

This summary report is for the benefit of 20:20 House (Residential Management) Limited only. This report aims to provide clarity around variations to the works and current funding position.

## 1. VCL WORKS

Internal Vapour Control Layer works were identified January 2021 and detailed in summary report no.1.

- The VCL works were scoped and costed February 2021.
- A Variation no. 1 application was made to Homes England and amounted to £297,337.44.
- Various discussions were held with Homes England and it was confirmed the VCL works were eligible works.
- Written approval was received from Homes England 7<sup>th</sup> June 2021, which confirmed additional funding of £240,614.96 would be provided.

**VCL Programme Rev 1** – The original VCL works programme (Rev 1) was issued 19<sup>th</sup> April and the start date for VCL works was 10<sup>th</sup> May 2021.

- a. However due to the uncertainty in relation to funding of these works, client's delays in organizing residents re-housing ((Various correspondence with Scott Ripley (SRC) and Phil Timms (Habito Living Limited) to substantiate this)). Internal VCL works didn't actually commence until 21<sup>st</sup> June 2021 (Programme Rev 6). This therefore resulted in a further 7 weeks delay and the cost impact was not covered and included within Variation no.1, although later included in variation no.2 and approved by Homes England.

*Cost impact of approximately £48,754.02 (inc vat)*

- b-e. Additional internal works in connection with the VCL works were identified to include closing cavities around window and door openings (fire stopping works to ensure compliance), new kitchen splashbacks, return visit to apartment 239 to complete fire stopping works and bathroom tiling works (bathroom on outside wall requiring VCL works).

*Cost impact of approximately £21,951.00 (inc vat) – Note: to obtain Building Control sign off these works had to be completed*

Additional VCL works cost impact (outside those instructed) = £70,705.02 (including Vat) – Total VCL works costs £242,305.02

*The VCL works costs reduced from the original budgeted £297,337.44 to £242,305.02, although only £240,614.96 was awarded. The client was fully aware that there may be a contribution required for the shortfall (budgeted at £50,000).*

## 2. EXTERNAL ACM WORKS

### a. Structural frame works

Additional works to the building structural frame were identified which were outside the original specification, which could be perceived as an inherent defect, but were accepted by Homes England to be eligible works .

*The cost impact was £55,027.34 (inc Vat)*

## **b. Scaffold Modifications**

Neighbor issues were encountered in relation to erecting scaffold and the client was in effect being held to ransom. All agreed that the solution, in order not to cause further delay was to install a modified scaffold (cantilever). This was approved by Homes England (Variation no.2).

*The cost impact was £38,040.00 (inc Vat)*

## **c. Global materials shortage**

A global aluminum materials shortage resulted in a 5 weeks delay to the programme. This variation was accepted by Homes England.

*The cost impact of the above was £34,824.30 (inc Vat)*

## **d. Car parking**

Car parking spaces were lost whilst there was an overlap of striking scaffold from the East Block and erection at the West Block. Accepted by the client (Scott Ribley was aware of this).

*The cost impact was £16,934.00 (inc Vat)*

## **e. Spandrel panels**

Spandrel panels were identified on the outside elevation and adjacent to ACM works. Outside the original scope, but forming part of the whole external envelope, it was identified these spandrel panels were positioned at the internal Party Wall position. The Chartered Fire engineer requested these panels be removed to ensure the party wall abutted the spandrel panels and forming compartmentation. Accepted By Homes England.

*The cost impact of the above was £7,560.00 (inc Vat)*

## **f. Modification of cladding panels**

Although the manufacturers new cladding panels specification included drainage holes, Wintech (façade engineer, ensuring compliance) requested additional drainage holes are introduced.

*The cost impact of the above was £12,600.00 (inc Vat)*

## **g. Non – ACM works at penthouse level**

Whilst both penthouse levels had scaffold erected it was prudent to complete non-ACM works (limited to Penthouse only) and included replacing the timber paneling with a Rock Panel (non-combustible material). Accepted by Homes England and the client (Scott Ribley was aware of this).

*The cost impact of the above was £14,650.00 (inc Vat)*

## **h. Delay to the works**

The overall impact of the VCL works, unknowns discovered as the works progressed and remedial solutions and requirements set down by Building Control, The Façade Engineer and Chartered Fire Engineer impacted the programme and resulted in the works extending a further 11 weeks. Accepted by Homes England and the client.

*The cost impact of the above was £76,613.46 (inc Vat)*

## **3. PROFESSIONAL FEES**

Professional fees were based on the original programme and completion May 2021. However as additional VCL works were identified and the programme extended, professional fees increased accordingly. These additional fees were included in variation request no.2 and approved by Homes England.

*The cost impact was £151,199.01 (inc Vat)*

1. VCL Works	Original approved	Claimed and Approved (V1 and V2)	Awarded / received (pending award)	Final Account
Original budgeted cost (forming variation no.1) VCL Works		£297,337.44	£240,614.96	£171,600.00
a. Client delays (7 weeks delay) – inc in variation no.2				£48,754.02
b. Additional fire stopping works inc in variation no.2				£9,123.00
c. New kitchen splash backs inc in variation no.2				£4,200.00
d. Return visit to 239 (cavity works) inc in variation no.2				£2,580.00
e. Bathroom tiling to apartment 126 to accommodate VCL works inc in variation no.2				£6,048.00
<b>Total VCL Works</b>		<b>£297,337.44</b>	<b>£240,614.96</b>	<b>£242,305.02</b>
<b>2. External ACM works</b>				
Original contract value	£789,667.82			£789,667.82
Warranty Settlement			£338,101.00	
Homes England			£441,572.00	
Tonia			£146,534.00	
<b>Sub total funding</b>			<b>£926,207.00</b>	
a. Structural frame issues				£55,027.34
b. Scaffold modifications				£38,040.00
c. Global materials shortage and programme knock-on (5 weeks)				£34,824.30
d. Loss of car parking spaces				£16,934.40
e. Spandrel panels				£7,560.00
f. Modification to cladding panels				£12,600.00
g. Non- ACM works (timber replacement)				£14,654.40
h. 11 week delay				£76,613.46
<b>Total External ACM Works</b>	<b>£789,667.82</b>	<b>£258,653.30</b>	<b>£256,253.90</b>	<b>£1,045,921.70</b>
<b>3. Professional fees</b>				
Original budget professional fees	£137,750.00			£137,750.00
Revised professional fees uplift (based on extended programme – pro-rata)		£151,199.01	<b>£151,199.01</b>	<b>£151,199.01</b>

<b>Total Professional fees</b>	<b>£137,750.00</b>	<b>£151,199.01</b>		<b>£288,949.01</b>
<b>Total projection</b>	<b>£962,820.00</b>	<b>£409,852.31</b>	<b>-£9,134.50</b>	<b>1,577,175.70</b>
All the above figures are inclusive of VAT				

#### 4. CONCLUSION

The above provides background information in relation to the works and variations submitted to Homes England.

Variation no.1 was submitted to Homes England for approval. Several items claimed were rejected as non-eligible and Homes England awarded £240,614.96 of the £297,337.44 claimed and any shortfall would be for the client to recover.

Variation no.2 in the value of £401,219.38 was submitted, which included an extension to the programme, which was a result of uncertainty in relation to funding and delay in respect of commencing the VCL works (outlined above). Other elements and items claimed were in respect of unforeseen works and professional fees. All items and elements in respect of Variation no.2 were accepted by Homes England as eligible, although we understand a majority stakeholder has exceeded State Aid funding and a contribution will have to be recovered, although we are not aware of the value. Homes England will be better positioned to advise you on this point.

We trust the above is clear and satisfactory, but should you wish to discuss the content of the above please do not hesitate to contact me.

Kind regards, Lee Rhodes