

# CASTLEGATE FAÇADE UPDATE

## Indicative Costs

We are now in receipt of the rough budget costs for the façade remediation project from Warden Construction and have attached the headline figures to this document for your reference.

The overall construction cost from Warden is £4,092,456.89 + VAT – a total of **£4,910,948.27**. This figure is inclusive of previously approved pre-tender support supplied by MHCLG. Please note that Warden's costs are not inclusive of any other professional fees (e.g. Project Manager, Project Co-ordinator, etc) and at this stage, the headline costs are estimates only and are therefore subject to change. Thomasons are undertaking a review of each line item and the supporting documentation provided by Warden to ascertain the following two prices:-

- A full and complete project cost, inclusive of Warden's costs, professional fees and VAT
- A breakdown of which elements of the work they believe are eligible, based on MHCLG's previous eligibility confirmation

As a reminder, MHCLG have previously confirmed eligibility to apply for funding in respect of the following cladding systems:-

- Metal XPS cladding
- Spandrel Panels
- ACM cladding
- Timber cladding

Once Thomasons have completed their review and provided a breakdown of eligible and ineligible costs, we will have a clear indication of the full sum for which we will request funding, and the remaining amount that may be billed via the service charge if communications with the developer are not successful.

The fund has not confirmed eligibility for any of the masonry/brick work, or the balcony remediation. However, as some of the balcony work is required to facilitate the remediation of eligible cladding, the case will be made that these works should also be funded. In addition, our understanding in respect of the ACM fund is that all access costs, preliminaries and pre-construction costs are funded in full, despite an element of the project falling outside the remit of government funding. This would, in essence, provide a cost saving that will benefit all lessees if the remaining project costs needs to be funded via the service charge.

As previously advised, the procurement route undertaken for this project was via a government approved construction framework. Therefore, Warden's profit is capped at 7% - this is clearly stated on the attached pricing schedule. Please note, in our experience this is below industry norms for these types of projects. As the framework option was only available to the Landlord due to the public sector providing funds for the works, there was previously some debate as to whether any of the privately funded works would entail a higher % profit from the contractor. As per the attached, Warden are charging a flat 7% across the project. The benchmarking process previously undertaken by government to protect public sector funds will therefore apply to any of the service charge funded elements of the project. An alternative procurement route would have likely resulted in an increased project cost.

We are unable to confirm precisely how much funding will be provided at present, but we would like to reassure all lessees that your Landlord and Rendall and Rittner are committed to reducing any financial impact to lessees as much as possible.

### **Timelines**

We previously shared an indicative timeline put together by Warden Construction, in which the estimated start onsite date was noted as 16<sup>th</sup> August. Please note, that to allow the works to commence, we will be applying to the fund for further Pre-Tender Support approval alongside entering into a Pre-Construction Services Agreement. This is the 'advanced works package' element of the costing sheet attached.

Until we are able to gain approval from MHCLG for these funds, we will not be issuing instruction for Warden to proceed. The next possible approval date for these works will be 29<sup>th</sup> July 2021, after which we hope to receive approval for government funding of these costs.

From this point, Warden have advised that their lead time of 3 weeks has been extended to 4 weeks due to industry pressures and demands for materials etc. Therefore, the earliest possible date for any works to commence onsite will be **30<sup>th</sup> August 2021**. This may change and Warden are working closely with Thomasons to agree to a realistic provisional programme update. Once received, we will share with all lessees.

### **Logistic Issues**

Warden have advised that, due to the location of the scaffolding on the surface car park, and the lack of alternative space for materials storage, the surface car park is likely to be rendered unusable for the duration of the works.

Therefore, it is likely that we will be required to relocate a number of residents to a local public car park or council parking area. We realise this is unwelcome news and would advise that this is only being followed as an option out of absolute necessity. We manage a number of developments in which similar situations are now arising and are in communication with Manchester City Council to see if any local agreements for reduced fee parking can be arranged. We are liaising with Homes

England regarding funding of alternative parking offsite to ensure minimal financial impact to affected residents. We will correspond directly with all affected leaseholders and tenants to ensure a suitable alternative is arranged.

**Resident Meeting**

The resident meeting will be scheduled for week commencing **9<sup>th</sup> August**. Details will be circulated separately as soon as possible.

**Developer Communications**

The figures discussed within this document have been shared with the instructed solicitors who are corresponding with the developer in relation to these matters. We hope that sharing the figures with the developer may encourage a response and provide them an opportunity to be more forthcoming in regards to their position regarding Castlegate.

**Rendall and Rittner Limited**  
**For and on behalf of The Manchester Ground Rent Company**