**Nobel House Residents Q&As 12.07.21**

Below are the weekly questions on the Nobel House cladding issue, including responses in red to specific questions that residents posed.

**Questions for Y&Y**

*(From Luke)*

Q1: In the last weekly update, it said “Capital have submitted by the deadline required for the BSF. This is all in readiness for the fund’s approval”. This does not seem correct. Capital can’t submit anything to the BSF as we have not been registered, as widely acknowledged. Please can Y&Y clarify this point immediately. What have Capital submitted and to whom? Please provide evidence.

A: TO BE CARRIED OVER TO NEXT WEEK’S QUESTIONS

Q2: Please provide a copy of the submission and any additional materials Capital have now delivered.

A: TO BE CARRIED OVER TO NEXT WEEK’S QUESTIONS

Q3: Have Y&Y addressed all the points in Crispin’s letter? Can they provide evidence of completion?

A: TO BE CARRIED OVER TO NEXT WEEK’S QUESTIONS

*(From Raven)*

Q4: Does Avon/Y&Y have the ability/liquidity to press ahead with safety works now or do you need to wait for the receipt of funding before beginning work?  The government spoke of releasing new grant funding in the Autumn. So Avon/Y&Y would get their money back when that funding comes through.

A: Ultimately, the service charge will need to collect funds in order to cover the works. The freeholder may potentially loan to the service charge over a small period of time however it would depend on the amount and to what timeframe. Y&Y would not be able to do so as the management firm.

Q4a: Are you planning any interest charges or fees on this loan?

A: I have not taken instruction however there is 4% simple interest in the lease and therefore likely if there is a loan taken that would be the case. Again, we would like to avoid this and await funding or at least understand how much is being funded. We can then allow leaseholders to manage their finances.

Q5: When do you therefore plan to commission the work to proceed?

A: We would look to commission works when we are clear on what will be covered.

Q5a: Do you mean when we are clear on what will be covered by the grants? With luck we may get confirmation from Joe Murphy once we have the ACM results but I’m not overly optimistic. If not then the scenario would be that the next grant round is released in autumn, and we won’t find out whether we get grant until maybe December so would not start the work until next year. Issues with that:

* The original report stated work to be complete by March 2022 for safety reasons.
* It’s quite likely that the prices would have changed again by then.
* The ACM cladding will likely get funded and need removal earlier so there is a risk this may end up causing extra cost due to duplication of scaffolding.

In that scenario, would Avon fund it and press ahead to ensure safety and efficiency?

A: Correct. I would have to take instruction on Avon loaning funds. Whilst the delay is not the best option, the L5 alarm is in place which provides safety on the block at present. This may also be the only option possible.

Q6: What do you envisage doing regarding billing residents while awaiting grant confirmation?

A: We have already billed out for the WW and the works carried out so far. These are obviously a fraction of the cost and are for the design and build etc. We would like to think that most of this would be recoverable in time.

Q7: And please could you also confirm when we expect to hear back from the ACM testing?

A:  We are awaiting the response which we hope will come in at some point this week.

*(From 4QM)*

Q8: Assurance that ACM test results will be sent immediately to the BSF.

A: TO BE CARRIED OVER TO NEXT WEEK’S QUESTIONS

Q9: That Y&Y will press for early application to the autumn BSF tranche of funding.

A: TO BE CARRIED OVER TO NEXT WEEK’S QUESTIONS

Q10: That 4QM and Raven are now always copied in to any and all correspondence to (or forwarded immediately from) Capital, BSF and NHBC, as well as any other related suppliers with regard to the cladding/fire safety issues.

A: TO BE CARRIED OVER TO NEXT WEEK’S QUESTIONS

**Question for Capital**

Q11: Is the fire engineer happy with their proposed programme (complete by March 2024 instead of March 2022).

A: Now that we understand the full extent of the defects to be remediated and the remediation design proposals, we are of the professional opinion that the current programme is reasonable in the circumstances. It is worth noting that the fire risk will be reducing as we progress through the scheme and the Fire Service will be engaged in the process. As such, there is low enforcement risk associated with the proposed programme.

Q12: In contrast to the budget estimate of £5.9m, the costs now appear to be:

* Contractor costs of £9.7m (incl prelims, contingencies etc, but excl VAT and consultant fees),
* Consultant fees of £1.65m,
* VAT of £2.3m and
* Client legal/party wall/licencing costs of £54k.
* TOTAL = £13.7m

I note that the cost consultant still appears to be challenging the provisional sums, so this may reduce slightly, but generally states that costs are reasonable. However, I wondered if you have any comment on why it is so different from the costs you were given at the time of first enquiry only a few months prior?

A: The original budget was very high level and was undertaken before Lawtech had the opportunity to really understand what was required, particularly around the build up’s to each of the wall types and the logistics and sequencing to delivery the scheme. As this is a funding scheme where we have one opportunity to apply for money and we’ve only had a very short design period (typically this would take 6-8 months to flesh out as opposed to weeks) we’ve had to make certain allowances to beef up costs to make sure we’re building in contingencies. This results in slightly higher costs, which will be challenged in the site phase, but ensures we don’t have to go back to the BSF asking for more money. We’ve also had to future proof some of the material rates, as costs are spiralling in construction industry as a result of Brexit/COVID and a very buoyant cladding market.