

MINUTES OF CABINET MEMBER SIGNING MEETING HELD ON FRIDAY, 22 JULY, 2022, 11.30 AM - 11.45AM.

PRESENT: Councillor Ruth Gordon, Cabinet Member for Council Housebuilding, Placemaking and Development

In attendance: Bruno Bridge, Senior Housing Project Manager and Nazyer Choudhury, Principal Committee Co-Ordinator.

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. APPROVAL OF REVISED CONSTRUCTION CONTRACT FOR NEW COUNCIL HOMES AT JANSONS ROAD, N17

On 13 July 2021, Cabinet approved the direct award of a contract to NFC Homes Limited for the construction of five new Council homes at Janson's Road, Tottenham Green: two one-bedroom flats, one two-bedroom flat, one three-bedroom flat and one three-bedroom wheelchair-accessible flat.

In light of considerable cost increases in the construction industry since the award of that contract, this report seeks approval to agree a new contract sum for NFC Homes Limited.

The increase being sought was within budget. There was an increase in the original contract which had been approved by the Cabinet. It was a scheme of five homes, all of which were for social rent. It's included two one-bedroom flats, one two-bedroom flat, one three-bedroom flat and one three-bedroom wheelchair flat. It also included an improved landscape area.

There had been issues with increasing tenders due to the coronavirus crisis, Brexit and the war in Ukraine. In general, there was an overall increase particularly for materials which were energy intensive like steel and brickwork.

After the initial Cabinet approval, NFC Homes did not wish to sign the contract. However, after this contract was signed, any cost risks would be inherited by the company. The only way that could be a cost risk to the Council was if there were variations to the contract or delays in the variations.

The Cabinet Member noted that the development was near the Clive Road conservation area and it would be useful to ensure elements of an after-care service for the residents to avoid any potential lingering issues.

The Cabinet Member RESOLVED

1. To approve, pursuant to Contract Standing Order 9.07.1(d), the award of a revised contract to NFC Homes Limited to undertake the new build works to provide a total of five new homes at Jansons Road car park in the contract sum set out in the Exempt Report Appendix 2.
2. To approve the total scheme costs as set out in the Exempt Report Appendix 2.
3. To delegate powers to the Director of Placemaking and Housing and the S151 Officer (Director of Finance) to make approvals (if required) in line with the details set out in the exempt report.

Reasons for decision

In July 2019, Cabinet approved the inclusion of the land at Jansons Road within the Council's Housing Delivery programme. The scheme proposed for this land was subsequently granted planning consent. In July 2021, Cabinet approved the Page 1 Agenda Item 3 award of a construction contract for the scheme to NFC Homes through direct appointment. On that basis, a letter of intent was issued to NFC Homes in September 2021 to proceed with discharge of all pre-commencement planning conditions. NFC Homes Limited have successfully discharged all precommencement planning conditions and have since been working on the detailed design for Janson Road Car Park.

Due to recent construction market inflation NFC have requested an increase in their contract price. Since the tender in May 2021, labour and materials costs in the construction industry have increased considerably. Government statistics show that over the twelve months to January 2022, the cost of materials required for new housing rose 19.1%. Brexit, HGV driver shortages, strong global demand for construction products, and Covid-19 disruption continue to affect the construction market, amplified by the recent war in Ukraine and subsequent Russian sanctions restricting materials supply.

NFC's new contract price reflects these challenges and the size, scope, complexity, and abnormalities specific to the project. Independent evaluation by the Project Team's Cost Consultant confirms that the new contract price represents value for money and is in line with current market trends.

Alternative options considered

It would be possible not to develop this site for housing purposes. However, this option was rejected as it does not support the Council's commitment to deliver a new generation of Council homes.

The Council could run a competitive tender for the project. This option was rejected because it is not in the Council's interests: a new tender would delay progress on site considerably, thereby putting grant funding at risk, and would be very unlikely to attract bids of a lower price.

If the Council were to retender the project, we would expect an additional 6 months added to the existing programme. NFC have been given a Letter of Intent and are already conducting site investigations, in consultation with statutory authorities and building control, as well as discharging planning pre-commencement conditions in order to be able to claim GLA grant when the main contract starts on site. See comments in Exempt Report Appendix 2.

If the Council were to consider freezing the scheme, the risk associated with this would mean a loss of GLA grant which would put the project at a greater financial loss. The undertaking for the allocation of grant for Janson Road requires the Council to start onsite before the next financial year 2023 - 2024. In addition, we could run the risk of having to resubmit a new planning application should the works not commence within the 3 years from the date of the permission which expires on 9th March 2024.

4. EXCLUSION OF THE PRESS AND PUBLIC

Item 5 was subject to a motion to exclude the press and public from the meeting as it contained exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); paras 3 and 5, namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

5. EXEMPT - APPROVAL OF REVISED CONSTRUCTION CONTRACT FOR NEW COUNCIL HOMES AT JANSONS ROAD, N17

The Cabinet Member considered exempt information relating to item 5 of the agenda

CHAIR: Cllr Ruth Gordon

Signed by Cabinet Member

Date22 July 2022.....