



# PROJECT UPDATE REPORT

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Report authorised by: Jamie Carswell – Director of Investment	Date of the meeting: N/A	Item No. N/A
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## 1. Context

Lister and Treves Houses contain 52 units and occupy the southernmost plot on the Chicksand Estate.

These blocks differ slightly in their construction, but share a general aesthetic, a very similar architectural archetype, access roads and a relatively substantial green-space for their exclusive use.

Lister House (see Picture 1, below) is formed of a concrete portal-frame with the majority of its weather proofing elements being formed of non-structural in-fill. This is comprised of timber weather-boarding and aluminum framed glazed curtain-walling. The flank-ends are comprised of floating cavity brick-work. The block contains 33 occupied dwelling spaces, with a further dwelling space secured for void-works.

Notably, the internal layout of dwelling spaces in Lister House is of “scissor” style composition. This is a feature shared with Lakanal House in the London Borough of Southwark that suffered from a serious, fatal fire in 2009. Although Lister House does not possess many other features that contributed to the serious nature of the 2009 incident and is not in the same risk category, it should be considered as an important feature of the block that will require a degree of elevated fire-risk management.



PICTURE 1 – Lister House as viewed from Lomas Street

Treves House (see Picture 2, below) is smaller in scale with external deck-access, with dwelling spaces arranged in a simple ‘marionette’ format. The presence of a predominance of non-structural in-fill is feature shared with Lister House.

Treves House has no secure access arrangements and houses 18 occupied dwelling spaces.



Picture 2 – Treves House as viewed from Valance Road (B109)

Due to the shared architectural heritage (which stands apart from the rest of Chicksand Estate), the shared construction period and the shared amenities, the historic approach to maintaining these blocks has been to package them together to form a single scheme of works.

The first significant investment package identified for these blocks, since their build date, appears to be their presence on the 2009–13 Capital Programme, with a specific start-date identified for the 2009/10 programme. A period of resident consultation began in both blocks. Records indicate that the entire scheme was placed in abeyance due to a lack of agreement on the scope of works.

The investment need for Lister and Treves was then absorbed into the Decent Homes scheme and identified for a priority external works pilot programme. It was envisaged that these works would follow on from the internal works package that was completed in 2010/11 programme year.

The Decent Homes work again stalled at the consultation stage, with no consensus reached on the scope of works. Further works were also identified that were not included in the capital estimate. The consultation, however, did proceed to agree some consensus on isolated elements of work, specifically the windows. A ballot was conducted that allowed residents to choose between uPVC framed windows or, at an additional increased cost of approx. 120%, aluminum framed windows. The ballot returned a majority vote, with residents of Lister House opting for aluminum framed windows and the residents of Treves House opting for uPVC framed windows.

Lister and Treves were then identified for works in the 2013/14 (year 3) Decent Homes programme. This coincided with the implementation of a new contract framework and a new internal delivery structure within Tower Hamlets Homes. The work was awarded to Breyer Group. Initial delivery pre-construction work on the scheme began in May 2013 with the swift establishment of a new consultation strategy and a new approach aimed at drawing-upon additional Energy Company Obligation (ECO) funding from DECC. This added-value approach added considerable additional design-pressures but was well-received by residents. However, the scheme again became stalled by a number of commercial, technical and design problems. A continued focus to unlock these problems has been undertaken, but the scheme is yet to have entered the Section 20 phase. More detail in the delays since the start of the Year 3 of the Decent Homes scheme is given in Section 5, below.

At present the Agreed Maximum Price is approximately 95% complete, with a scope of works & design package tabled and agreed with both residents and the THH Project Team. There remains some difficult obstacles to overcome; an action plan is included in Section 7 of this report.

## 2. Executive Summary

The proposals for Lister and Treves have been beset by difficulties. These difficulties are considered to be:

- Difficulties in agreeing a scope of work with the Lister and Treves Tenant Resident Association;
- Additional essential works identified that were not accounted for in the Capital Estimate, resulting in a substantial increase in costs;
- Changes to the Energy Company Obligation (ECO) funding by HM Government that reduced the amount of funding available for the External Wall Insulation (EWI);
- Difficulties in obtaining sound commercial terms that dually account for the additional design pressures identified and the additional risk-elements identified.

These points are expanded upon, below.

Ongoing resident consultation has been conducted, but residents expectations have been dashed by historically over-optimistic cost and time estimates. Although the above mentioned difficulties account for previous incorrect programme commitments the relationship between the TRA and THH has been difficult and resource-intensive.

Currently THH are in possession of final design drawings that have been accepted in principle by all parties, including the TRA. THH are also in possession of an Agreed Maximum Price that is considered to be 95% complete, with only risk/contingency sums required and the further substantiation of some priced elements.

The current approach of the THH Project Team has identified to the following critical investment needs for Lister and Treves House:

- Renewal of the flat roof coverings;
- Renewal of all windows;
- Renewal of Flat Entrance Doors;
- Renewal of Security Assets;
- Renewal of all glazed curtain-walling sections;
- Renewal of all external weather-proofing fabric elements, to be replaced with External Wall Insulation;
- Renewal of fire-protection assets, specifically internal fire-screens, fire doors and smoke-extract systems;

- Renewal of audio/visual reception equipment necessary to facilitate works, to be renewed with an Integrated Reception System (IRS) digital receiver;
- Renewal of damaged floor coverings, specifically to the escape stairs;
- Renewal of refuse hoppers;
- Other facilitating works including:
  - The removal of encroaching vegetation;
  - The removal or managed encapsulation of Asbestos Containing Materials;
  - Alterations to access arrangements;
- Enabling works to include a complete perimeter scaffold with story-aligned lifted working platforms, passenger hoists and material hosts to include mid-construction alterations;

The current project team has also been able to undertake some works. Currently on-site are two elements of works:

- The establishment of physical security measures including CCTV camera's and anti-scale security fencing with door entry system;
- The establishment of a new Residents Room to the ground floor, with access for people with a disability and new resident amenities.

The following articles of concern need to be addressed before this scheme can be started on-site:

- Full and final submission of costs from Breyer Group (95% complete), currently valued at £2.2m, not inclusive of fees;
- The submission of costs to a First Tier Tribunal (0% complete);
- Agreement on a Leaseholder Consultation Strategy – individual Leaseholder Contributions are currently estimated to be c.£40k;
- The establishment of a commercially acceptable and quantifiable risk register to manage the inherent design and construction risks to a project of this scale.

A plan to deal with these articles is laid out in section 7.

It is currently considered that the major works to Lister and Treves is a feasible proposition and that the works can commence by Breyer Group. This is likely to be in the early part of the 2015 calendar year, however, and is contingent on the satisfactory conclusion of the Leaseholder Consultation.

### **3. The Proposed Works**

A complete list of priced works is contained for Lister House in *Appendix A* and Treves House, in *Appendix B*.

This section covers the critical investment need for Lister House, and where these needs differ from the Capital Estimate or standard Decent Homes work.

#### **3.1 External Wall Insulation**

The aesthetic appearance of both Lister and Treves Houses is due to change dramatically with the installation of External Wall Insulation. This approach will also have the following added benefits:

- The reduction of fuel poverty through the increase in u-values;
- The simultaneous provision of easy access to external services and concealment of unsightly external cabling;
- Reduction in future maintenance costs.

The EWI works is currently priced at c.£140k and was not included in the capital estimate.

Pictures 3 and 4, below, show the agreed design for Lister and Treves House.



**Picture 3 – Visualisation of Lister House, following EWI works**



**Picture 4 - Visualisation of Treves House, following external works**

### **3.2 Renewal of Fire Protection Assets**

The current level of fire protection to Lister House is considered be inappropriate for a building of this design and density. An enhanced Fire Risk Assessment was commissioned by the current project team, which recommended the following works:

- The down-grading of existing fire screens from ‘fire-protection’ assets to aesthetic features (removal of these screens was considered uneconomic) – this is to be mitigated by:-
  - The installation of an additional 3no double-leaf FD60s Communal Fire Doors to each access corridor, to provide for three additional 30 minute zones or relative safety in the communal corridor and landings;
  - The over-haul of the existing smoke extract system;
  - The installation of fire-resting, intumescent hoppers to the refuse chute;
  - The installation of FD30s fire doors to ALL dwellings to maintain existing ‘stay put’ policy;

The cost of this work is £105k for the works to communal fire protection assets and an additional c.£15k for the Flat Entrance Doors.

### **3.3 External Fabric (windows and curtain walling)**

The aforementioned ballot for window material choices returned a majority vote for aluminum windows for Lister House.

This resident-led design decision has been honored for the current proposal.

Aluminum windows usually cost more than twice as much as standard uPVC windows. In addition to standard cost of Aluminum windows, residents also requested the following be priced for consideration:

- Colour-pigmented powder-coated finish;
- “Self-cleaning” glazing.

The cost of all windows and glazing for Lister House is c.£290k – the single most expensive item of work across the scheme

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#### **4. Costs**

The cost for the construction element of work for Lister and Treves is circa £2,267,000.00

This cost is considered to represent value for money and has been procured competitively through the current Decent Homes framework.

It should be noted, however, that this figure does not include risk and contingency, that are estimated to add an additional £556k based on a notional uplift of 25% over the base-price.

A detailed exercise to quantify precisely the risk allocation required is currently underway, with agreement on this figure likely to be reached during the week commencing 13<sup>th</sup> October.

All of the works at Lister and Treves are rechargeable and applicable to the statutory obligations defined in Section 20 of the Landlords and Tenants Act.

The individual Leaseholder Contribution is currently estimated at £40k per Leaseholder.

## **5. Difficulties with the scheme**

This section will discuss the difficulties of the scheme, which are considered to be:

- Difficulties in agreeing a scope of work with the Lister and Treves Tenant Resident Association;
- Additional essential works identified that were not accounted for in the Capital Estimate, resulting in a substantial increase in costs;
- Changes to the Energy Company Obligation (ECO) funding by HM Government that reduced the amount of funding available for the External Wall Insulation (EWI);
- Difficulties in obtaining sound commercial terms that dually account for the additional design pressures identified and the additional risk-elements identified.

### **5.1 Lister and Treves TRA**

THH has engaged in extended consultation with the TRA of Lister and Treves (see subsequent section for details). Despite this there has been an historic difficulty in obtaining agreement of the scope of works.

The direction of the current project team has been to be explicit over both the pricing and implications of the work.

Although this lack of consensus has been a serious historical impediment we are now confident that we have a reasonable level of agreement with TRA over all aspects of the design.

### **5.2 Additional Works**

As the proposal, specifically for Lister House, has been built up, the new Project Team have identified several areas that require further investigation to ensure that the package conforms to the most recent benchmarks for safety and legislative compliance. The investigations have been lengthy and technically challenging to complete. In summary, these investigations involved:

- Partial deconstruction of the in-fill areas to determine the composition of the substrate;
- Engineering Surveys to determine the current structural soundness of the elements of the structure due to support fixing for the External Wall Insulation;

- Enhanced Fire Risk Assessment to determine fire-protection works necessary to comply with the Regulatory Reform (Fire Safety) Order 2005;
- Architectural Services to provide visualization, design and detail drawings for the External Wall Insulation;
- Roofing survey works;
- Liaison with Cross-Rail project to coordinate construction activities and to preserve the integrity of the Cross-Rail measuring equipment currently installed on Lister House.

The above survey work required the procurement of specialist companies and added considerably to the design stage of this scheme.

The resulting advice from these surveys also added considerable cost pressures not identified or necessarily foreseeable in the capital estimate.

### **5.3 Changes to Energy Company Obligation**

The decision to include External Wall Insulation as a consideration for the external fabric repair was critical to provide a feasible and impactful design solution that was agreeable to residents and offered good value for money.

The added-benefit of External Wall Insulation is the fact it is attractive to energy companies who are obliged to invest in energy saving initiatives under the ECO scheme.

It was originally envisaged that the works would attract up to £300k of funding. However, changes to carbon savings calculations that underpin the ECO funding were announced by HM Government in November 2013.

This announcement dramatically decreased the amount of funding available. The funding now stands at £50k.

Delays were incurred whilst THH re-approached the energy market after the November decision.

### **5.4 Recent Commercial Negotiations**

As the pricing exercise drew to a close THH were notified by Breyer Group that they wished to re-price certain elements of the works, due to their claim that the original prices obtained from their suppliers were “out-of-date”. A delay was incurred whilst THH disputed this

assertion. A meeting was held with Breyer's MD to resolve this issue and ensure that the original prices would still stand. Agreement was reached on this issue at that meeting.

## **6. Resident Consultation**

A full chronology of Resident Consultation included in Appendix C, below.

Various presentations have been given to the TRA and all residents of Lister House on the most recent proposals. This has been very successful in establishing agreed project parameters and design decisions.

We have also endeavored to keep residents up-to-date on the slippages to the programme. More recently this has been made more difficult by the commercially sensitive nature of the discussions with Breyer Group.

A major consultation event is planned for the 14<sup>th</sup> of October. This event will be attended by the Project Team and Jamie Carswel. This meeting will be used to fully update the residents on:

- The causes of recent slippages;
- The revised prices;
- The timetable for next steps.

Alongside planned resident consultation events, various officers have been in correspondence with John Bloxam, the chair of the TRA. This has included emails, telephone correspondence and face-to-face meetings.

**Appendix A – Schedule of works – LISTER HOUSE**

ITEMS	DESCRIPTION
1	Preliminaries,
2	Scaffold,
3	Hoist,
4	Aluminium Windows,
5	N/A
6	Asbestos Removal,
7	Concrete Repairs,
8	Render Insulation,
9	FED's,
10	Jetting out Drains and Downpipes,
11	Overhaul Balustrade,
12	Asphalt repairs to balconies,
13	Balcony Glass Repairs,
14	Overhaul and decorate metal communal fire screen / doors,
15	Roofing,
16	Aluminium Roof capping,
17	Edgeguard to roof,
18	Overhaul vents,
19	Fire escape to roof,
20	Render repairs to tank room,
21	Tank Room doors,
22	Refuse chute hoppers,
23	Relocate dry riser,
24	Foyer subfloor repairs,
25	Stair grano effect repairs,
26	External decorations,
27	Remove ivy,
28	Overhaul bin store,
29	TV Aerials,
30	Landlords lighting,
31	Landscape / community garden,
32	Bin / Cycle/Metal storage,

33	TRA room upgrade,
34	Contingency sum,
35	Courtyard Works
36	Water Tanks,

**Appendix B – Schedule of works – TREVES HOUSE**

1	Preliminaries,
2	Scaffold,
3	Hoist,
4	PVC Windows,
5	N/A
6	Asbestos Removal,
7	Concrete Repairs,
8	Render Insulation,
9	FED's,
10	Jetting out Drains and Downpipes,
11	Overhaul Balustrade,
12	Asphalt repairs to balconies/walkways,
13	Balcony Glass Repairs,
14	Overhaul and decorate metal communal fire screen / doors,
15	Roofing,
16	Aluminium Roof capping,
17	Edgeguard to roof,
18	Overhaul vents,
19	Fire escape to roof,
20	Render repairs to tank room,
21	Tank Room doors,
22	Refuse chute hoppers,
23	Relocate dry riser,
24	Foyer subfloor repairs,
25	Stair grano effect repairs,
26	External decorations,
27	Remove ivy,
28	Overhaul bin store,
29	TV Aerials,
30	Landlords lighting,
31	Landscape / community garden,
32	Bin / Cycle/Metal storage,
33	TRA room upgrade,
34	Contingency sum,

35	External anti-social behaviour works,
36	BT cable works

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### Appendix C – Chronology of recent Resident Consultation

- 14/05/13 – A meeting held with residents to discuss generic scope of works and areas requiring attention. Neil Wilson Prior was in attendance.
- 18/06/13 – A meeting held with residents to discuss generic scope of works and areas requiring attention. Neil Wilson Prior was in attendance.
- 26/09/13 – A meeting held with residents to discuss generic scope of works and areas requiring attention. Neil Wilson Prior was in attendance.
- 21/01/14 – Tower Hamlets Homes sent out a news letter detailing that there would be a TRA meeting to be held on the 12/02/14.
- 12/02/14 – The aforementioned TRA meeting took place between 18:00 – 20:00 at Pauline House to discuss potential scope of works following initial surveys and the like together with preferences of the Residents. John Bardall was in attendance.
- 14/05/14 – Tower Hamlets Homes sent out a news letter detailing that delays had been encountered due to setting up the partnership with an energy supplier to gain contribution for the works through ECO in a bid to reduce leaseholder contribution. An accompanying document was also sent with the letter outlining the proposed scope of works for L & T.
- 30/07/14 – Neil Wilson Prior and Adrian Lepper attending Lister House to meet with John Bloxham to provide an update to the works.