

Status Report – Addendum

May 2013

For Royal Borough Of Kensington &
Chelsea TMO.


APPLEYARDS

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Approval Sheet and Foreword



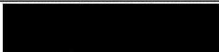
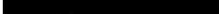
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Status Report – Addendum - May 2013

For

Royal Borough Of Kensington & Chelsea, TMO

Grenfell Tower Regeneration Project

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FOREWORD

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Distribution Sheet

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Royal Borough Of Kensington & Chelsea, TMO

Grenfell Tower Regeneration Project

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Addendum

This Addendum relates to the Appleyards Status Report for Grenfell Tower Regeneration Project (GTRP) for The Royal Borough Of Kensington & Chelsea, Tenant Management Organisation (TMO), issued 22nd April 2013 (the original report).

The original report made some recommendations based upon knowledge of the project and our understanding of the TMO's priorities at that time.

In the intervening period and following a meeting the TMO held with Laura Johnson of Royal Borough of Kensington & Chelsea in week commencing 13th May 2013, the TMO have clarified their position relating to a number of contributory factors to the scheme:

- ∞ Value for Money is to be regarded as the key driver for the project;
- ∞ Whilst the inclusion of a Decent Homes provision (works to kitchens & bathrooms) was to be considered this work is no longer critical as it could be accommodated under a separate project at a later date;
- ∞ RBKC/ TMO wish to retain works to the boxing club and the nursery as originally briefed;
- ∞ RBKC/ TMO support the omission of some of the works to commercial space to the garages and 'finger blocks';
- ∞ RBKC/ TMO remain to be convinced that the existing arrangements with Leadbitter can produce value for money and believe entering in to a new, competitive procurement process will give best value to the scheme. This process is likely to entail an OJEU procurement exercise; and
- ∞ Appleyards to review possibility of utilising alternate framework procurement.

Notwithstanding the foregoing amendments to the project brief, key elements of our recommendation remain in force, whilst others may require to be adjusted to address the revised circumstances. The summary of recommendations from the original report is included below, for reference, with comments added in italics:

- ∞ Cease design activity on anything other than re-configuring the scope of the project/ re-setting the project parameters – *Stet*;
- ∞ Conduct options appraisal to determine affordable scope of work which meets the clients requirements – *Stet*;
- ∞ Re-programme the project in light of revised design and project parameters – *Stet*;
- ∞ Revise planning submission – *Extent of revision is likely to be less significant than originally expected as there is no planned alteration to the cladding system or windows*;
- ∞ Review option to replace the contractor as this will add further risk (cost & time) to the project; - *re-procuring the project utilising OJEU or an appropriate framework, to be identified, is now favoured to clearly establish a competitive market price for the works*;
- ∞ Impose formal change management controls - client and contractor - *Stet*;
- ∞ Obtain formal approval to proposals - *Stet*;

- ∞ Utilise additional time to gain access to site, survey and validate systems – *Stet*; and
- ∞ Progress completion of appointments with all speed - *Stet*.

At a meeting between the TMO and Appleyards on 21st May 2013, it was confirmed by the TMO that the question of programme should be considered subordinate to Value for Money on the project.

In light of the foregoing, our original recommendation; to review options to replace the contractor as this will add further risk (cost and time) to the project must now be reconsidered. Indications are that value for money may be enhanced by re-procuring the construction element as opposed to proceeding with the existing contractor arrangement, perpetuated from the associated Kensington Academy and Leisure Centre Project.

Further; during negotiations with the existing contractor, despite protracted efforts to align cost plans, the contractors estimated costs remain at variance with Appleyards QS. This would appear to support the contention that there may be allowances included within the contractors pricing which are not visible to the TMO.

There remains two options available for re-procuring a contractor for the scheme:

- ∞ Utilise an appropriate framework to select a contractor; and
- ∞ Submit a full OJEU compliant procurement exercise.

The former has the advantage of identifying alternative contractors whilst minimising prolongation of the programme.

Whilst the second option would give fuller access to the open market and the opportunity to secure the most competitive tenders at the expense of a longer programme to achieve.

In light of the changed emphasis of the project brief, we seek to amend our recommendation to the TMO as follows:

- ∞ Cease design activity on anything other than re-configuring the scope of the project / re-setting the project parameters pending re-mobilisation;
- ∞ Conduct options appraisal to determine affordable scope of work which meets the clients requirements;
- ∞ Re-programme the project in light of revised design and project parameters;
- ∞ Revise planning submission as necessary – seek to amend existing rather than submitting new;
- ∞ Review options to replace the contractor with the target of improving value for money – Framework / OJEU option to be considered;
- ∞ Impose formal change management controls - client and contractor;
- ∞ Obtain formal approval to proposals;
- ∞ Utilise additional time to gain access to site, survey and validate systems – consultants to arrange surveys; and

- ∞ Progress completion of consultant appointments with all speed.



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