

Report for Cabinet 10th November 2020

Title: **Hornsey Library – Refurbishment Project – Construction Contract Uplift**

Report authorised by Charlotte Pomery, Assistant Director for Commissioning

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Ward affected: All

Report for Key/Non-Key Decision: Key Decision

1. Describe the issue under consideration

- 1.1 This report sets out a way forward with regards to the completion of the main refurbishment works at Hornsey Library. Completion of the additional scope of works allows the Library to be re-opened to the wider community with the new facilities and refurbished interior spaces available for use by November 2020.
- 1.2 The project has involved the refurbishment of the Grade 2 Listed Hornsey Library including external envelope repairs and enhancement, internal remodelling, refurbishment and fit out. The overall scheme supports the Council's Zero Carbon Policy reducing the carbon footprint (and improving the environmental impact of the building by improving the thermal capacity and efficiency of the building services and fabric).
- 1.3 Due to the age of the building, a significant number of unexpected and exceptional building fabric and infrastructure condition issues have manifested during the refurbishment construction works and in addition, some design modifications, additional compliance works (in order to achieve Building Regulation Compliance) and client requested changes have been captured. By addressing the compliance works during this project, the impact of further disruption to the Library Service has been mitigated.
- 1.4 This paper requests the variation of contract to T&B Contractors Ltd as allowed under contract standing order (CSO 10.02.1.b) which permits authorisation by the Cabinet of an extension or variation to a contract where the value is £500,000 or more.

2. Cabinet Member Introduction

- 2.1 I am pleased to present this report, which signals the Council's continued commitment not only to retaining, but to enhancing and maintaining our libraries. Through this refurbishment project, which has continued throughout the Covid-19 pandemic, we have been able to bring back a Grade 2 listed building to its former glory and to modernise its interior for 21st century users.

- 2.2** The report details the reasons for this request for a variation to the existing contract and for extra funding to complete the necessary works. A number of these works only became evident during the construction period and we felt it was sensible to progress them now rather than coming back to them later, which could have necessitated a further period of library closure.

3. Recommendations

- 3.1 For Cabinet to approve a variation of contract to T&B Contractors Ltd for the external envelope repairs/enhancement, internal remodelling, refurbishment and fit out of Hornsey Library to the value of £310,284.43 (excluding contingency) thus increasing their original Contract value from £2,300,369.42 to £2,610,653.85 (excluding contingency).
- 3.2 For Cabinet to approve the contingency sum set out in Part B (Exempt Report) to this paper.
- 3.3 For Cabinet to delegate the authority to approve the use of the remaining contingency sum to the Assistant Director for Commissioning.

4. Reasons for decision

- 4.1 The significant number of unexpected building fabric and infrastructure issues, additional compliance works, and client requested changes have all resulted in an increase to the original tender award value.
- 4.2 The key variations comprise of:
- Internal floor screed replacement
 - Replacement of incoming water mains supply pipework
 - Services riser containment and internal fall protection
 - Adaptation of the building structural frame to enable new glazing installation
 - Removal of redundant services
 - Installation of a new mains power distribution board and additional earthing capacity
 - Reconfiguration of internal layouts,
- 4.3 The additional variations were implemented during this contract as it was deemed less disruptive to the Library Service and more cost effective as specialist contractors are currently on site, thus resulting in economies of scale and savings in contractor preliminary costs. Furthermore, it negated the need to postpone some elements of the works and for these works be procured separately.

5. Alternative options considered

- 5.1 A do nothing option would mean that the Council would be unable to make payment for future invoices received and would run the risk of the Council being in breach of its contractual obligations.
- 5.2 The incorporation of the compliance variations into this project will enable the building to be handed back to the library service and will enable Building Regulation approval and the discharge of planning conditions.
- 5.3 Initiating a new procurement activity to undertake the varied works would not have been cost efficient for the Council whilst having a well-established contractor on site. This approach would have severely impacted on the completion of this project during the current Covid-19 pandemic and would have resulted in a greater disruption to the library service.
- 5.4 Furthermore, the presence of two contractors on site would have created risks around co-ordination and Health and Safety responsibilities and likely have invalidated certain warranties.

6. Background information

- 6.1 London Borough of Haringey is committed to upgrade the Library Services available across the Libraries within the Borough through a Capital Works programme, with the Hornsey Library Refurbishment Project forming one of the key projects within the programme.
- 6.2 The project identified a number of key construction works were required to Hornsey Library to improve the external and internal Library environment broadly including new curtain walling and windows throughout, roofing replacements and repairs, brickwork/lintel repairs, new photovoltaic array, modifications to the internal layout, new lift car, refitting of W/Cs, new heating throughout, extensive re-wiring, new lighting, new security and fire alarm systems, new finishes to walls, floors and ceilings to the mains spaces, fitted joinery repairs & new joinery and modifications to the internal courtyard.
- 6.3 A report was presented to Cabinet in September 2018 which requested virement of £2.266m from the Corporate Landlord and Carbon Management budgets to supplement the previously approved £1.011m of funding from the Libraries budget in order that maintenance and operational improvements could be made to the Hornsey Library building. The approved sum of £3.277m was subsequently uplifted by a further Cabinet approval of £500k in February 2019, thus providing a total budget of £3.777m.

- 6.4 The originally approved Hornsey Library budget comprised the following funding elements: -

Funding Stream	
Libraries & Customer Services	£1,011,000
Corporate Landlord	£1,979,000
Carbon Management	£287,000
February 2019 Cabinet Uplift	£500,000
Total Approved Budget	£3,777,000

- 6.4.1 Based on this approved level of funding, the planned expenditure for the Hornsey Library upgrade works had the following profile: -

Elements of Project Expenditure	
Boiler Replacement Enabling Works	£464,000
Main Construction Works	£2,350,000
Construction Related Consultant and Internal Project management fees	£563,000
Disbursements	£40,000
Furniture	£190,000
Contingency	£170,000
Total Planned Expenditure	£3,777,000

- 6.4.2 The latest projected expenditure (excluding remaining contingency) for the Hornsey Library upgrade works is: -

Latest Projected Project Expenditure	
Boiler Replacement Enabling Works	£454,796
Main Construction Works	£2,671,447
Professional Fees & LBH Project Management	£690,856
Disbursements	£84,286
Furniture	£158,593
Total Planned Expenditure	£4,059,978

- 6.5 On 18th June 2019, Cabinet made a decision to appoint T&B Contractors Ltd to undertake the main refurbishment and enhancement works at Hornsey Library for a contract value of £2,300,369.42 exclusive of VAT. The contractor was procured through the London Construction Programme (LCP) Major Works 2014 Framework Agreement. The project was tendered using a lump sum single stage Traditional method of procurement. The form of contract selected was JCT 2016 Standard Building Contract with Quantities.
- 6.6 The refurbishment and enhancement works commenced on site in November 2019 with a contracted completion date of 28th August 2020. However, during the construction

phase several elements of additional works, unforeseen matters, client requirement and compliance works have been undertaken which have resulted in the Contractor being delayed. In total, T&B Contractors Ltd have claimed for four individual Extension of Time (EoT) claims. To date Claims for EoT No.1 and No.2 have been assessed and agreed and the associated costs are included within this variation. The validity of the contractor's claims for EoT No's 3 and 4 continue to be assessed but, at the current time, these have resulted in a projected completion date of the 26th October 2020. The requested variation to the contract award includes for a projected final account, allowance for all four Extension of Time claims and their associated prolongation costs.

- 6.7 Typical additional works have included the removal and replacement of the main library floor screed, curtain walling asbestos removal, works to the existing lift shaft, mains water supply pipework replacement, a new mains distribution board and other related issues.
- 6.8 The project has continued throughout the Covid pandemic despite many supply chain partners being affected. For example, during the early stages of the pandemic lockdown, the availability of new floor screed to replace the defective existing material in the main library was significantly disrupted by temporary closure of the manufacturers production plant. This situation was eventually overcome by sourcing an alternative supplier, but timescale delay was a resultant impact. In addition supply chain delays have resulted from procurement of specialist light fittings. Since easing of the lockdown, the supply chain has started to recover but some supplies continue to be disrupted as order book commitments are gradually cleared. Cost allowances associated with these delays have been included within the additional contingency amount highlighted in this paper.
- 6.8 The original contract value was £2,300,369.42. The latest projected total construction contract cost, including cost variations and Loss and Expense claims (but excluding remaining contingency allowance) is £2,610,653.85.
- 6.9 Two allocations were made to the project from the approved capital programme contingency, £0.25m in April 2020 and £0.05m in October 2020. These two allocations brought the budget for the project to £4.077m.
- 6.10 The proposed variation of award of £310k is to cover the increase in construction costs incurred and is broken down as follows:

Original Construction Contract Award	£2,300,369.42
Variation for additional construction works	£211,984.43
Variations for extension of time loss and expense claim (latest projected value – to be agreed)	£32,400 +£27,000+£38,900 = 98,300 total
Total projected final construction contract cost	£2,610,653.85
Total projected value of variation to contract award	£310,284.43

Note that this contract variation excludes remaining contingency allowance.

7. Contribution to Strategic Outcomes

7.1 This project contributes to Haringey's Borough Plan 2019-23 with a focus on the listed priorities of:

- **Priority 2 People** – The completion of the refurbishment works will optimise the asset and make it attractive for residents, encouraging use of an environment which is community focused and encourages learning and development
- **Priority 3 Place** – The refurbishment works completion will allow for key condition works to be finalised and provide an upgraded facility for the benefit of the wider community

7.2 In addition, by investing in improved building fabric, services upgrades and sustainable energy use, the project contributes towards the targets of the Haringey Climate Change Action Plan and supporting the Borough in moving towards a net zero carbon use by 2041.

8. Statutory Officers comments

8.1 Finance

8.1.1 This report seeks the variation of contract to T&B to the value of £310,284.43, increasing their original contract value from £2,300,369.42 to £2,610,653.85 (excluding contingency).

8.1.2 Since commencement of construction works last financial year, a total sum of £515,929 was expended in 2019/20 and £1,781,590 in 2020/21 to date. This leaves an outstanding existing contract sum balance of £373,928 for the construction works which will be paid out during the second half of 2020/21 and the retention element in 2021/22. The revised contract value can be contained within the existing cash limit for the project of £4,076,999.

8.2 Procurement

8.2.1 Strategic Procurement agree to this variation subject to Cabinet approval in compliance with CSO 10.1.2b.

8.3 Legal

8.3.1 The Assistant Director of Corporate Governance has been consulted in the preparation of the report.

8.3.2 The Assistant Director of Corporate Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report.

8.4 Equality

8.4.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.4.2 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.4.3 The proposed decision is to vary the contract to T&B Contractors for the external and internal repair and remodelling of Hornsey Library. The objective of this decision is to allow the continuation of works at Hornsey Library, recognising the increased finances needed to complete these works. Once completed the library will acts as a community hub, supporting connections between the local community and acting as an activity space. The library also serves an important function as being free to access for residents and will provide access to digital and devices, important for reducing digital exclusion in the borough.

8.4.4 The reopening and improvements to the library will have a positive impact of the local community, in particular for older people and families with young children, who may be more likely to use the space. The improvement works to the library have been designed to be fully inclusive, helping to improve access for residents and visitors with a disability.

8.4.5 It is not anticipated that this decision will have a negative impact on any groups with protected characterise under the Equality Act 2010. The financial uplift if improve, is an important step towards creating vibrant and flexible spaces for Haringey's communities.

8.4.6 In addition to this, an Equalities Impact Assessment (EqIA) was completed before initial works started, which raised no equalities concerns.

9 Use of Appendices

9.1 Appendix A – Not applicable

9.2 Appendix B – Applicable

10 Local Government (Access to Information) Act 1995

- 10.1 This report contains exempt and non-exempt information. Exempt information is under the following categories (identified in amended Schedule 12A of the Local Government Act 1972): Information relating to financial or business affairs of any particular person (including the statutory holding that information).

