

<b>Committees:</b>	<b>Dates:</b>	
Court Sub Projects Sub	11 June 2018 13 June 2018	
<b>Subject:</b> External Repair works at the City of London Magistrates Court Gateway 3 <b>Report reference: CS/225/18</b>	<b>Gateway 3 Options Appraisal(Regular)</b>	<b>Public</b>
<b>Report of:</b> City Surveyor <b>Report Author:</b> Jessica Lees & Samantha Williams – City Surveyors Department		<b>For Decision</b>
<p style="text-align: center;"><b><u>Summary</u></b></p> <p><b>Dashboard</b></p> <ul style="list-style-type: none"> <li>• Project Status – Green</li> <li>• Timeline: The project was approved at gateway 1/ 2 for an option appraisal to be submitted under gateway 3/ 4</li> <li>• Approved expenditure at gateway 1/ 2 - £15,000</li> <li>• Spend to date:£5,184 (£9,816 remaining)</li> <li>• Requested expenditure for this gateway - £20,000 (£9,816 from original £15,000 and £10,184 uplift)</li> <li>• Total estimated project cost (option 2) - £635,000 (to be confirmed at gateway 4/ 5)</li> </ul> <p>Progress to date</p> <p>The forward maintenance plan for the Magistrates Court has identified a significant amount of external works required over the next few years.</p> <p>Members approved a gateway 1/ 2 report in January/February 2017 to instruct a consultant to carry out a survey on options to be presented at gateway 3/ 4.</p> <p>The building itself is in a poor state and hasn't had any work carried out on the external façade for at least 30 years, and work is now urgently required. To support this point, in June 2017 there was a discovery of unsafe stonework, which meant as a matter of urgency a "tap/hammer test" took place and any stonework deemed unsafe was removed.The options presented in this report continue on from this work.</p> <p>Carden &amp; Godfrey Architects were appointed to carry out the options appraisal. Their report highlighted that essential works are required and presented three options following a short, medium and longer term strategy.</p> <p>This gateway report has changed from the proposed 3/ 4 to a gateway 3 to allow the team to agree the funding strategy with HMCTS and develop the specification, with an appropriate procurement strategy to be proposed at gateway 4/5.</p>		

## **Overview of options**

### **Option 1 - short term/immediate**

To continue maintaining the building to its current condition and only carry out immediate works to areas that pose a health and safety risk. This option also includes short term cyclical maintenance i.e. repairs and decoration but not renewal. The total estimated cost for this option would be £363,000 including consultant's fees for the design stage of £15,000 to progress this project to gateway 4/ 5. This option ensures that the general condition of the building will not immediately deteriorate, however in time the cost of repairing what is broken and leaking will steadily increase and may get to a stage where the building may become uninhabitable.

### **Option 2 – medium term (Recommended Option)**

To carry out cyclical maintenance at an estimated total project cost of £635,000, including consultant's fees of £20,000 for the design stage. This option would address immediate requirements and ensure the building is maintained to a good condition for the next 5 years which is in line with the City Surveyor's Asset Management Strategy for the Operational property Portfolio. This option will not reduce the future maintenance costs but would keep the costs manageable and predictable for the next 5 to 10 years.

### **Option 3 – long term**

To carry out a full overhaul, replacing all elements that require replacement and repair those deemed necessary. The total estimated cost would be £1,242,000, including consultant's fees of £25,000 for the design stage. Although this option would provide a greater confidence for the future condition of the building and reduce cyclical maintenance costs, it is deemed not feasible for a building where occupiers are due to vacate in 5 – 10 years. This option would also have the greatest upfront expenditure and would cause the greatest disruption to the operation of the Courts.

The requirement to carry out significant external work to the Magistrates Court over the next few years was identified by the forward maintenance plan. The option appraisal presents the opportunity to deliver this work under one project, which will be more cost effective, less disruptive to HMCTS and demonstrates to HMCTS the City's commitment to the property.

### **Proposed way forward**

The proposed way forward is for Members to approve the recommended option 2 so that consultants can be appointed to prepare a specification enabling the City to tender the works and proceed to a gateway 4/ 5, authority to start work.

By agreeing to option 2 the City would be ensuring that the building is maintained in a good condition and with more manageable and predictable maintenance costs over the next 5 years or until the final decision is made regarding the future of this asset.

Whilst the design stage is underway, the City will agree a funding strategy with Her Majesty's Court and Tribunal Service (HMCTS). A Memorandum of Understanding with the Lord Chancellor sets out the mechanism to recover costs that exceed a set threshold. Initial discussions are already underway with HMCTS and we will report back at gateway 4/ 5 on agreement to the funding of this project.

As this work is essential to ensuring that the external fabric of the building is brought up to a safe standard and ensuring that the building is fit for purpose, we recommend that option 2 is approved so that the design process can start and ensure no further delays are incurred whilst an agreement is made with HMCTS.

### **Procurement approach**

Consultants, further surveys and works will be procured in accordance with the purchasing arrangements details in the City of London Procurement Code.

### **Design stage**

We will work with City Procurement to appoint consultant(s) to carry out indepth surveys and draw up the necessary specification against the recommended option.

### **Construction stage**

As the project is estimated over £400,000 but less than the EU threshold, we will be approaching City Procurement to undertake a competitive tender via the Capital e-Sourcing portal. A PT4 form will be submitted at gateway 4/ 5.

### **Option 2 – breakdown of costs**

<b>Option Appraisal</b>	<b>Rounded up to £,000</b>
Feasibility survey and report	£5,000
<b>Option appraisal sub total</b>	<b>£5,000</b>
<b>Design Stage – Specification to tender</b>	
Consultants Fees	£10,000
Surveys	£10,000
<b>Design stage sub total</b>	<b>£20,000</b>
<b>Construction Stage</b>	
Asphalt Roof Repairs – Patch repairs, application of solar reflective paint and re-slate mansard slopes	£125,000
Cladding and Rainwater Pipe Works – Patch repairs to copper cladding, replacement of lead weathering, replacement of asphalt gutter, CCTV survey of internal rainwater pipes	£25,000
Stonework Repairs – Parapet wall repairs, repointing of open mortar joints	£75,000
External Redecoration Works – Repairs to metal windows, grilles and joinery, redecoration roof top joinery and doors	£55,000
Prelims and Scaffolding	£250,000
Consultants Fees (Inc. Project Manager, Lead Designer, H&S, Listed Building)	£75,000
<b>Construction stage sub total</b>	<b>£630,000</b>
Staff project costs	£5,000
<b>Total estimated project total (all stages, incl staff costs)</b>	<b>£635,000</b>

Costs presented within the table above are based upon estimated outturn prices.

### **Recommendations**

Members are asked to:

- Approve option 2, to carry out essential works which will ensure the building is maintained to a good condition for the next 5 years, whilst substantial progress is made on the new judicial centre.
- Approve the recommendation to consolidate the work and deliver under one project.
- Approve a gateway 3 cost of £20,000, made up of the remaining £9,816 from the original £15,000 budget approved at gateway 1/ 2 and uplift of £10,184 from the the City's Cash Annual Provision for New Schemes. This will be to develop a specific design and specification ready to tender the works.
- Note that the current total project estimated cost is £635,000. A funding strategy is to be agreed with HMCTS and submitted to Members within a gateway 4/ 5 report.
- Note that we will engage with City Procurement and present preferred procurement route also to be presented within the gateway 4/ 5 which will be submitted for Committee approval.

### **Appendices**

<b>Appendix 1</b>	Options Appraisal Matrix
<b>Appendix 2</b>	Risk register

### **Contact**

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## Appendix 1 - Options Appraisal Matrix

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>
<b>1. Brief description</b>	Short term/ immediate health and safety work to externals	Medium term, including immediate work (recommended option)	Long term, including immediate health and safety items
<b>2. Scope and exclusions</b>	<ul style="list-style-type: none"> <li>• To carry out patch repairs to roof, copper cladding, mansard roof slopes and asphalt guttering;</li> <li>• Apply application of solar reflective paint to asphalt;</li> <li>• CCTV survey of rainwater pipes;</li> <li>• Repairs to parapet wall stonework and repointing of open mortar joints;</li> <li>• Repairs and redecoration to railings and window joinery;</li> <li>• Redecoration of joinery/doors and metal windows;</li> <li>• All scaffolding for the duration of the project.</li> </ul>	<ul style="list-style-type: none"> <li>• To carry out all works as per option 1 and the following;</li> <li>• Remove cables and other fixings from copper cladding and patch repair;</li> <li>• Replacement lead weathering to cable entry;</li> <li>• Re-slate rather than patch repair mansard roof slopes;</li> <li>• Replace rather patch replace asphalt gutter.</li> <li>• All scaffolding for the duration of the project.</li> </ul>	<ul style="list-style-type: none"> <li>• To carry out all works as per option 1 and 2 and the following;</li> <li>• Replacement of asphalt to main roof;</li> <li>• Insulation to roof areas;</li> <li>• Stonework repairs to elevations and stone cleaning;</li> <li>• Replacement of lead protection to string courses and pediments;</li> <li>• Replacement of windows were required;</li> <li>• Repairs/replacement of broken or missing ironmongery to windows;</li> <li>• Replacement of steps and repair of door;</li> <li>• All scaffolding for the duration of the project.</li> </ul>

<b>Project Planning</b>			
<b>3. Programme and key dates</b>	<ul style="list-style-type: none"> <li>• Gateway 3 Approval: June 2018.</li> <li>• Appointment of Consultants: July 2018.</li> <li>• Surveys undertaken: August 2018</li> <li>• Review of information with Consultants: September 2018.</li> <li>• Contract Documents Drafted: September 2018.</li> <li>• Procurement of Works: November, December 2018.</li> <li>• Tender Review: January 2019.</li> <li>• Works Start on Site: March 2019 (Subject to Surveys, Scope of works affected by weather, Highways Licences/Closures).</li> <li>• Completion date: September 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Gateway 3 Approval: June 2018.</li> <li>• Appointment of Consultants: July 2018.</li> <li>• Surveys undertaken: August, September 2018.</li> <li>• Review of information with Consultants: October 2018.</li> <li>• Contract Documents Drafted: October, November 2018.</li> <li>• Procurement of Works: December, January 2019.</li> <li>• Tender Review: February 2019.</li> <li>• Works to Start on Site: April 2019 (Subject to Surveys, Scope of Works affected by weather, Highways Licences/Closures).</li> <li>• Completion date: December 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Gateway 3 Approval: June 2018.</li> <li>• Appointment of Consultants: July 2018.</li> <li>• Surveys undertaken: August, September, October 2018.</li> <li>• Review of information with Consultants: October 2018.</li> <li>• Contract Documents Drafted: October, November 2018.</li> <li>• Procurement of Works: December 2018, January 2019.</li> <li>• Tender Review: February 2019.</li> <li>• Works Start on Site: April 2019 (Subject to Surveys, Scope of Works affected by weather, Highways Licences/Closures).</li> <li>• Completion date: March/ April 2020</li> </ul>

<b>4. Risk implications</b>	<ul style="list-style-type: none"> <li>• Part or full closure of building if deemed unsafe.</li> <li>• This in turn will increase costs to address major repairs and leaks under urgent conditions.</li> <li>• The City does not fulfil its statutory obligations under the Courts Act and MoU.</li> <li>• A building failure could compromise the City's property insurance cover.</li> </ul>	<ul style="list-style-type: none"> <li>• Part or full closure of building if deemed unsafe.</li> <li>• The City does not fulfil its statutory obligations under the Courts Act and MoU.</li> <li>• A building failure could compromise the City's property insurance cover.</li> </ul>	<ul style="list-style-type: none"> <li>• Part or full closure of building if deemed unsafe.</li> <li>• The City does not fulfil its statutory obligations under the Courts Act and MoU.</li> <li>• A building failure could compromise the City's property insurance cover.</li> <li>• </li> </ul>
<b>5. Benefits and disbenefits</b>	<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Current condition is maintained.</li> <li>• Least disruption to Court service whilst carrying out work.</li> </ul> <p><b>Disbenefits</b></p> <ul style="list-style-type: none"> <li>• Reactive costs will increase over time.</li> </ul>	<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Building is maintained to a good condition.</li> <li>• Maintenance costs will be manageable and predictable.</li> <li>• Minimal disruption to the Court Service Operations.</li> </ul>	<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Greater confidence in condition of building.</li> <li>• Future cyclical maintenance costs are reduced.</li> </ul> <p><b>Disbenefits</b></p> <ul style="list-style-type: none"> <li>• Greatest disruption to Court service.</li> </ul>
<b>6. Stakeholders and consultees</b>	Her Majesty's Court Service Town Clerks Planning/ Heritage	Her Majesty's Court Service Town Clerks Planning/ Heritage	Her Majesty's Court Service Town Clerks Planning/ Heritage

<b>Resource Implications</b>			
<b>7. Total Estimated cost</b>	£363,000	£635,000	£1,242,000
<b>8. Funding strategy</b>	<p>Request for a contribution from the City's Cash Annual Provision for New Schemes to proceed to gateway 4/5.</p> <p>Funding strategy will be agreed with HMCTS for total project costs.</p>	<p>Request for a contribution from the City's Cash Annual Provision for New Schemes to proceed to gateway 4/5.</p> <p>Funding strategy will be agreed with HMCTS for total project costs.</p>	<p>Request for a contribution from the City's Cash Annual Provision for New Schemes to proceed to gateway 4/5.</p> <p>Funding strategy will be agreed with HMCTS for total project costs.</p>
<b>9. Estimated capital value/return</b>	Not applicable	Not applicable	Not applicable
<b>10. Ongoing revenue implications</b>	<p>This option would address immediate health and safety issues, however does not cease from the future requirement of reactive repairs which would be costly to the budget held by the City Surveyors Department.</p>	<p>This option will have a positive effect, rationalising on-going revenue costs, ensuring these are predictable and easily managed within the Building, Repairs and Maintenance budget held by the City Surveyors Department.</p>	<p>This option has the largest upfront cost, however would mean that revenue costs would be reduced to cover routine maintenance from the local risk budget held by the City Surveyors Department.</p>
<b>11. Investment appraisal</b>	Not applicable	Not applicable	Not applicable



<b>12. Affordability</b>	<ul style="list-style-type: none"> <li>• Does not reduce reactive works in future</li> <li>• Is not cost effective as likelihood of further project required in next 5 years is high</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces reactive costs</li> <li>• Predictable budget for medium term</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces reactive costs</li> <li>• Possible refusal from HMCTS on certain items deemed as improvements</li> <li>• Non recoverable costs beyond vacant possession</li> </ul>
<b>13. Legal implications</b>	Under the Courts Act 2003 the City has a statutory obligation to make the building available for Court use.	Under the Courts Act 2003 the City has a statutory obligation to make the building available for Court use.	Under the Courts Act 2003 the City has a statutory obligation to make the building available for Court use.
<b>14. Corporate property implications</b>	<ul style="list-style-type: none"> <li>• Operational assets remain in a good, safe and statutory compliant condition.</li> </ul>	<ul style="list-style-type: none"> <li>• Operational assets remain in a good, safe and statutory compliant condition.</li> <li>• Operational assets are fit for purpose and meet service delivery needs.</li> <li>• Property is managed in line with Corporate Property Asset Management Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Operational assets remain in a good, safe and statutory compliant condition.</li> <li>• Operational assets are fit for purpose and meet service delivery needs.</li> <li>• Property is managed in line with Corporate Property Asset Management Strategy</li> </ul>
<b>15. Traffic implications</b>	Not applicable	Not applicable	Not applicable

<b>16. Sustainability and energy implications</b>	None	<ul style="list-style-type: none"> <li>• Work to the windows will ensure that building will be more insulated and as a consequence its energy performance will be increased</li> </ul>	<ul style="list-style-type: none"> <li>• Work to the windows will ensure that building will be more insulated and as a consequence its energy performance will be increased</li> </ul>
<b>17. IS implications</b>	Not applicable	Not applicable	Not applicable
<b>18. Equality Impact Assessment</b>	Not applicable	Not applicable	Not applicable
<b>19. Recommendation</b>	Not recommended	Recommended	Not recommended
<b>20. Next Gateway</b>	Gateway 4/ 5 - Authority to Start Work	Gateway 4/ 5 - Authority to Start Work	Gateway 4/ 5 - Authority to Start Work

<b>21. Resource requirements to reach next Gateway</b>				
	<b>Item</b>	<b>Reason</b>	<b>Cost (£)</b>	<b>Funding Source</b>
	Instruct consultant to carry out indepth survey	Carry out a further survey to create an accurate specification	£10,000	£9,816 remaining from gateway 1/ 2 budget and £184 from City's Cash Annual Provision for New Schemes
	Instruct consultants to draw up specification based upon surveydocument for tender against agreed option	Carry out a further survey to create an accurate specification	£10,000	City's Cash Annual Provision for New Schemes
	<b>Total costs</b>		<b>£20,000</b>	

## **Appendix 2 – Risk Register**

## City of London Gateway – Project Risk Register

**Project Name** External Repair Works at the City of London Magistrates Court

**Gateway Stage** Gateway 3 -4 Appendix 2

**Estimated Capital Cost** £539,087 (excluding risk)

**Risk Rating**

Low  
Medium  
High

Key Risks	Description / Impact	£ Loss Before Mitigation	Mitigation	£ Loss After Mitigation	Risk Rating	Risk Owner
<b>Works Cost</b>						
1.1 Design Development	<ul style="list-style-type: none"> <li>Design Development: Design developed will be based on non-intrusive investigations so risk of cost increase as a result of design development. Risk cost estimate taken as 10% of construction cost</li> </ul>	£54,000	<ul style="list-style-type: none"> <li>Design rigorously reviewed &amp; managed post options stage</li> </ul>	£27,000	Medium	Project Manager
1.2 Resource / Consultant	<ul style="list-style-type: none"> <li>Increase in Consultancy fees</li> </ul>	£10,000	<ul style="list-style-type: none"> <li>Consultants tenders invited</li> </ul>	£2,500	Low	Project Manager
1.3 Programme	<ul style="list-style-type: none"> <li>Programme slippage could result in works being delayed until the following year due to available access slots</li> <li>Programme slippage could result in emergency works/ repairs being carried out</li> </ul>	£25,000	<ul style="list-style-type: none"> <li>Early approval issued by highways</li> <li>Monitor programme</li> </ul>	£nil	n/a	Project Manager
1.4 Construction Cost Inflation	<ul style="list-style-type: none"> <li>Construction begins later than expected: This is currently running at an average of 5% p.a. Risk cost is based on a 12 month delay to commencing construction (not included in Item 1.3 above)</li> </ul>	£27,000	<ul style="list-style-type: none"> <li>Early approval issued by highways</li> <li>Procurement programme monitored</li> </ul>	£nil	Low	Project Manager

1.5	Survey Issues	<ul style="list-style-type: none"> <li>Issues identified – nil risk.</li> </ul>	£nil		£nil	n/a	
1.6	Existing Building Issues	<ul style="list-style-type: none"> <li>Opening-up works are likely to reveal issues with existing state of seating not envisaged which will have to be addressed. Cost risk is compounded by it being a listed building. Cost of risk is estimated at 10% of the construction cost.</li> </ul>	£54,000	<ul style="list-style-type: none"> <li>Full surveys prior to starting</li> <li>Tailor programme to minimise</li> </ul>	£27,000	Medium	Project Manager
1.7	Court closure	<ul style="list-style-type: none"> <li>Works effect HMCTS business as usual</li> </ul>	£6-7,000 per hour	<ul style="list-style-type: none"> <li>Construction programme tailored to minimise impact.</li> <li>Noise mitigation measures within courts.</li> <li>Consultation with HMCTS</li> </ul>	£2,000	Low	Client Dept
<b>Design Fees / QS</b>							
2.1	Final fees	<ul style="list-style-type: none"> <li>Final fees in excess of budget</li> </ul>	£10,000	<ul style="list-style-type: none"> <li>Fee quotation will be tendered</li> </ul>	£5,000	Low	Project Manager
<b>Other Costs</b>							
3.1	Tender Exceeds Budget	<ul style="list-style-type: none"> <li></li> </ul>	£	<ul style="list-style-type: none"> <li></li> </ul>		n/a	
3.2	Materials delayed	<ul style="list-style-type: none"> <li>Materials not being available to meet programme</li> </ul>	£30,000	<ul style="list-style-type: none"> <li>sufficient lead in time allowed in programme</li> </ul>	£15,000	Low	Project Manager
<b>Staff Costs</b>		<ul style="list-style-type: none"> <li>Not at risk provided project is not extended beyond City's control.</li> </ul>	£nil		£nil	n/a	
<b>Total estimated risk against estimated Capital spend</b>			£		£		