

Report for: Cabinet Member Signing – 22 July 2022

Title: Approval of Revised Construction Contract for New Council Homes at Jansons Road, N17

Report

Authorised by David Joyce, Director of Placemaking and Housing

Lead Officer: Robbie Erbmann, Assistant Director for Housing

Ward(s) affected: Tottenham Green

Report for Key/

Non-Key Decision: Key Decision

1. Describe the issue under consideration

- 1.1 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.
- 1.2 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.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendation

- 3.1. The Cabinet Member is recommended:

- 3.1.1 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.
- 3.1.2 To approve the total scheme costs as set out in the Exempt Report Appendix 2.
- 3.1.3 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.

4. Reasons for decisions

- 4.1. 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

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 pre-commencement planning conditions and have since been working on the detailed design for Janson Road Car Park.

- 4.2. 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.
- 4.3. 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.

5. Alternative options considered

- 5.1. 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.
- 5.2. 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.
- 5.3. If we 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.
- 5.4. If we 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.

6. Background information

- 6.1. As shown in the plan in Appendix 1, Jansons Road car park is situated within Tottenham Green ward and lies between Jansons Road and Philip Lane. The site is not located within a conservation area; however it is on the corner of the Clyde

Circus conservation area. The site is Council owned and held for housing purposes in the HRA.

- 6.2. In July 2019, Cabinet approved the inclusion of the site into the Council's housing delivery programme to determine its feasibility and capacity for the delivery of new homes and then, if appropriate, the progression through to planning consent.
- 6.3. In November 2020, designs of five Council homes at the site were given planning permission: two one-bedroom flats, one two-bedroom flat, one three-bedroom flat and one three-bedroom wheelchair-accessible flat.
- 6.4. 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 Jansons Road, Tottenham Green. Cabinet also approved the appropriation of that land for planning purposes and then on completion, appropriation of the new homes to the Housing Revenue Account for housing purposes.
- 6.5. On that basis, the Council issued a letter of intent to NFC Homes in September 2021 to proceed with discharge of all pre-commencement planning conditions. NFC Homes Limited have successfully discharged all pre-commencement planning conditions and have since been working on the detailed design for Janson Road Car Park.
- 6.6. NFC Homes have since submitted a request for an increase to their contract price as set out in detail in the Exempt Appendix 2.
- 6.7. The revised costs were evaluated independently by the Project Team's Cost Consultant to ensure value for money in line with current market trends. Considering the size, scope, complexity, and abnormalities specific to this project, the Cost Consultant has certified that the revised additional cost submitted by NFC Homes to deliver the project offers value for money in the current market.
- 6.8. This report is seeking approval of the additional construction cost sought by NFC to enable the new build works to commence.
- 6.9. The contract is to be awarded to include new build works, site establishments, design works, site enabling, management costs, overheads and profits, and there is a defects liability period of 12 months.
- 6.10. The price uplift assumes signing of the contract by June 2022, to allow start on site by the end of Q1 2022.

7. Contribution to Strategic Outcomes

- 7.1. The recommendations in this report will support the delivery of the Housing Priority in the new Borough Plan, which sets out in its first outcome that *"We will work together to deliver the new homes Haringey needs, especially new affordable homes"*. Within this outcome, the Borough Plan sets the aim to *"Ensure that new developments provide affordable homes with the right mix of tenures to meet the wide range of needs across the borough, prioritising new social rented homes"*.
- 7.2. In particular, the recommendations in this report are explicitly about delivering the

aim “to deliver 1,000 new council homes at council rents by 2022”. The proposals in this report contribute directly to the strategic outcomes on new housing supply that are at the core of the aims of the Council as expressed in the Borough Plan.

8. Statutory Officer Comments

Legal

- 8.1. The contract which this report relates to has been procured by direct call-off under the LCP Major Works Framework 2019 (“the Framework”).
- 8.2. The Framework was procured in accordance with the Public Contracts Regulations 2015 (as amended).
- 8.3. The rules of the Framework permit a direct award of contracts up to £2.5 million.
- 8.4. The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

Procurement

- 8.5. Strategic Procurement notes the update on the Housing Delivery Programme and recommendations within section 3.1 (3.1.2-3.1.5) of this report; however, comments are not applicable for property and land transactions as they sit outside of the Procurement Contract Regulations.
- 8.6. Strategic Procurement support the award of this contract as the contract has been awarded by way of a direct award from the LCP Framework (Housing and residential lot 1.1b) in accordance with the framework regulations.
- 8.7. Strategic Procurement note the cost pressures referenced in the report and the associated revised cost plan.

Finance

- 8.8. The scheme will deliver 5 units of social rented homes on completion at a total construction contract value as set out in the exempt report.
- 8.9. The preferred contractor was directly appointed, due to limited interest, following an assessment by the service’s cost consultant.
- 8.10. This scheme is contained in the current HRA financial plan and MTFs, and the estimated spend in the current year will be met from the approved new build capital budget.
- 8.11. Further finance comments are contained in the exempt report.

Equality

- 8.12. 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.

8.13. 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.

8.14. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic. The proposed decision relates to new build works to provide five Council rented home at Jansons Road car park. The decision will increase the supply of Council rented homes which are genuinely affordable to local residents. This is likely to have a positive impact on individuals in temporary accommodation as well as those who are vulnerable to homelessness. Data held by the council suggests that women, young people, and BAME communities are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics, as well as those who identify as LGBT+ and individuals with disabilities are known to be vulnerable to homelessness, as detailed in the [Equalities Impact Assessment of the council's Draft Homelessness Strategy](#). It is noted that one new unit will be wheelchair accessible with on-site disabled parking. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

8.15. It is noted that during the S105 consultation, three residents raised concerns about the impact of removing the car park including due the specific impact on older residents and those with disabilities. It is also noted that in response to these concerns, the council has undertaken a full parking survey which concluded that the adjoining streets covered by a controlled parking zone have capacity to accommodate any additional parking that may arise from the proposed development. It is also noted that one of the new council homes will be wheelchair-accessible and will be accompanied by a disabled parking bay. In summary, the decision is a proportionate means of achieving a legitimate aim insofar as individuals with protected characteristics are overrepresented on the waiting list for a council home and stand to benefit from the construction of new homes, while appropriate steps are being taken to mitigate any potential negative impact on individuals with protected characteristics that may be caused by the reduction in car park accessibility.

8.16. 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.

9. Use of Appendices

Appendix 1 – Red line boundaries, CGI Floor Plans
 Appendix 2 – Exempt – financial information

10. Local Government (Access to Information) Act 1985

- 10.1. Appendix 2 is NOT FOR PUBLICATION by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 in that they contain information relating to the financial or business affairs of any person (including the authority holding that information).