending on future of Harman Close.</li> <li>• Resident refusal to have works done, may mean some properties remain non- decent.</li> </ul>	<ul style="list-style-type: none"> <li>• Carrying out works which are not required may not be cost effective;</li> <li>• Works may have to take place during winter months which may distress residents.</li> <li>• Money being spent on facilities that may not be required for their whole lifetime depending on future of Harman Close.</li> <li>• Resident refusal to have works done, may mean some properties remain non- decent.</li> </ul>
<b>5. Benefits and disbenefits</b>	<p>Benefits</p> <ul style="list-style-type: none"> <li>• Lower initial outlay than</li> </ul>	<p>Benefits</p> <ul style="list-style-type: none"> <li>• All properties given opportunity to be brought</li> </ul>	<p>Benefits</p> <ul style="list-style-type: none"> <li>• All properties given opportunity to be brought to</li> </ul>

	<i><b>Option 1</b></i>	<i><b>Option 2</b></i>	<i><b>Option 3</b></i>
	<p>other options.</p> <p>Disbenefits</p> <ul style="list-style-type: none"> <li>• Not all properties brought to standard.</li> <li>• No choice for residents in choosing finishes</li> </ul>	<p>to standard</p> <ul style="list-style-type: none"> <li>• No expenditure on new facilities that are not required.</li> <li>• Residents given chance to choose finishes.</li> <li>• Less response repair costs for future voids</li> </ul> <p>Disbenefits</p> <ul style="list-style-type: none"> <li>• Potentially high initial expenditure</li> </ul>	<p>standard</p> <ul style="list-style-type: none"> <li>• Residents given chance to choose finishes.</li> <li>• Less response repair costs for future voids</li> </ul> <p>Disbenefits</p> <ul style="list-style-type: none"> <li>• Potentially high initial expenditure</li> <li>• Chance of all new facilities not being needed for their expected lifetime.</li> </ul>
<b>6. Stakeholders and consultees</b>	<ul style="list-style-type: none"> <li>• Tenants of Harman Close, Members, Department of Community and Children's Services Staff. This being a sheltered scheme, there are no long leaseholders so no Section 20 consultations are necessary.</li> </ul>		
<i><b>Resource Implications</b></i>			
<b>7. Total Estimated cost</b>	Unknown as this will depend on void turnover	£982,660	£1,065,685
<b>8. Funding strategy</b>	Response repairs budget Dedicated voids budget	Housing revenue account	Housing revenue account

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>
	Both within Housing Revenue account		
<b>9. Estimated capital value/return</b>	Not applicable		
<b>10. Ongoing revenue implications</b>	The works will continue to expend the response repairs and void budgets, though the extent is unknown.	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 Harman Close.	
<b>11. Investment appraisal</b>	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).		
<b>12. Affordability</b>	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.	
<b>13. Legal implications</b>	<ul style="list-style-type: none"><li>A failure to meet Decent Homes Standard may result in reputational risk to the City.</li></ul>		
<b>14. Corporate property implications</b>	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.		
<b>15. Traffic</b>	Access will be granted as per the	Access will be required for contractors at Harman Close and local	

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>
<b>implications</b>	normal procedures for repairs contractors.	arrangements will be made with the estate staff.	
<b>16. Sustainability and energy implications</b>	The new heating systems will be more energy efficient, have better controls and be easier for residents to operate than current facilities		
<b>17. IS implications</b>	N/A		
<b>18. Equality Impact Assessment</b>	N/a	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 realise and adverse impacts are minimised	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 realise and adverse impacts are minimised
<b>19. Recommendation</b>	Not recommended	Recommended	Not recommended

	Option 1	Option 2	Option 3
20. Next Gateway	N/a	Gateway 5 - Authority to Start Work	N/a
21. Resource requirements to reach next Gateway			
		Option 2	Option 3
		QS Fees	£4250
		Staff Fees (2.5%)	£11,880
		Totals	£16,130
		QS Fees	£4250
		Staff Fees (2.5%)	£12,892.50
		Totals	£17,142.50