

# CABINET

## EXEMPT APPENDIX

### MAYOR

Mayor John Biggs

### CABINET MEMBERS

Councillor Sirajul Islam	(Statutory Deputy Mayor and Cabinet Member for Housing)
Councillor Rachel Blake	(Deputy Mayor and Cabinet Member for Planning, Air Quality and Tackling Poverty)
Councillor Asma Begum	(Deputy Mayor and Cabinet Member for Community Safety and Equalities)
Councillor Sabina Akhtar	(Cabinet Member for Culture, Arts and Brexit)
Councillor Amina Ali	(Cabinet Member for Adults, Health and Wellbeing)
Councillor David Edgar	(Cabinet Member for Environment)
Councillor Danny Hassell	(Cabinet Member for Children, Schools and Young People)
Councillor Candida Ronald	(Cabinet Member for Resources and the Voluntary Sector)
Councillor Motin Uz-Zaman	(Cabinet Member for Work and Economic Growth)

[The quorum for Cabinet is 3 Members]

### MEETING DETAILS

**Wednesday, 26 June 2019 at 5.30 p.m.**

**C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG**

**The meeting is open to the public to attend.**

### Contact for further enquiries:

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# LONDON BOROUGH OF TOWER HAMLETS

## CABINET

### EXEMPT APPENDIX

WEDNESDAY, 26 JUNE 2019

5.30 p.m.

		Pages
6 .2	Urgent Structural Works-Brewster House and Malting House	3 - 4
<b>Report Summary:</b> This report recommends allocating resources and awarding a contract to undertake works needed to address the structural integrity at Brewster House and Malting House, two Large Panel System blocks.		<b>Exempt Appendix</b>
<b>Wards:</b>	Limehouse	
<b>Lead Member:</b>	Statutory Deputy Mayor and Cabinet Member for Housing	
<b>Corporate Priority:</b>	A borough that our residents are proud of and love to live in	

**Appendix 3 – Exempt****Commercially Confidential Financial Background, Risk and Contingency**

1. As referenced in 4.8 in the main report, Wates tendered cost breakdown is as follows:

<b>Price Section</b>	<b>Note</b>	
Preliminaries and site overheads		£945,994.90
Specialist structural works		£3,753,656.30
Main contractor works		£255,880.80
Full NHF Back Up Schedule of Rates	This forms part of the overall contingency	£476,200.00
Day work	This forms part of the overall contingency	£237,412.00
Social value		£36,861.00
Performance Bond	This will be priced post tender and is included in the contingency	£ -
<b>SUB TOTAL</b>		<b>£5,706,005.00</b>
<b>OVERHEADS AND PROFIT</b>	10%	<b>£570,600.50</b>
<b>TOTAL VALUE TO FORM OF TENDER</b>		<b>£6,276,605.50</b>

2. As referenced in 4.11 in the main report, there are contingencies and provisional sums included in the full option 2 budget as follows:

Structural works provisional sum	£240,075
Main contractor provisional sum	£105,840
Schedule of Rates contingency	£476,200
Day work contingency	£237,412
Structural engineer contingency	£75,000
Other contingency	£339,753
<b>TOTAL</b>	<b>£1,474,280</b>

3. It is important to note that these are estimates and certainly not the full extent of the financial risk on this contract and associated works. Whilst a 14% contingency on an £8m total cost estimate is substantial, this is not a fixed price contract, which means the Council remains holding risk beyond this contingency level. The provisional sums amount to 5.5% of the contract sum.
4. For example, whilst the day works estimate is based on test drilling, there is a risk that drilling in other parts of the building is not consistent with the test areas and takes considerably longer. There is also the risk that one or more residents refuse to provide internal access required to their homes, resulting in the Council needing to take legal action in Court to obtain an injunction to enter to carry out internal works.
5. Given the technical requirement to carry out the works in a phased approach, floor by floor, then refused access could result in suspension of works and thus incurring additional overhead costs whilst access is obtained by legal action. It is very difficult to make a realistic estimate of the financial risk in this

scenario, as access problems of this nature are rarely encountered and such legal action is hence more unpredictable.

6. In addition, full take-up of the buyback option would add further potential costs estimated at c.**£9.6m**, which would be a General Fund capital expenditure. There is already an allocated capital budget for this programme which is currently sufficient to accommodate this level of expenditure. Whilst the extent of buyback take-up is uncertain, the opportunity to acquire homes for use as temporary accommodation should enable General Fund cost savings, as a cheaper alternative to B&B hotels or other nightly paid accommodation, as well as a long term asset value.
7. It is also important to note that the suspended External Wall Insulation contract is incurring a weekly cost for the site of £15,033. This covers costs incurred pending commencement of the structural strengthening works and continuation during the works, as well as walk and watch safety monitoring, the Tower Hamlets Homes site management team, the core Wates site management team, and ongoing residents communication. Given these ongoing costs, as well as the structural engineers' advice, there is a strong imperative to make a decision and progress with the structural works as soon as practically possible. These costs are not included in the contract award set out in this report, they are being met by the contingency within the previously awarded EWI contract.
8. The detailed cost comparisons of each option from section 2 of the main report are set out on the attached spreadsheet that is also exempt from publication.