

Report for: Cabinet, 12th March 2024

Title: Remington Road – update on the construction of 46 New Council Homes.

Report authorised by : David Joyce.

Lead Officer: Robbie Erbmann.

Ward(s) affected: Hermitage and Gardens (formerly Seven Sisters).

Report for Key/ Non Key Decision: Key Decision.

1 Describe the issue under consideration

1.1 This report seeks the approval of additional funds in accordance with Contract Standing Order (CSO) 10.02.1(b) to complete the construction of 46 new Council homes on land adjoining Remington Road and Pulford Road, N15 6SR (“Remington Road”). The total amount of additional funding sought is set out in Part B of this report.

2 Cabinet Member Introduction

2.1 In two to three months’ time, 46 households will be able to move out of desperately overcrowded, inadequate or temporary accommodation into the brand-new council homes we’re building for them at Remington Road. 14 of these 46 homes have three bedrooms; four have four bedrooms. Five have been designed as adapted units for people with disabilities. They are all designed and built to the very highest standards.

2.2 Not only will this transform those 46 families’ lives, but it will also improve the area for everyone. We’ve worked with local residents to design the new landscape and public spaces this development will bring to their area, including a garden area in the newly created Tramway Mews, improvements to an award winning community garden adjacent to Remington Road and the new Seven Sisters Square. New on-street parking, electric vehicle charging points, cycle storage and recycling facilities will further improve this part of Tottenham; air source heat pumps, solar panels and high levels of insulation will save new residents money on fuel costs – and help meet our wider commitments in our Climate Change Action Plan to a Net Zero Carbon Haringey.

2.3 This report asks Cabinet to approve an increase of 7.3% to the scheme’s total budget. This increased budget will allow us to cover unforeseen costs – and to

do so in a very challenging financial environment. I am absolutely confident that we are managing the costs in this project robustly – as we are across the programme - and that we can cover them from the wider New Homes Build budget approved by Cabinet in our balanced and sustainable HRA. The fact we are continuing to deliver genuinely affordable and secure homes in such a challenging financial environment is a testament to our commitment to deliver 3,000 new council homes by 2031 – and to do so within a programme that is financially viable for the long-term.

3 Recommendations

3.1 Cabinet is asked to:

- Approve a variation to the contract in respect of the additional expenditure, as set out in Part B, to ensure the completion of the construction of 46 new homes at Remington Road and thereby allowing the Council to take possession (Spring 2024) of these much need high quality homes.
- To note the revised Total Scheme Cost as contained in Part B.
- To note the homes at Remington Road will be let at London Affordable Rent.
- To note the approval of these funds is in accordance with CSO 10.02.1(b).
- To note the revised appraisal contained in Part B for the project which reflects the revised Total Scheme Cost and the homes being let to residents at London Affordable Rent.

4 Reasons for decision

- 4.1 The approval of additional funding will ensure the timely completion of the construction of 46 new Council homes at Remington Road. Once these works are completed, the Council can take possession of these homes which will help to address the overwhelming need for affordable homes within the Borough and the homes are expected to be well received by future residents.
- 4.2 The construction of the homes (and associated external areas) is now well advanced with completion anticipated for Spring 2024. During the construction works, a number of instructions were issued by the Employer’s Agent and it is anticipated future instructions will now be necessary to ensure completion.
- 4.3 Furthermore, it is necessary the Council fulfils its contractual obligations under the terms of the building contract. Where additional works are necessary, the Employer’s Agent is required to issue an instruction to the Contractor to undertake these works and, once the instruction is made, the Council is obliged to fund the costs associated with the additional works.

5 Alternative options considered

- 5.1 *Do not seek additional funding.* This option would result in the scheme not being completed as additional works could not be instructed without the necessary funds being available to the Council to meet its contractual obligations. The Council would also face the risk of a claim for breach of contract as additional funds are required to fund those instructions already issued by the Employer's Agent.

6 Background information

- 6.1 In March 2022, following a formal competitive tender process, Cabinet approved the appointment of Formation Design and Build Limited "the Contractor" to construct 46 new Council homes for Council rent on Council owned land located on land adjoining Remington Road and Pulford Road, N15 6SR.
- 6.2 The approved Total Scheme Cost included in the Cabinet report, dated 8th March 2022, is included in Part B.
- 6.3 In accordance with the contract, the Contractor took possession of the site at the end of March 2022 with a contract completion date of September 2023. The scheme is now anticipated to complete in Spring 2024 due to delays arising from the completion of legal matters relating to the site and the need to divert underground electrical cables.
- 6.4 A number of instructions were issued to facilitate the start of the construction works, that had not previously been specified in the initial contract. This included securing the site boundary, by replacing parts of a chain link fence, and the removal of waste arising from fly tipping.
- 6.5 As the construction works proceeded, Japanese Knotweed was uncovered during the demolition phase and had to be removed from the site to a licenced waste facility. There were also additional infrastructure improvements required as a result of further below ground investigations. These included the provision of a new surface water sewer main, which will improve the drainage to new and existing public areas along Remington Road, and the repositioning of below ground electrical cables serving the adjacent electrical substation.
- 6.6 Design changes were made to the Contractor's design proposals to ensure the quality of the building facade and to incorporate a cleaner's cupboard within the new development.
- 6.7 Typical for this type of construction contract, the contract sum contained a number of provisional sum allowances for specific items of work and services. As the cost of these works and services were unknown at the time of contract award, instructions are required to address the difference between the provisional sum allowance and actual costs. This includes a new estate road where there was a significant difference between the provisional sum allowance and the final cost.

- 6.8 Due to the prolongation of the construction programme, the need for additional professional advice and the increase in the costs of fulfilling planning obligation has resulted in a significant increase in expenditure on consultancy services for this project.
- 6.9 The revised Total Scheme Costs and a detailed breakdown of the additional costs can be found in Part B of the report.
- 6.10 The Council's Housing Delivery Team has a strict process where change control is registered, approved and monitored. Building contracts are managed by independent Employer's Agents who report to the Council's Housing Delivery Management Team on a monthly basis during formal project review meetings.

7 Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes

- 7.1 The scheme is part of the Council's broader Housing Delivery Programme and will play a role in achieving the outcomes under the CDP theme: 'Homes for the Future'. In particular, the targeted outcomes to achieve 'an increase in the number and variety of high-quality and sustainable homes in the borough' and 'an improvement in the quality of housing and resident services in the social rented sector'.
- 7.2 The scheme will support housing growth in a key regeneration area and will make a meaningful contribution to the Council's target of 3,000 homes by the end of 2031 and the provision of 14 x 3Bed and 4 x 4Bed homes will help to address the acute need for larger affordable homes.

8 Carbon and Climate Change

- 8.1 The scheme employs an efficient building fabric, including well insulated external walls and roofs and energy efficient glazing, with further carbon reducing measures comprising the use of air source heat pumps and photovoltaic panels.
- 8.2 In addition, a financial contribution for carbon offsetting has been made meaning the project represents a zero carbon scheme which exceeds the Local Plan Policy.

9 Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

Included in Part B of the report.

Procurement

Strategic Procurement (SP) note that this report relates to a request to the approval of a variation to a construction contract.

This variation is in accordance with regulation 72 (5) (a) and (b) of the Public Contracts Regulations 2015.

SP support the recommendation to approve the variation in accordance with CSO 10.02.1(b)

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

The works are above the threshold where the tendering requirements set out in the Public Contracts Regulations 2015 (the Regulations) apply. In order to comply with the Regulations, any variation to include additional expenditure needs to come within one of the safe harbours set out in Regulation 72.

From the information which has been provided, it appears that the proposed variation would come within the de minimis provisions set out in Regulation 72 (5) (i.e. is below both the threshold for tendering specified under the Regulations and is less than 15% of the original contract value).

The variation will be a Key Decision and therefore the Council needs to comply with its governance requirements in respect of Key Decisions including publication in the Forward Plan.

The Cabinet has power to approve the variation under CSO 10.02.1 b) (extensions valued at £500,000 or more).

The Assistant Director of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing Cabinet from approving the recommendations in this report.

Equality

The Council has a Public Sector Equality Duty (PSED) 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 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 apply 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. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

The decision in question is regarding the approval of additional expenditure, as set out in Part B, to ensure the completion of the construction of 46 new homes at Remington Road for council possession.

The scheme will increase the supply of Council rented homes to Haringey 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 people are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics, as well as those who identify as LGBTQ+ and disabled people are known to be vulnerable to homelessness. It is further noted that five of the forty-six homes are fully accessible for wheelchair users which will benefit residents with certain disabilities. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

10 Use of Appendices

Included in Part B of the report.

11 Background papers

None used.