

Report for: Cabinet – 18 January 2022

Title: Bruce Grove Public Convenience Refurbishment Works – Variation of Construction Contract Award

Report authorised by: David Joyce, Director of Housing, Regeneration and Planning

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Ward(s) affected: Bruce Grove

**Report for Key/
Non Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1 Bruce Grove Public Conveniences is a project for the refurbishment and extension of the Grade II listed former public conveniences building to remove the site from Historic England's 'Heritage at Risk' Register and transform the building into a new café with strong social value credentials.
- 1.2 On the 1st of April 2021, Cabinet approved a Contract Award to appoint Lilstone Limited to deliver the refurbishment and extension works at the disused Bruce Grove Public Convenience (BGPC) pavilion building for the total contract cost of £898,892.64. This report seeks approval for the variation of the contract by the sum of £128,518.16 in accordance with Contract Standing Order 10.02.1 (b). This would result in a revised total contract value of £1,027,414.08.
- 1.3 There has been a delay in the start on site for this project, since the original contract award, due to boundary discrepancies highlighted during the easement negotiations with Network Rail. This has been resolved following a redesign to reduce the size of the new extension, but unfortunately has delayed the project which has resulted in the project being exposed to significant increases in the construction costs over the past 9 months since the original contract award.
- 1.4 The increase in contract sum is a reflection of market conditions. The cost consultant has reviewed the submission and consider the uplift in construction costs are reasonable for the works proposed and fairly captures the increases which have been present in the construction industry since the original contract award, which could not have reasonably been foreseen at the point of award.

2. Cabinet Member Introduction

- 2.1. Tottenham's town centres are at the heart of their local communities, providing jobs, services, shops, leisure facilities and social places and spaces. They reflect the many needs of the vibrant and diverse multi-cultural communities, can support improved

health and skills for local people and provide an economy on which many local people rely and serving to build wealth in the community.

- 2.2. The Investment in the derelict Bruce Grove Public Conveniences comes at an important time for Bruce Grove and Tottenham High Road where a significant regeneration is planned over the next 3 years.
- 2.3. The ongoing delay in progressing with the refurbishment works of this building as a result of boundary clarifications with Network Rail has created an immediate threat to the project which is at risk of losing £375,000 of funding provided by Heritage England if this is not expended by the end of March 2022.

3. Recommendations

Cabinet is asked:

- 3.1 To approve a variation to the original Cabinet Award to Lilstone Limited from £898,892.64 to a revised total contract value of £1,027,414.08.

4. Reasons for decision

- 4.1 On the 1st of April 2021 Cabinet approved a Contract Award to appointment Lilstone Limited to deliver the refurbishment and extension works at the disused Bruce Grove Public Convenience (BGPC) pavilion building for the total contract cost of £817,175.13 plus a 10% contingency of £81,717.51.
- 4.2 A letter of intent was issued to the Contractor in June 2021, with construction works due to commence on site on the 16th of July 2021. However, as part of the easement negotiations with Network Rail (Neighbouring Landowner), it came to light, prior to construction works commencing on site, that there was a discrepancy between the title boundary line and the line used for the design of the new extension to BGPC.
- 4.3 On review of the Council's and Network Rail's Title Plans it is believed that the position of the proposed extension exceeds the Council's boundary, which has led to the construction phase being put on hold on the 30th of June 2021, and the rear extension being redesigned, (as detailed in section 4.5 of Part B).
- 4.4 The time required to complete the revised design and delays associated with the same has created a substantial uplift in construction costs. This is primarily because of the effects of the Covid Pandemic across the construction industry and general increase in the cost of materials.
- 4.5 This variation report requests that a variation of £128,518.16 (detailed in section 6.4) over the original Contract Award granted by Cabinet is agreed. This would result in a revised total Contract Award of £1,027,414.08 as detailed in section 3.1 above.

5. Alternative Options Considered

- 5.1 **Do nothing option** - a decision not to support the variation to the Contract Award would result in the construction contract being terminated as the Contractor would not be able to deliver the works due to cost increases reported. This may also result in the Council having to pay the Contractor for loss and expense.
- 5.2 **A scope of value engineering** - to reduce the overall cost uplift has been considered. The designs for the new extension at BGPC have been prepared in consultation with the Heritage Officer so they are sympathetic to the pavilion building due to its grade II listed status. Therefore, any changes in designs and specification would be subject to a new Listed Building Consent application. This would have further impact on project programme and fees due to additional time needed to complete the redesigns and obtaining the required approvals.
- 5.3 **Re-tender the works** – this option was discounted as the time needed to complete the tender would delay the construction works further putting funding at risk. Project costs would also increase as abortive costs for Lilstone Limited would need to be paid, and due to current market conditions, tender returns could also be higher than the uplifted construction costs reported.

6. Background Information

- 6.1 Bruce Grove Public Conveniences is a project for the refurbishment and extension of the Grade II listed former public conveniences building to remove the site from Historic England's 'Heritage at Risk' Register and transform the building into a new café with strong social value credentials.
- 6.2 The redesign of the rear extension has meant that a further planning submission was needed to reflect the changes made. This has resulted in a delay to the construction programme whilst a decision on planning was awaited. Determination was granted on the 25th October 2021).
- 6.3 The revised designs have now been priced by the contractor. The impact of the Council instructing construction work be placed on hold and re-design has incurred a substantial uplift in construction costs.
- 6.4 The original tender submission was received in March 2021. Since then, market conditions have shifted primarily because of the Covid Pandemic, with contributing factors being material shortages and increased costs generally in the construction industry. These could not have been envisaged at the time the project was put on hold.
- 6.5 Due to the redesign and delays in commencing with the works the construction period has also extended from 34 weeks to 37 weeks. This is due to the conservation elements of the works being resequenced and longer lead-in times for materials. This has impacted on preliminary costs.
- 6.6 Council and GLA grant funding has been secured to meet latest programme projections into 2022/23, and defects 2023/24. Historic England Heritage Action Zone (HAZ) funding of £375,000.00 is required to be spent by the end of the 2021/22 financial year (March

2022), otherwise there is a risk this could be withdrawn. Based on the risk of losing HAZ grant funding, in consultation with the Client Team, Sponsor and Officers the decision was taken to allow construction works to commence in November 2021 whilst a variation of award was prepared and presented to Cabinet Committee at the earliest opportunity.

6.7 Subject to Cabinet approval below is the projected programme dates for key activities:

Mobilisation of contractor	November 2021
Place Orders for Long Lead Items	December 2021
Conservation works	January 2021 – March 2022
Strip out and demolition works	January – February 2022
Substructure works	April – May 2022
Superstructure works	May – June 2022
Internal works	July – October 2022
External works	May – August 2022
Handover	October 2022

7. Contribution to Strategic Outcomes

7.1 This project proposal supports outcomes as outlined in the Borough Plan 2019-23, in particular:

- **Priority 2 People** – to contribute to a Haringey ‘where strong families, strong networks and communities nurture all residents to live well and achieve their potential’.
- **Priority 3 – Place** : a place with strong, resilient, and connected communities where people can lead active and healthy lives in an environment that is safe, clean, and green.
- **Priority 4 - Economy**: a growing economy which provides opportunities for all our residents and supports our businesses to thrive.

7.2 The proposals for the site can help address **Social Value Framework Indicators** by creating economic benefit through new employment opportunities, increasing employable skills, and investing in local supply chains.

7.3 There is a direct alignment with the Council’s emerging Strategic Asset Management Plan; whereby it is seeking to proactively transform its corporate property estate to increase revenue income for the Council and in so doing improve the level of service the Council can provide for its local community, The pilot ‘Community Wealth Building

Lease' features within the Strategic Asset Management Plan and Lessons learned from this pilot will help to inform future Council policy and operations regarding how it uses its property portfolio.

7.4 Since the onset of Covid-19, the Council has published a 'Good Economy Recovery Action Plan' (GERP). The project supports the GERP's top priorities, including helping businesses into work/training through offering work experience/apprenticeships and delivering new, high quality employment space.

8. Statutory Officers comments (Chief Finance Officer, Procurement, Assistant Director of Corporate Governance, Equalities).

8.1 Finance

8.1.1 This report seeks a variation of £128,518.16 (detailed in section 6.4) to the Contract Award granted by Cabinet on the 1st of April 2021 to Lilstone Limited to deliver the refurbishment and extension works , RIBA Stages 5–6, (Construction) at BGPC.

8.1.2 The variation would result in a revised Contract Award to Lilstone in the sum of £1.027m as follows:

Contract Award	£0.786m
Construction cost uplift	£0.107m
Utility Costs*	£0.040m
Construction contingency	£0.093m
Total construction costs	£1.027m

* Budget Costs (rounded up figures)

8.1.3 The variation to the contract award is to be funded through reprofiling of existing funding and utilisation of budget underspends from other Heritage Action Zone projects which have been done under officer delegations.

8.2 Procurement

8.2.1 Strategic Procurement (SP) note that this report relates to the variation of award for the BGPC refurbishment works to Lilstone Limited.

8.2.2 SP have reviewed the option of retendering the project with Legal understand that termination of the existing contract with Lilstone Limited will present risks to the project in terms of costs and further delays.

8.2.3 SP support the recommendations in this report in accordance with Contract Standing Orders clause 10.02.1 (b); Variations and Extension. To vary the contract by £128,518.16 to Lilstone Ltd.

8.2.4 The variation is in line the authorities CSO's and the PCR's

8.2.5 SP notes that as per section 8.1.1 of this report, funding is available for this Contract.

8.2.6 SP support the recommendations within this report and have no objections with awarding this Contract variation to Lilstone Ltd for the value outlined in this report.

8.3 Legal

8.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.

8.3.2 The works are below the threshold where the modification (variation) rules set out in Regulation 72 of the Public Contracts Regulations 2015 apply. The variation is therefore governed by Contract Standing Orders.

8.3.3 As the overall value of the contract is in excess of £500,000, it falls to Cabinet to approve the variation (CSO 10.02.1 (b)).

8.3.4 The variation is a Key Decision and, as such, needs to comply with the Council's governance processes in respect of Key Decisions including publication in the Forward Plan (CSO 3.01(d)).

8.3.5 The Head of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing Members from approving the recommendations in this 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.

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 apply to the first part of the duty.

8.4.2 The proposed work aims to address the dilapidated condition of the Grade II Listed public convenience pavilion building which has been disused for over 40 years.

8.4.3 The building is on the at risk register of the councils properties and the refurbishment works with the construction of a new extension to create a café facility with social values which can be used by the local community and members of the public visiting Bruce Grove.

- 8.4.4 The proposed decision is to approve a variation to the original Cabinet Award to Lilstone Limited to undertake the refurbishment and improvement works at BGPC. It is expected that this decision will lead to the disused building being brought back into use for the local community.
- 8.5.5 The variation of contract award is required to enable the refurbishment and extension of the existing pavilion building. The works will comprise of roofing works, heritage repairs, installation of new mechanical and electrical services and improvements to external areas with new pavement lights and fencing.
- 8.5.6 As an organisation carrying out a public function on behalf of a public body, the Contractor will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above. Appropriate contract management arrangements will be established to ensure that the delivery of the major works does not result in any preventable or disproportionate inequality.

8.2.1 Use of Appendices

8.2.2 Appendix 1 – Part B

8.2.1 Local Government (Access to Information) Act 1985

10.1 List of background documents:

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).