

<b>Committees:</b>	<b>Dates:</b>
Barbican Estate Residents Consultation Committee (RCC) Barbican Residential Committee(BRC) Community and Children's Services Committee (CCS) Projects Sub	24/11/2014 08/12/2014  12/12/2014 21/01/2014
<b>Subject:</b> Water System Testing and Associated Safety Works at the Barbican and the HRA Estates <b>Gateway 3/4 - Options Appraisal</b>	<b>Public</b>
<b>Report of:</b> Director of Community & Children's Services	<b>For Information – RCC For Decision – BRC, CCS and Projects Sub</b>

### Summary

Project Status	Green
Time Line	<b>Overall programme:</b> 5 year programme - 2015/16 – 2019/20 <b>Key dates:</b> Procurement for assessment/testing contractor– completed March 2015. First works commence – April 2015. Programme works in for following 5 years – April 2015-March 2020.
Programme status	Pending Approval of Gateway 3/4 – Options Appraisal
Latest estimated cost of works	£2-2.5m (should a 3-5 year programme be procured)
Expenditure to date	N/A.

#### Progress to Date:

No expenditure has been incurred. An initial planning exercise has been carried out to map out the necessary procurement process. No change to previous gateway.

#### Overview of options:

There are two options. Option 1 is proceeding with the previous approach of procuring on an annual basis; this approach has been effective to date. Option 2 is to build-upon the previous approach by procuring for a 3-5 year programme of works. Option 2 is recommended.

#### Procurement Approach:

The procurement approach will be similar for either a 1-year or 3-5-year programme. The tenders will be advertised on the London Portal.

Current Estimate of Costs:

<b>Description</b>	Option 1: annual one-off procurement	Option 2: 3-5 year programme (inc. major works)
Works Costs	£110,000	£2-2.5m
Fees & Staff Costs	£13,750	£250,000 - £312,500
<b>Total</b>	£123,750	£2,250,000 - £2,812,500
<b>Funding Strategy</b>		
Source	City Fund	City Fund

**Recommendations**

- Approval is given to proceed with procurement for a contractor to undertake the programme of testing, including major works.
- Approval of the estimated budget of up to £2.5m for a 5 year programme of testing and works.

**Options Appraisal Matrix**

See attached.

**Contact**

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## Options Appraisal Matrix

	<i>Option 1 - reactive</i>	<i>Option 2 – planned programme inc. major works</i>
<b>1. Brief description</b>	Assess and test the assets on an annual basis, in accordance with statutory requirement, undertaking repair works in a reactive fashion.	Undertake a programme of assessments and testing, in accordance with statutory requirement, building a schedule of planned works on a hierarchical basis starting with the highest risks identified.
<b>2. Scope and exclusions</b>	<p>Scope: The project applies to residential accommodation at the Barbican Estate and all the HRA Estates (Avondale Square, Dron House, Golden Lane, Holloway, Middlesex Street, Southwark, Sydenham Hill, York Way, William Blake, Windsor House).</p> <p>Exclusions: internal equipment e.g. shower heads and taps within flats which are the responsibility of the resident.</p>	
<b>Project Planning</b>		
<b>3. Programme and key dates</b>	<p><b>Overall programme:</b> annual rolling.</p> <p><b>Key dates:</b>            Procurement for assessment/testing contractor– completed March 2015.            Works commence – April 2015.            Works complete – March 2016</p> <p><b>Other works dates to coordinate:</b> The programme will have regard to other projects that affect the estates.</p>	<p><b>Overall programme:</b> 5 years - 2015/16-2019/20</p> <p><b>Key dates:</b>            Procurement for assessment/testing contractor– completed March 2015.            First works commence – April 2015.            5 year works programme April 2015 – March 2020.</p> <p><b>Other works dates to coordinate:</b> The programme will have regard to other projects that affect the estates.</p>
<b>4. Risk implications</b>	<p><b>Overall project risk:</b> Green</p> <p>Health and Safety of residents and staff is compromised if assessments, testing and any associated works are not carried out in a timely fashion. However, under both options, statutory compliance is achieved.</p>	
<b>5. Benefits and disbenefits</b>	<p>Benefits:</p> <ul style="list-style-type: none"> <li>• Statutory compliance is achieved.</li> </ul> <p>Disbenefits:</p> <ul style="list-style-type: none"> <li>• Higher cost by operating annually.</li> </ul>	<p>Benefits:</p> <ul style="list-style-type: none"> <li>• Statutory compliance is achieved.</li> <li>• Lower cost by establishing a planned programme.</li> <li>• High risk aspects of the systems are</li> </ul>

	<b>Option 1 - reactive</b>	<b>Option 2 – planned programme inc. major works</b>
	<ul style="list-style-type: none"> <li>High risk aspects of the systems are not programmed for removal, continuing to require the management of these risks and incur testing costs.</li> </ul>	programmed for removal, reducing both future risks and testing costs.
<b>6. Stakeholders and consultees</b>	Residents, including leaseholders through Section 20 where they stand to incur service charges. Departments of City Surveyor's, Comptroller and City Solicitor, Town Clerks and Chamberlain's (including CLPS).	
<b>Resource Implications</b>		
<b>7. Total Estimated cost</b>	Annual amount: £50,000 - £60,000 on the Barbican Estate. £60,000 - £70,000 on the HRA Estates.	£2 - £2.5m  The early estimate is that the spend split will be 60% Barbican Residential Estate and 40% HRA estates; however this is subject to confirmation as the more detailed programme of works is developed.
<b>8. Funding strategy</b>	<p><b>The HRA estates:</b> The project is funded by the Housing Revenue Account (HRA), which includes service charge recovery from leaseholders. The amount by estate varies dependent upon proportions of leaseholders.</p> <p><b>The Barbican Residential Estate:</b> The project is funded by the City Fund; the majority of cost (95%) is recoverable by way of service charges from leaseholders.</p>	
<b>9. Estimated capital value/return</b>	N/A.	
<b>10. Ongoing revenue implications</b>	Ongoing revenue implications will remain unchanged, with assessments, testing and reactive works completed on an annual basis.	Ongoing revenue implications will be reduced as the higher risk systems are subject to major works which will lower the outstanding risk, and therefore lower the required amount of monitoring.
<b>11. Investment appraisal</b>	N/A.	

	<b><i>Option 1 - reactive</i></b>	<b><i>Option 2 – planned programme inc. major works</i></b>
<b>12. Affordability</b>	The works have been factored into the Asset Management plans for the Barbican Estate.	The works have been factored into the Asset Management plans for the Barbican Estate, the programmed approach is considered more cost-effective.
<b>13. Procurement strategy</b>	Tenderers will be asked to submit costing for initial assessments and testing for a one year contract, and a schedule of rates for a list of standard works where these works are required to be carried out immediately.	Tenderers will be asked to submit costing for initial assessments and testing for a three year contract, and a schedule of rates for a list of standard works where these works are required to be carried out immediately. Tenderers will also make recommendations, dependent upon the outcomes of the assessments and testing, for further works – the full works requirements will be in the scope of the procurement.
<b>14. Legal implications</b>	Water systems that include tanks or areas that are not regularly flushed with running water pose a risk of harbouring bacteria. There could be legal consequences where failure to monitor and maintain equipment has caused exposure to bacteria and led to illness.	
<b>15. 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>16. Traffic implications</b>	N/A.	
<b>17. Sustainability and energy implications</b>	Should pipework be replaced or re-configured this may improve water flow rates with a marginal reduction in pumping requirements and therefore energy. However, the work may also involve tasks such as adjusting settings on hot water equipment to achieve higher temperatures for safe storage. A consequence may be higher energy usage.	
<b>18. IS implications</b>	N/A.	
<b>19. Equality Impact Assessment</b>	N/A.	

	<i>Option 1 - reactive</i>	<i>Option 2 – planned programme inc. major works</i>
<b>20. <u>Recommendation</u></b>	Not recommended	Recommended
<b>21. Next Gateway</b>	Gateway 5 - Authority to Start Work	Gateway 5 - Authority to Start Work
<b>22. Resource requirements to reach next Gateway</b>	£2,000 staff costs.	£8,000 staff costs.