

Report for: Cabinet Member Signing for the Cabinet Member for Placemaking and Local Economy – 25 July 2024

Item number: 8

Title: Contract Extension for the demolition of the Tangmere block, Broadwater Farm Estate.

Report Authorised by: David Joyce, Director of Placemaking & Housing

Lead Officer: David Sherrington, Director of Broadwater Farm

Ward(s) affected: West Green

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

1. Describe the issue under consideration

- 1.1. This report seeks approval to extend the Tangmere demolition contract by the sum of £580,000.00. The contract extension is required following the unforeseen works required by UK Power Networks (UKPN) and the need to reprogramme the demolition of the block to enable UKPN to relocate high and low voltage cables.

2. Cabinet Member introduction

- 2.1. Not applicable

3. Recommendations

It is recommended that:

- 3.1. The Cabinet Member for Placemaking and the Local Economy:
- 3.2. Pursuant to CSO 10.02.1 (b) and 16.02 approves the extension of the contract in the sum of £2,943,115.00. The original contract was awarded for the sum of £2,043,115.00. A contract extension in the sum of £900,000.00 was approved on 12 April 2023, thus making the total approved sum of £2,943,115.00.

A further contract extension is required in the sum of £580,000.00. This approval will bring the total contract value to £3,523,115.00.

Approval of this extension to the contract will result in a variation in the value and an extension to the programme.

- 3.3. Agrees the total cost contained within the exempt report.

4. Reasons for decision

- 4.1. The extension to the contract will enable the demolition contractor to reprogramme the works to Tangmere to allow UK Power Networks (UKPN) to

decommission the electrical substation in Tangmere, and to relocate the high and low voltage cables from the Tangmere site to the main highway of Willan Road.

- 4.2. The contract extension will also enable the new substation located in Rochford to be energised, thus providing essential power to the estate once the Tangmere substation is decommissioned. On completion of the works by UKPN, the demolition will continue with a view of completing the works by December 2024 to make the site ready for the Council's New Homes Programme.

5. Alternative options considered

- 5.1. **Do nothing** – unless the substation in Tangmere is decommissioned, the high and low voltage cables relocated and the new substation in Rochford is energised, the demolition of Tangmere cannot proceed. Therefore, the site will not be cleared to make way for the Council's New Homes Programme.
- 5.2. The only option available is to extend the current demolition contract to enable the existing contractor to continue to reprogramme the works to provide access to UKPN to carry out the essential works.

6. Background

- 6.1. At the January 2022 Cabinet, it was agreed to award a contract for the demolition of Tangmere in the sum of £2,043,115.00.
- 6.2. Demolition works commenced 19 April 2022 with a proposed completion date of March 2023.
- 6.3. On 12 April 2023, a contract extension was awarded in the sum of £900,000.00, bringing the total contract sum to £2,943,115.00. This extension reflected the cost impact of the contractor having to reprogramme the project to accommodate the removal of the Grade II Listed Mosaic Mural.
- 6.4. The contractor mobilised and began the removal of the Grade II Listed Mural in November 2023. To accommodate the removal of the artwork, the contractor installed specially designed scaffolding to support the front elevation of the block.
- 6.5. At the time, it was agreed with UKPN that the substation could remain in operation whilst the block is demolished. This was the best option to progress the works, as UKPN could not provide a suitable date for when the substation would be decommissioned. Also, the decommissioning of the substation was dependent upon energising the new substation in Rochford, which did not take place until February 2024.
- 6.6. If it was decided to wait until UKPN provided a date for decommissioning the Tangmere and energising the Rochford substation, the project, including the removal of the Grade II Listed Mural, would be put on hold, resulting in an uncontrollable risk of not completing the demolition in time to handover the site to start the New Homes Programme.

- 6.7. Based on the agreement and approval with UKPN, the Contractor proceeded to protect the substation to enable them to continue with the demolition and careful removal of the Grade II Listed Mural.
- 6.8. UKPN and the demolition contractor met in November 2023 to inspect the progress of the works and to agree a date when the substation would be decommissioned.
- 6.9. It was agreed that following the energising of the new substation at Rochford, UKPN would proceed to decommission the Tangmere substation in March 2024.
- 6.10. A meeting was held with UKPN and their subcontractor to agree the steps required to start removing the high and low voltage cables to decommission the Tangmere substation.
- 6.11. During the site visit, UKPN's subcontractor noted that the structural scaffolding installed by the demolition contractor was positioned within less than 5 metres of the buried high and low voltage cables. Due to a revision in their health and safety requirements, UKPN advised that they would be unable to excavate adjacent to the scaffolding – meaning that the decommissioning of the substation could not be completed until the scaffolding was removed, or an alternative method of relocating the cables agreed.
- 6.12. Consideration was given to removing the scaffolding to accommodate UKPN's revised health and safety requirements, however it was noted that the partially demolished building still requires support – meaning some elements of the scaffolding will need to remain in place. This approach if approved by UKPN would still prevent them from accessing the cables, therefore it was ruled out as a possible option.
- 6.13. It was agreed between the parties; UKPN, the demolition contractor and Haringey, that the best option would be to leave the structural scaffolding in place and relocate the high and low voltage cables in the main highway of Willan and Gloucester Road.
- 6.14. Although the relocation of the cables in the highway is considered the best option, UKPN advised that the earliest the works could be carried out is September / October 2024. They also advised that the date/s are dependent upon Haringey approving the costs and the availability of their engineers.
- 6.15. As the substation cannot be decommissioned until the high and low voltage cables are relocated, the contractor is unable to complete the demolition. Therefore, it was agreed that they should continue with the works up to a point, and then demobilise the site to give UKPN an opportunity to decommission the substation and relocate the high and low voltage cables in the main highway.
- 6.16. It was accepted that the demolition contractor would face additional costs for having to demobilise and remobilise the project. They presented their costs which was reviewed by Ridge and Partners to ensure they are justified and reflect the terms of the contract.

6.17. Following the financial review by Ridge and Partners, a report was issued to Haringey detailing the items and associated costs. Ridge and Partners concluded that under the terms of the JCT Standard Form of Design and Build Contract 2016 Edition Contract, the contractor is entitled to claim the sum of £580,000.00 for reprogramming the works and other variations to accommodate UKPN's requirements for decommissioning the substation.

6.18. The £580,000.00 will pay for the following items not allowed for in the original scope of works:

- Crushing of above ground concrete to be heaped and left on-site
- Extended site presence for 6-8 months prior to and after UKPN works
- Demobilisation of plant and equipment
- Remobilisation of plant and equipment
- Scaffolding adaptations for electrical and UKPN works
- Extended preliminaries to complete works after remobilisation
- Providing concrete core samples

6.19. The demolition contractor will continue with the crushing of materials and other operations on site. These works will cease in the coming weeks, and the project will come to a standstill until UKPN completes the works to decommission the substation and relocate the high and low voltage cables.

6.20. The spend profile for the extended contract sum will be as follows. As the project will demobilise in July / August 24, the spend profile is shown from December 24 – March 25:

Broadwater Farm Estate Tangmere Demolition and UKPN Impact Spend Profile				
December 2024	January 2025	February 2025	March 2025	Total
£120,000.00	£150,000.00	£180,000.00	£130,000.00	£580,000.00

6.21. The additional spend of £580,000.00 for this variation and the £900,000.00 approved on 12 April 2023 will be taken from the £15m risk and contingency budget for the New Homes Programme.

Demolition decision

6.22. Subject to approval by the Cabinet Member for Placemaking and the Local Economy, the demolition contractor will be notified that the contract has been extended in the sum of £580,000.00, and they can commence the reprogramming of the project to accommodate the time required to allow UKPN to decommission the substation and relocate the high and low voltage cables.

7. Contribution to strategic outcomes

- 7.1. The demolition of Tangmere will make way for the Council's New Homes Programme.
- 7.2. The New Homes Programme on the Broadwater Farm Estate will contribute to the delivery of the following four priorities set out in the Council's Borough Plan (2019-2023):
- **Priority 1 – Housing:** A safe, stable and affordable home for everyone, whatever their circumstances.
 - **Priority 2 – People:** Strong families, strong networks and strong 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.

8. Carbon and Climate Change

- 8.1 Haringey Council made a commitment to be a Net Zero Carbon Borough by 2041. The demolition works to Tangmere will help to achieve this by firstly ensuring that all materials from the demolition of the block is recycled where possible and used for future construction works on-site or within the wider construction industry. The demolition contractor aims to contribute to the industry standard of achieving over 95% of waste from the site being recycled.
- 8.2 Other carbon reduction measures include encouraging the contractor to use local labour and businesses for the transportation of materials off-site and limiting the repeated use of heavy vehicles and plant to carry out the works. For example, heavy plant will not make repeated trips to the site, as the works will be planned in a manner which ensures that plant such as cranes and crushing machines are only ordered when required.
- 8.3 The demolition contractor is an audited member of the National Federation of Demolition Contractors (NFDC). This gives assurances to the Council that they will operate and deliver the Tangmere demolition project in a safe and environmentally considerate manner.

9. Statutory Officers comments

(Chief Finance Officer, Procurement, Legal and Equalities)

9.1 Finance -

The original demolition contract was for £2.04m. A further variation was requested and approved for £0.90m.

These sums have been fully exhausted, and this report is asking for further variation of £0.58m to cover essential UKPN works.

This will bring the total cost to date to £4.87m, including other potential works to restore the Mural (£1.35m).

This impacts on the total cost of the new build project and must be contained within the overall total cost of new build at BWF as the HRA cannot accommodate additional borrowings.

The additional cost will be funded from the overall contingency in the new build programme at BWF. This means a reduction in the available contingency for new build at BWF.

Further finance comments are contained in the exempt report.

9.2 Strategic Procurement

Strategic Procurement (SP) note that this report relates to the approval to vary a contract with the contractor undertaking the demolition work at Tangmere site

SP recognises the importance of this work and note the reason for this variation.

The service area has stated that the need for this work was out of scope at the time of the initial procurement.

This variation falls outside of regulation 72 of the Public Contracts Regulations 2015.

SP supports the recommendation to approve this variation in accordance with CSO 10.02.1(b) and 16.02.

9.3 Legal

Head 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 below the threshold where the modification rules set out in Reg 72 of the Public Contracts Regulations 2015 apply. The variation is therefore governed by the Council's Contract Standing Orders.

As the variation is a Key Decision, approval would normally fall to Cabinet under CSO 10.02.1 (b) (extensions valued at £500,000 or more). In-between meetings of the Cabinet, the Leader may take any such decision or may allocate to the Cabinet Member with the relevant portfolio (CSO 16.02).

The Assistant Director of Legal and Governance confirms that there are no legal reasons preventing the Cabinet Member for Council Housebuilding, Placemaking and Development from approving the recommendations in this report.

9.4 Equality

This report seeks approval to extend an existing contract to enable additional works to be carried out to enable the demolition of Tangmere.

Having reviewed the Council's Equality Impact Assessment (EQIA) guidance, the need for an EQIA is not considered necessary, as an assessment was carried out and included in Section 6.9 of the original Cabinet Report dated January 2022.

8 Use of appendices

8.2 Exempt Report