

**Report for:** Report for Cabinet Member Signing, Scheduled for [TBC]

**Title:** Canning Crescent 176 High Road, Wood Green, N22 8JT  
Refurbishment Works - Award of Construction Works Contract

**Report authorised by:** Vicky Murphy, Service Director Adult Health, and Communities

**Lead Officer:** David Lee, Senior Project Manager, Major Projects  
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**Ward(s) affected:** All

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

**1. Describe the issue under consideration.**

- 1.1. To request approval to award a contract to Kind Diamond Consortium (KDC) to undertake refurbishment works at Canning Crescent.
- 1.2. To approve the issuance of a letter of intent.
- 1.3. To request approval to increase the project budget from £4,259,000 to £5,918,805.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 For the Cabinet Member for health, social care, and wellbeing pursuant to contract standing order 7.01(b), 16.02 (urgent decision allocated to Cabinet Member) and 9.07.1d to approve an award of contract to Kind Diamond Consortium to undertake the refurbishment works at Canning Crescent (2c) based on their tender price of £1,731,390.
- 3.2 Approve a client contingency as set out in Part B of this report which will be strictly managed under change control governance arrangements. This is in addition to the award value noted in 3.1. Refer to Part B section 3 for the contingency value and total award value.

- 3.3 To Approve the issuance of a Letter of Intent up to the value of £173,139 pursuant to CSP 9.07.3.

#### **4. Reasons for decision**

- 4.1 There were significant delays in the work (Phase 1) being completed by the original contractor Cosmur Construction (London) Ltd (Cosmur) with a contract completion date of 18th March 2022 the project was 12 months in delay at the time of their withdrawal from site and subsequently entering a Compulsory Voluntary Arrangement (CVA) on 11th May 2023.
- 4.2 Following a review by Major Projects, Haringey Procurement and Legal it was decided for expediency to directly award a contract (Phase 2a, 2b & 2c) to Diamond Build Plc, a supplier with a proven track record of delivering similar projects. An award of contract was supported by Cabinet Member on 7<sup>th</sup> December 2023, however prior to a letter of intent being issued, the Council received notification on the 8<sup>th</sup> of January 2024 that they had placed themselves into Voluntary Liquidation. The Gazette, the official public record, publicised this on the 25<sup>th</sup> of January 2024.
- 4.3 Upon the liquidation of the previous contractor the Major Projects Team, in consultation with Strategic Procurement and Legal explored procurement options to deliver these works. This included comparing the benefits and risks of tendering via the LCP Major Works Framework or Haringey's Dynamic Purchasing System (DPS), and a direct appointment. This exercise concluded with a preference to undertake a direct award to Kind Diamond Consortium (KDC) from the LCP Major Works Framework.
- 4.4 There is an urgent need for the facility to be operational to support Haringey residents living with mental health conditions that affect daily life. The completed works will also allow the Clarendon Road Recovery College to be relocated to the Canning Crescent site, allowing Clarendon Road to be adapted for homelessness accommodation.

#### **5. Alternative options considered.**

- 5.1 Do nothing – The refurbishment works at Canning Crescent remain incomplete. A decision not to support this award of construction contract will result in the Council's failure to meet the original project objective which is to create a new Adult Mental Health facility with respite units, recovery college and cafe for use by Barnet, Enfield, and Haringey (BEH) Mental Health NHS Trust.
- 5.2 Following a full analysis it was considered that a competitive tender via the Dynamic Purchasing System (DPS) or LCP Major Works Framework would not necessarily lead to a lower cost, create risks, and would significantly lengthen the project programme. This route was therefore discounted as it was felt a direct award would represent best value and be most efficient due to the urgent need to replace the previous contractor. An independent quantity surveyor and

contract administrator is appointed to evaluate all costs to ensure value for money for Kind Diamond Consortium to complete the works.

- 5.3 In-house – There is currently no resource within the Council that has the capacity, specialist expertise or qualifications to deliver this service.

## **6. Background information**

- 6.1 The Canning Crescent Centre is a former mental health centre in Wood Green. The Council purchased the freehold with vacant possession in February 2019, from Barnet, Enfield, and Haringey Mental Health Trust (BEHMHT), following a Cabinet decision in October 2018. The planned refurbishment of the building will enable a set of services to support residents living with mental health conditions that affect daily life. The works will also allow the Recovery College to be relocated to the Canning Crescent site.
- 6.2 Due to the urgent nature of the project, termination of the Contract with Cosmur Construction (London) Ltd and aborted award of contract to Diamond Build Plc (as set out in section 4) it was deemed essential to mobilise a contractor as soon as possible to complete the original scheme.
- 6.3 Phase 2a and 2b had been award to Diamond Build Plc to take initial possession of the site and to complete an assessment (validation survey) of the outstanding works. The outcome of this assessment informed Phase 2c, which is the remaining works to be undertaken. Further details are noted in Part B section 6 of this report.
- 6.4 With a refurbishment scheme of this nature that had extensive mechanical and electrical (M&E) alterations there remains a level of complexity relating to a replacement contractor taking liability for the installation of works by the original contractor. In recognition of this Major Projects instigated a process of validation (Phase 2b) to assist in establishing the full extent of works required. This involved intrusive investigation (which was led by the design team) that included removing previously installed ceilings and panelling and testing the M&E and other building fabric work to influence the scope of works required. This has assisted the design team in the accuracy of the required scope and has ensured the contractor had a full understanding of the liability in undertaking the refurbishment. These investigations identified significant shortcomings in the workmanship and certification of the mechanical and electrical installations, fire stopping, fire doors and other elements of the project. This has resulted in many of these items having to be renewed as part of the refurbishment.
- 6.5 A specification of works was prepared by the Multidisciplinary Design team reflecting the outcome of the validation process completed by Diamond Build Plc and a tender was submitted in October 2023 using the Haringey Procurement Contract System (HPCS).
- 6.6 The scope of works involves the completion of:

- Architectural installations – Panelling, fixed furniture, fire doors, kitchen installation etc.
  - Mechanical & electrical installations – Lighting, fire alarm, small power, lift, heating, and security systems etc.
  - Landscaping Works
  - External building envelope improvements
- 6.7 Based on the above it was recommended that Diamond Build Plc be appointed to complete the works and the Cabinet Member for Health, Social Care, and Wellbeing approved this via a Cabinet Member signing on the 6<sup>th</sup> of December 2023.
- 6.8 Despite undertaking financial checks prior to recommending Diamond Build Plc to complete the works the Council were informed on the 8<sup>th</sup> of January 2024 that they had entered into voluntary liquidation. The procurement process was therefore ceased. The Gazette, the official public record, publicised this on the 25<sup>th</sup> of January 2024.
- 6.9 Major Project led an options appraisal to determine the optimum route to market. This exercise concluded with a preference to undertake a direct award to Kind Diamond Consortium (KDC) from the LCP Major Works Framework. Refer to section 5 for alternative procurement options considered.
- 6.10 Kind Diamond Consortium (KDC) were approached to undertake the works as a direct award from the Council's LCP Major Works framework.
- 6.11 The Council are continuing to explore the potential to recover costs from the original contractor.
- 6.12 The quantity surveyor for this project has undertaken a thorough and detailed review of the tender and a summary of the tender report is included in Part B.
- 6.13 The defects liability period (rectification period) is 12 months.
- 6.14 The contract is to be awarded on a fixed price basis.
- 6.15 The procurement route is based on a traditional (full design) form of contract – JCT Standard Building Contract without Quantities 2016.
- 6.16 Completion of the remaining works is projected to be December 2024.

## **7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'**

- 7.1 The client original project brief outlined that the project aims to contribute to Council's Corporate Delivery Plan 2019-23. In particular, Outcome 7 under Priority 2 (People): All adults are able to live healthy and fulfilling lives, with dignity, staying active and connected in their communities. Specifically:
- People will be supported to live independently at home for longer,

- Adults will feel physically and mentally healthy and well and
  - Adults with multiple and complex needs will be supported to achieve improved outcomes through a coordinated partnership approach.
- 7.2 This project will support Theme 4 of the Corporate Delivery Plan 22/23 and 23/24 (Adults, Health, and Welfare) and in particular the outcome of allowing adults to live healthy and fulfilling lives.
- 7.3 This project also links to the Joint Mental Health and Wellbeing Framework.

## **8. Carbon and Climate Change**

- 8.1 This project will support the Borough's carbon reduction and climate change ambition by delivering approx. 20.99 tCO<sub>2</sub>pa carbon reduction through the installation of energy efficient measures such as double glazing. This work also benefits the Council in reducing the reactive maintenance requirements at the facility in future by economically fixing the root cause of the condition issues within a single project whilst avoiding additional temporary repairs costs.

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

### **9.1 Finance**

This report seeks approval for an award of contract to Kind Diamond Consortium to undertake the refurbishment works at Canning Crescent (2c) based on their tender price of £1,731,390.

Since financial year 2020/21, a total sum of circa £3.2m have been spent to date as at 31/03/2024 on this project, leaving a remaining budget of £0.90m within the current capital programme plan.

The additional cost associated with the proposal of this report of circa £0.83m will be met from the general fund capital contingency budget, as agreed by The Cabinet Member for Health, Social Care and Wellbeing at the meeting held on the 6th of December 2023.

### **9.2 Procurement**

Strategic Procurement (SP) note that this report relates to the approval of an award to Kind Diamond Consortium (KDC) to undertake the refurbishment works at Canning Crescent (2c)

This is a direct award to the named contractor via the LCP Major Works Framework (LOT 1.1B)

The procurement route was adopted due to how urgent the requirement has become.

There have been two failed attempts to progress with the project with any of the contractors that were appointed in the past due to liquidation.

SP has conducted financial checks on the KDC, and the outcome indicated that they are financially strong.

SP and the service area must continue to monitor the financial stability of KDC.

SP therefore support the recommendation to approve the award in accordance with CSO 9.07.01(d) and 16.02.

### **9.3 Legal**

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

CSO 9.07.1.d states that all contracts valued at £500,000 or more at the time of award may only be awarded, assigned, or novated by the Cabinet.

CSO 16.02 states that decisions reserved to Members under CSO's will ordinarily be taken at a Cabinet Meeting. Notwithstanding this, the Leader may take any such decision between meetings of the Cabinet, including decisions that have become urgent, and the Leader may also allocate any such decision whether urgent or not to the Cabinet Member having the relevant portfolio responsibilities.

CSO 9.07.3 also allows the issuance of a Letter of Intent at an amount not exceeding £100,000 or 10% of the total contract price (whichever is higher) in order to permit the provision of works, good or services to commence prior to the issuance and execution of the formal contract.

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

### **9.4 Equality**

9.4.1. The Council has a Public Sector Equality Duty (PSED) under the Equalities Act (2010) to have due regard 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.

9.4.2. 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.

9.4.3. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.4.4. The proposed decision is to request approval to award a contract to Kind Diamond Consortium up to the value stated in Section 3.3 and Part B of this report, that will allow for works to take place which will expedite the delivery of a facility that supports residents with mental health conditions.

9.4.5. No negative consequences are identified for those who share a protected characteristic, and it is concluded that the works will have a wholly positive impact by improving the health and safety of the local community, including those living with mental health conditions

9.4.6. The following measures have ensured that the works comply with the Council's equalities duties:

- A key objective of the proposed works is to improve the accessibility and amenity of the existing site for staff and service users, including those from the protected characteristic groups. The Council has gone through a traditional design process and has therefore maintained control over the design of the works to ensure that they meet our high accessibility requirements, including DDA compliance under part M of building regulations;
- No reduction in service provision, either during the works or once they are completed;
- Services will be improved through better buildings and IT, making services more accessible and effective;
- Improved access arrangements - lifts will be repaired to give better access to the first floor, and all development will be in line with current DDA requirements;
- New heating will also be installed, making the environment more comfortable for all;
- CCTV and additional security will be of benefit to all in creating a safer environment.

9.4.7. As an organisation carrying out a public function on behalf of a public body Kind Diamond Consortium 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.

## **10. Use of Appendices**

10.1. Appendix A – Part B

## **11. Background papers**

- 11.1. 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).