

Report for: Cabinet Member Signing

Title: Variation of Contract for Works at Lordship Lane Depot

Report

authorised by : Neil McMullen, Interim Head of ROBMS

Lead Officer: Kian Jafari, Corporate Estate Delivery Manager – Capital Projects and Property

Ward(s) affected: West Green

Report for Key/

Non Key Decision: Key decision

1. Describe the issue under consideration

- 1.1 This report is a request for approval for a variation of a contract for demolition and refurbishment works at Lordship Lane depot.

2. Cabinet Member Introduction

N/A

3. Recommendations

- 3.1 In accordance with Contract Standing Order 16.02, for the Cabinet Member for Housing and Planning to approve the variation of the Contract with Shawma Construction Limited for works at Lordship Lane depot, increasing the contract sum by £244,699.55 excluding VAT to £714,712.03

4. Reasons for the decision

4.1 To deliver improvements at Lordship Lane depot

- 4.1.1 In June 2024, the Assistant Director for Capital Projects and Property awarded a contract to undertake demolition and refurbishment works at Lordship Lane depot.
- 4.1.2 The project aims to upgrade the depot to make essential safety improvements, and to make much-needed improvements for the wellbeing of staff in the Housing Service. The project objectives were:
- To improve safety for operatives by improving segregation between pedestrians and vehicles.

- To renovate and improve office space, welfare and rest facilities used by the Housing Repairs staff.
 - To ease traffic congestion on site and enable improved transportation and traffic management plans within the depot area.
 - To enable the next IT project (Reconfiguration) and prevent abortive work/cost
 - To upgrade the depot further by providing adequate furniture and working station, storage, and signage.
- 4.1.3 During the course of the programme of works, unexpected additional costs became inevitable. Full details of these issues are given in section 6.5 of this report.
- 4.1.4 Agreeing this contract variation is essential for the successful delivery of the project. These variations were thoroughly reviewed, quantified and evaluated by an external Project Consultant and Project Manager. The variations were reviewed and endorsed at a meeting of the Corporate Landlord Change Control Board.

5. Alternative options considered

5.1 Do Nothing

- 5.1.1 Not agreeing to the variations is not recommended as the Council is committed to deliver and complete this project. In order to deliver this project, it is essential to carry out these variations. The remaining works to be delivered are reliant on the variations being carried out first. Also, in accordance with Building Regulations and H&S Act, the Council has legal obligation to carry out variation works.

5.2 Revising the scope to stay within budget

- 5.2.1 This would involve removing originally intended parts of the project, to focus budget where the variations are needed.

Revising the scope is not possible, as none of the works within the project are optional. They are all essential.

6. Background information

6.1 Site History

- 6.1.1 The Lordship Lane Depot is currently used as the main Depot as well as stores for HRS and Estate services.
- 6.1.2 HRS has a depot which is located on Lordship Lane, N17. The depot has been operational since the 1970s. At this time Haringey building services operated from three large main depots (Hornsey central, Ashley Road, Clyde Road Depot) and eight smaller satellite depots, of which Lordship Lane was one. Over the years, as the DLO reduced in size, the depots gradually closed, and repairs eventually centralised to Lordship Lane.
- 6.1.3 The current layout of the depot is not ideal for the activity for which it is used. Health and Safety Inspection and Audits raised concerns about the presence of

cabins on site, staff wellbeing and Health and Safety Strategy of the depot. It was decided to remove the unused cabins, improve the remaining buildings and to provide adequate office and welfare facility space for staff and engineers, and make improvements to the vehicle and pedestrian segregation.

- 6.1.4 The cabins contain asbestos and were beyond their efficient life. These cabins could not be used due to their condition which was beyond repair and useful life. These cabins are integrated modular units and cannot be taken away from the site. Additionally, the contractor had to perform demolition and dismantling exercise on site due to planning requirements.
- 6.1.5 The contractor has been required to cut and dismantle all modular units, and steel structure on site and then, remove them from the site appropriately and diligently.
- 6.1.6 The project proposal also included works to the remaining buildings, to bring them up to standard with improved welfare, storage, and access. This followed feedback from the site management that the toilets were in a poor state of repair, and the staff restroom had not been redecorated by Homes for Haringey for many years. There is no disabled toilet and shower facility on site.

6.2 Project Initiation

- 6.2.1 The Corporate Landlord pipeline 2023/24 was reported to and approved by Capital & Property Steering Group on 6th June 2023. Following this approval the project brief was determined and then, approved by Corporate Landlord Steering Group.
- 6.2.2 The works were competitively tendered via Open Tender procedure through the Haringey Procurement and Contract System (HPCS). Three suppliers returned a compliant tender.
- 6.2.3 Shawma Construction Limited were the winner of the tender process, and they confirmed capacity and availability to carry out the work in proposed timescale.
- 6.2.4 A professional work contract was awarded to Shawma Construction Limited for the value of £470,012.48 by the Assistant Director of Capital Projects and Property. The award included a small contingency.

6.3 Outline scope of works

- 6.3.1 The project aims to upgrade the depot to make essential safety improvements, and to make much-needed improvements for the wellbeing of staff in the Housing Service. The project objectives were:
 - To improve safety for operatives by improving segregation between pedestrians and vehicles.
 - To renovate and improve office space, welfare and rest facilities used by the Housing Repairs staff.
 - To ease traffic congestion on site and enable improved transportation and traffic management plans within the depot area.
 - To enable the next IT project (Reconfiguration) and prevent abortive work/cost

- To upgrade the depot further by providing adequate furniture and working station, storage, and signage.

6.4 Progress on site

- 6.4.1 Unexpected circumstances led to necessary changes to how the project is delivered. Given the site constraints, projects at Lordship Lane can be expected to vary from the original design, scope or specification at some point during the construction works.

6.5 Proposed variations

- **Inspection of pedestrian and vehicular segregation in council depots and other buildings.**

- 6.5.1 After the contractor was employed and the tender process was finished, separate visits to important Council depots were made by an internal Health & Safety Advisor and a report was released. The Council needed to take action on the recommendations made in the report. In light of this, the scope of the project increased to include the additional H&S works detailed in the report.

- **Temporary office and welfare facility for staff**

- 6.5.2 As the depot is a working site for HRS, the original plan was to phase the office renovations so that some employees could be moved to work from the Broadwater Farm (BWF) office and others could work from home. However, relocating employees to BWF became impractical due to changes in office availability at BWF. Consequently, the contractor was requested to provide a temporary office and welfare facility in order to ensure the service's business continuity. Additional work for UKPN and Thames Water to supply power and water respectively to the temporary office and welfare facilities were required.

- **Early General Election – June 2024**

- 6.5.3 In order for the depot to handle emergency tasks and get DDA access ready for polling stations, our contractor had to make the site safe and stand down during the call-off period caused by the early general election. Because of the additional strain this task placed on the Depot, it was not possible to continue to have the same level of access while demolition and renovation work was being done. The delay is a valid extension of time and the project team collaborated closely with the contractor to minimise the cost.

- **Unforeseen safety incident in the Depot area outside the project boundaries**

- 6.5.4 An engineer was injured in an unforeseen safety incident that happened in the depot area in July. New measures and site restrictions were implemented during the investigation period had an impact on the construction phasing plan and programme, although the incident was outside the red line boundaries of the project.

- **Unforeseeable Ground Conditions**

6.5.5 Although the project team carried out surveys to determine the ground condition in the area, the condition of the ground under the modular buildings was not known, due to the steel base of the building making a scan of the ground impossible. After the modular structures were demolished in August, the contractor discovered that the ground condition differed from that of the surrounding area. As a result, a change in design and construction approach was necessary to complete the substructure and lay the foundation for future construction.

- **Digital Services & Utility Company**

6.5.6 Additional work associated with digitalisation and preserving the site's connectivity both during and after construction were required, due to a lack of engagement from BT Openreach, which caused extreme delays.

6.5.7 The variations, and their causes, that are outlined above comprise the £244,700 uplift in the contract, from £470,012 to £714,712. These costs are made up as follows:

- Extension of Time £15,000
- Additional Groundwork £71,200
- Welfare Cabin construction £23,500
- Utility Companies' costs circa £15,000
- Safety work circa £120,000

7. Contribution to strategic outcomes

7.1 This project supports the Council objectives and the outcomes in the SAMPIP. It contributes towards the outcomes of the Strategic Assessment Management & Property Improvement Plan. Objective 2 is "to ensure that our property meets our service needs across Adults, Health and communities, Placemaking and Housing, Children's Services, Environment and Resident Experience & Culture, Strategy and Engagement."

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

8.1 Finance

8.1.1 This report seeks approval for an upward contract variation of the Contract with Shawma Construction Limited by £244,700, i.e. from £470,012.03 to £714,712.03. The cost associated with this proposal will be fully funded by the current capital programme budget, under capital scheme reference number 316 - Asset Management of Council Buildings.

8.2 Procurement

8.2.1 Strategic Procurement (SP) note that this report relates to the approval to vary the approved spend with Shawma Construction Limited.

8.2.2 This variation has come about due to unexpected events.

8.2.3 The cumulative cost is below the Works threshold of the Public Contracts Regulations (PCR 2015)

- 8.2.4 SP support the recommendation to approve the award in accordance with CSO. 10.02.1 (b) and 16.02.

8.3 Legal

- 8.3.1 The Assistant Director for Legal and Governance has been consulted in the preparation of this report.
- 8.3.2 Pursuant to the provisions of the Council's CSO 10.02.1(b), Cabinet may approve the variation of a contract where the value of the variation is £500,000 or more.
- 8.3.3 Pursuant to the provisions of CSO 16.02, the Leader may allocate a decision reserved for Cabinet to the Cabinet Member having the relevant portfolio responsibilities and as such the recommendation in paragraph 3.1 of the report to seek approval from the Cabinet Member for Housing and Planning for the variation of the contract is in line with the provisions of the Council's CSO provided that such a decision has been allocated to the Cabinet member by the Leader.
- 8.3.4 The total value of the contract in the report is below the threshold for works and as such the provisions of the Public Contracts Regulations is not applicable to the variation sought in the report.
- 8.3.5 The Assistant Director for Legal and Governance sees no legal reasons preventing the approval of the recommendation in the report.

8.4 Equality

- 8.4.1 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.

- 8.4.2 The report is a request for approval for a variation of a contract for demolition and refurbishment works at Lordship Lane depot.
- a) Proposed work and approval will facilitate the implementation of the contractual responsibility and will significantly improve safe, free, and equal

access for people with protected characteristics particularly people with disability, and wheelchair users.

b) Proposed work will provide adequate welfare facility for staff and people, visitors, and staff with disability will be able to have a designated car park bay within the depot area.

- 8.4.3 As an organisation carrying out a public function on behalf of a public body, the Contractor, Shawma construction Limited was obliged and is committed as per tender document 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 have been established and implemented to ensure that the delivery of the major works does not result in any preventable or disproportionate inequality.

9 Use of Appendices

Appendix 1 – Approved Delegated Authority Report - Exempt

10 Local Government (Access to Information) Act 1985

