

Committees: Corporate Projects Board <i>[for information]</i> Barbican Estate Residents Consultation Committee <i>[for information]</i> Barbican Residential Committee <i>[for decision]</i> Projects Sub <i>[for decision]</i>	Dates: 04 May 2021 07 June 2021 28 June 2021 28 July 2021
Subject: Communal Repairs & Redecoration Programme for the Barbican Estate (2015-2020) Unique Project Identifier: 11485	Gateway 6: Outcome Report Regular
Report of: Director of Community & Children's Services Report Author: David Downing, Asset Programme Manager	For Decision
PUBLIC	

Summary

1. Status update	<p>Project Description: A five year programme of works encompassing the cyclical redecoration of internal common parts, external common parts or both (as required) of the identified blocks of the Barbican Estate. Redecoration in this context applies to the cleaning, sanding and repair of previously decorated surfaces, followed by the application of coatings (undercoats, paints and varnishes) as may be required to achieve the desired finish upon those surfaces.</p> <p>RAG Status: Green (Green at last report to committee)</p> <p>Risk Status: Low (Low at last report to committee)</p> <p>Costed Risk Provision Utilised: N/A</p> <p>Final Outturn Cost: £1,735,329.15</p>
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<p>2. Next steps and requested decisions</p>	<p>Requested Decisions:</p> <p><u>Barbican Estate Residents Consultation Committee</u></p> <p>1. To note the content of this report for information only.</p> <p><u>Projects Sub Committee and Barbican Residential Committee</u></p> <p>1. To note the content of this report, 2. To note the lessons learnt, 3. To authorise closure of this project.</p>
<p>3. Key conclusions</p>	<p>1. External redecorations to thirteen blocks out of the intended thirteen blocks were completed as planned.</p> <p>2. Internal redecorations to two out of the intended eight blocks were completed. Six blocks were omitted from the contract following the City's public commitment to replace of all internal residential front doors (with associated surrounds) and communal fire doors as a response to the Grenfell tragedy which occurred part way through the delivery of this programme. The redecoration of items identified for short term replacement was not deemed value for money.</p> <p>3. The works that were completed were delivered £184,749.60 under budget once adjustments are included for the omitted works. Of this sum, £99,457.76 being unused provisional sums within the works contract, and a further £85,291.84 being unused allocation for fees and staff costs. The works which were completed were delivered to the timescales envisaged.</p> <p>4. The contractor, K&M McLoughlin Decorating Ltd, performed well throughout and were proactive in working with the City's project management team to deliver the works within the agreed budget and to complete the redecorations to the high standards required to satisfy heritage constraints and the expectations of residents. The direct appointment again of a similar SME redecoration specialist rather than a larger contract management company is recommended for future works of this nature.</p> <p>5. A tendered five year programme of works provided value for money seeing a reduction in management costs and tendered works costs when compared to procuring contracts on either a block by block basis or over a shorter time period. This approach is recommended for future redecorations programmes.</p>

Main Report

Design & Delivery Review

4. Design into delivery	The project design worked well. Developing a project encompassing a five year contract allowed for works to be delivered to a consistently high standard, provided cost surety throughout the programme and allowed for management costs to be minimised. The project design is recommended for future projects of this nature.
5. Options appraisal	<p>The selected option to procure a contractor to deliver a three-five year programme of redecorations via open tender successfully delivered the projects objectives. The rejected option was to procure a series of one year contracts.</p> <p>No changes were required during project delivery.</p>
6. Procurement route	Works were procured via open tender advertised on the Capital Esourcing portal and produced a suitable and manageable number of qualifying bids for the contract.
7. Skills base	The City of London project team had the required skills and experience to manage the delivery of the project. An external Clerk of Works was employed to monitor contractor progress and to provide quality assurance. The utilisation of a Clerk of Works (whether utilising internal or external resource) is recommended for future projects of this nature.
8. Stakeholders	Stakeholders were engaged and managed well throughout the delivery of the project. Liaison between the City's Project Manager and the Barbican Estate's House Groups was critical to the successful delivery of the project.

Variation Review

9. Assessment of project against key milestones	<p>The project progressed as expected throughout the development period. There was a significant delay following procurement however as the value of the successful tender submission was in advance of the approved budget estimates at Gateway 3/4. An Issues Report was required to secure a budget uplift and allow the project to proceed.</p> <p>The main works contractor was appointed in April 2016 as anticipated at Gateway 5. During the delivery phase, the fixed term contract ran as expected for the five year duration without variation</p>
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	barring the omission of internal works to six blocks as detailed in the following section.
10. Assessment of project against Scope	<p>Following the tragic fire at Grenfell House in June 2017, the City made a public commitment to embark on an enhanced fire door replacement programme to bring all front doors up to a 60 minute fire resistance standard where possible. Following this commitment, all remaining internal redecorations, of which front doors to residences (and their associated surrounds) and communal fire doors formed a major part, were removed from the contract. The redecoration of items subject to short term replacement was not deemed value for money. Equally, other internal areas through which deficient doors would be removed and replacement doors brought in would be at significant risk of damage to surface finishes and would likely need further redecoration at the conclusion of the fire door replacements; again, it was not deemed value for money for internal works to proceed.</p> <p>The internal redecoration of the following six blocks were therefore omitted from the contract: Gilbert House, Willoughby House, Bunyan House, Cromwell Tower, Speed House and Defoe House. They are to be rescheduled within future programmes as soon as appropriate.</p> <p>The rest of the works included within this programme were successfully completed as planned.</p>
11. Risks and issues	<p>With exception of the necessary omission of the internal works to the six blocks as detailed above, the project proceeded as planned with no significant risks realised during the delivery phase. This is largely attributable to the successful application of lessons learnt from previous redecoration projects which were incorporated into the project design and specification which greatly aided the management of the resultant contract.</p> <p>Costed Risk Provision was not applicable to this project.</p>
12. Transition to BAU	The ongoing maintenance of external and internal surfaces will transfer to the general Barbican Estate Repairs & Maintenance contract.

Value Review

13. Budget

*Estimated
Outturn Cost (G2)*

Estimated cost (including risk):
£1,500,000 - £2,000,000

The Gateway 2 projected cost was estimated in 2014 with no provision for cost inflation. The officer managing the project at this time is no longer with the City and the estimating methodology they used is not known.

	<i>At Authority to Start work (G5)</i>	<i>Final Outturn Cost</i>
<i>Fees</i>	£121,000.00	£84,111.25
<i>Staff Costs</i>	£131,438.75	£83,035.66
<i>Works</i>	£2,019,510.00	£1,568,182.24
<i>Total</i>	£2,271,948.75	£1,735,329.15

There is a total underspend on the approved Gateway 5 budget of £536,619.60. Of this sum, £351,870 is accounted for by the omission from the contract of internal works to six blocks as detailed above. A further £85,291.84 is attributable to underspend on the fees and staff cost estimates. The remaining £99,457.76 is attributable to unspent provisional sums for minor repair works to blocks where redecoration works were completed.

To produce a meaningful comparison between Gateway 5 projections and the eventual outturn cost, an adjusted G5 figure (deducting the tendered sums for the omitted works) can be used.

	<i>Adjusted G5 total after omissions</i>	<i>Final Outturn Cost</i>
<i>Fees</i>	£121,000.00	£84,111.25
<i>Staff Costs</i>	£131,438.75	£83,035.66
<i>Works</i>	£1,667,640.00	£1,568,182.24
<i>Total</i>	£1,920,078.75	£1,735,329.15

Using the adjusted Gateway 5 budget, there is therefore a total project underspend of £184,749.60.

Final accounts have been subject to an independent verification check, undertaken by a suitably experienced officer within the relevant implementing department.

14. Investment	N/A
15. Assessment of project against SMART objectives	<p>1. A rolling programme of communal repair and redecoration work to preserve the buildings, comply with legal requirements and ensure resident satisfaction was established.</p> <p>2. A better value contract through procuring for a minimum of 3 years, with an opportunity to extend to 5 years, was achieved.</p>
16. Key benefits realised	<p>1. The buildings of the residential Barbican Estate are being maintained to a very high standard.</p> <p>2. Value for money for Barbican Estate leaseholders is being secured via the procurement of longer term contracts which deliver economies of scale and reduced management costs.</p>

Lessons Learned and Recommendations

17. Positive reflections	<p>1. Works were done to a high standard, satisfying the heritage constraints of the Barbican Estate and the expectations of residents, were delivered well within the approved Gateway 5 budget and to the timescales envisaged.</p> <p>2. The contractor, K&M McLoughlin Decorating Ltd, performed well and were proactive in working with the City's project management team to keep costs under control and to deliver the works within the agreed budget. As a specialist SME, the Barbican Estate works were a key contract for this supplier who demonstrated this via their clear commitment and diligence in delivering the works.</p> <p>3. Procuring works as a five year programme delivered demonstrable value for money. This can be clearly evidenced by comparing the tendered cost of works to blocks within this contract with the historical costs of tendering in far smaller packages. For example, prior to this contract, redecorations to the exterior of Cromwell Tower were completed in the financial year 2015/16 by the same contractor K&M McLoughlin. These were tendered for in a package with redecoration works to Frobisher Crescent only. The tendered cost of works for Cromwell Tower were £276,591.09. Works to the same specification were tendered the following year to Lauderdale Tower & Shakespeare Tower as part of the Year 1 works of the now complete five year contract. The tendered cost of works from the same contractor were £231,151.00 for Lauderdale Tower and £210,951.00 for Shakespeare Tower.</p>
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	The decrease in tendered works costs apparent across broadly similar buildings over a short period of time in an inflating market strongly suggests that significant savings on works costs can be made by procuring in bulk.
18.Improvement reflections	<p>1. Budget estimates at Gateway 3/4 significantly undervalued the project (by £584,450) which led to delays following procurement as additional approvals were required from Committee to proceed. Estimates for future projects should be refined and presented with a more conservative confidence range.</p> <p>2. As recurring cyclical works, some consideration could be given at Corporate level as to whether such repeat pieces of work should be treated as Business as Usual and not required to go through the full project development cycle as each redecoration contract nears expiry. In project management terms a repeat piece of work cannot by definition be a project; perhaps an alternative oversight and approval model would be appropriate for cyclical work governance.</p>
19. Sharing best practice	<p>1. Dissemination of key information through team and project staff briefings.</p> <p>2. Lessons learned have been logged and recorded on departmental SharePoint.</p>
20. AOB	N/A

Appendices

Appendix 1	Project Coversheet
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