

## **Report to KCTMO Programme Board**

**Thursday 20<sup>th</sup> June 2013.**

### **Grenfell Tower Update Report**

#### **Background**

On 8<sup>th</sup> January 2013, KCTMO Board agreed:

- To approve the Stage D cost plan
- To progress tender package procurement with Leadbitter
- To award the construction phase contract within the cost parameters of the Stage D report.

The total estimated State D cost approved was £9,768,000 (incl fees). It was anticipated that £6m of this project would be funded from “HRA regeneration works” and the balance from the annual capital programme.

In August 2012, a planning application was submitted for the refurbishment proposals to Grenfell Tower. Planners considered this application in November 2013 and have asked for a resubmission including the following amendments:

- Remove the canopy at 1<sup>st</sup> floor level
- Give further definition to the roof detailing
- Consider alternative colour schemes

Following a discussion with the Director of Housing at RBKC, options to reduce the scope of works to the boxing club and nursery have been rejected. However, the proposals to create additional workspaces in the Baseline Studios have been omitted from the proposals. The Director also indicated that the scheme should be contained within the £9.768m budget.

The current proposed scope of works include:

- Window renewal
- Roof renewal
- Thermal overcladding of the building
- New entrance lobby
- Communal redecoration
- Hidden Homes (MIX)
- Refurbish boxing club and nursery
- New communal heating system (with individual control)

#### **Recent Developments**

Since the Board decision the design team has been working closely with Leadbitter to bring the scheme within budget and to ensure that the scope of works meets the requirements of all stakeholders and delivers value for money.

Appleyards have reviewed the scope of works and revised their estimated cost of the works to £10.594m (inclusive of fees) which is an additional £0.86m above the Stage D cost plan approved by KCTMO Board.

Leadbitter's current estimated cost of the works is £11.278m (inclusive of fees). This is a further £0.684m (or 6.5%) above Appleyard's cost plan.

There has been limited progress since January 2013 in agreeing a price with Leadbitter that agrees with Appleyard's cost plan. There has been a prolonged process to get a detailed breakdown and understanding of their costs.

The next stage of the IESI Framework procurement process would be for Leadbitter to tender the sub-contract packages. This process would take until the end of December 2013 and works would commence on site early in 2014.

However, based on RBKC's experience on KALC, there is a considerable risk that achieving financial close will be a prolonged process which would risk a delay in the start on site. Our experience of financial negotiation to date with Leadbitters has not been good and there is a risk that once we have committed to the IESI process, then any alternative procurement would result in an extended delay in the programme.

Further "value engineering" of the proposed works will take place to bring the scheme within budget. However, it is felt that a competitive tender will ensure that the best market price is achieved for the project and will ensure that best value for money is achieved in the project.

It is therefore proposed that the works are market tested through an OJEU tender process. This process will ensure that the best possible price is achieved for the works. Leadbitter will have the opportunity to bid for the works. An OJEU procurement will take longer with a start on site in April 2014.

### **Recommendation**

It is recommended that Programme Board notes the current proposed scope of works and agrees to market test the contract through an OJEU procurement process.

Peter Maddison

Director of Assets and Regeneration

