

Report for: Cabinet Member Signing, Wednesday 28 July 2025

Title: Canning Crescent 176 High Road, Wood Green, N22 8JT
Refurbishment Works – Increase of project budget and variation of construction works contract.

Report authorised by: Cabinet Member for Housing and Planning, and Deputy Leader of the Council

Lead Officer: David Lee, Senior Project Manager, Major Projects
Email david1.lee@haringey.gov.uk

Ward: All

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

1. Describe the issue under consideration.

- 1.1. To request approval to increase the project budget from £5,918,805 to £6,417,494 an uplift of £498,689.
- 1.2. In consultation with Cabinet Member for Finance and Local Investment, agree a financial virement to support the budget uplift as set out in section 3.1 and 9 of this report.
- 1.3. To approve variation of construction contract to Kind Diamond Consortium (KDC) to complete refurbishment works at Canning Crescent.

2. Cabinet Member Introduction

- 2.1 None

3. Recommendations

For the Cabinet Member for Housing and Planning, and Deputy Leader of the Council, to:

- 3.1. Approve an increase of funding for this project of £498,689 from £5,918,805 to £6,417,494.
- 3.2. Approve a variation of construction works contract to Kind Diamond Consortium (KDC) up to £461,640, varying the contract value from £1,904,529 to £2,366,169, pursuant to contract standing orders 18.03.3, 2.01(d) and 0.08.
- 3.3. Approve a client contingency of £44,485 included within 3.1.

4. Reasons for decision

- 4.1 As approved by the Cabinet Member for Health, Social Care, and Wellbeing via a Cabinet Member signing on the 6th of June 2024 the Council entered a JCT Standard Building Contract without Quantities 2016 (SBC/XQ 2016) with Kind Diamond Consortium to complete works at Canning Crescent with a start date of 4th July 2024 and completion 15th January 2025.
- 4.2 An extension of time was granted on the 29th of January 2025 reflecting additional fire compartmentalisation works that were required during the initial stages of the work with a revised completion date of 21st February 2025. Following failure to handover the building by this date a non-completion certificate was issued on the 25th of February 2025.
- 4.3 The handover that was expected to be achieved on the 21st of February 2025 was not possible due to several items notably: -
- On commissioning of the Air Source Heat Pumps (ASHP) completed on the 14th of February 2025 it was found that the flow rate of the pumps that serve the hot water and heating was below the designed parameters of the system which in cold weather could lead to the heating temperatures not reaching required levels. This has been identified as a design fault, and 3 new pumps have been ordered which are due to be replaced in May 2025.
 - Issues have been further identified with the fire dampers across the scheme (fitted by a previous contractor) which provide the integrity of the fire compartments where pipes enter floors and walls in protected corridors. This was only established by the design team on Monday 25th February 2025. Due to the requirement to maintain warranties there is now a requirement to replace all dampers across the building.
- 4.4 The Client has also requested additional works to the building including providing hand driers and hot and cold ZIP taps which did not form part of the contract but is included within the scope of works forming this approval.

Budget and Projected Costs

- 4.5 The budget approved by the Cabinet Member for Health, Social Care, and Wellbeing via the Cabinet Member signing on the 6th of June 2024 was £5,918,805.00.
- 4.6 This included a 10% contingency for construction and fees. This was carefully managed during the contract and at the point of anticipated completion (21st of February 2025) the total projected project cost was £5,902,317 which would have represented an outturn cost within budget.
- 4.7 Due to the unexpected cost for the 3 new water pumps and fire dampers detailed in 4.3 above and additional requests from key stakeholders submitted to the client for consideration, there is insufficient budget to complete the project. The projected additional costs are outlined below: -

Description	Works Cost	On Cost	Total
Replacement of fire dampers and associated building work.	£371,914	£20,971	£392,885

Additional cost for replacement water pumps (over and above 10% contingency included within Original Award) to serve the Air Source Heat Pumps	£25,522	£1,531	£27,053
Additional Work presented to the client by Facilities Management Services	£22,236	£12,030	£34,266
Contingency @ 10%	£41,967	£2,518	£44,485
Total Projected Cost	£461,640	£37,050	£498,689

*Note – Major Projects are undertaking a review currently as to the apportionment of prolongation based on either the replacement water pumps or damper issues.

4.8 Considering spend as of March 2025, additional costs outlined above and projected completion date of 26th June 2025, this will provide an outturn total cost of the project of £6,417,494.

4.9 The Spend profile for the project is as follows:

Period	Cost	Note
Spend to March 2025	£5,468,107	Does not include acquisition costs of £2,525,789
Anticipated spend 25/26	£870,800	
Anticipated spend 26/27	£78,587	
Total	£6,417,494	

4.10 The Contractor has provided a revised programme for completion of the works of 24th July 2025 which is a delay of 22 weeks from the anticipated handover of 21st February 2025.

4.11 A decision on the 28th of May will enable an instruction for additional works to be issued to the contractor, review of the above projected programme and will facilitate the council's ability to finalise prolongation fees associated with the delay.

4.12 It should be noted that the Contractor (KDC) are still in possession of the site and Haringey Council are awaiting an assessment of an extension of time by the Contract Administrator (which is yet to be formalised by the contractor).

4.13 The Recovery College, Safe-Haven MIND in Haringey and the Crisis Prevention House run by the NHS all are in existing buildings with lease terms remaining. With this said the intention was to re-purpose the building used by the Recovery College for sheltering homeless people which it is being prevented from doing so.

4.14 Refer to Part B except for additional information.

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 Consideration was made in respect of ending the contract with KDC and appointing an alternative contractor although this would impact on warranties and create issues with on-going liability integral in the JCT contract entered into.
- 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 As detailed in section 4 above.

7. Contribution to strategic outcomes

- 7.1 It is acknowledged the borough plan has been superseded by the Corporate Development Plan 2022/23 – 2023/24. The client team are presently realigning the previous objectives of the Borough Plan with this. In the interim this project proposal supports outcomes as outlined in the Borough Plan 2019-23:

All projects commissioned by Officers of the Council are expected to align with this plan and will be reflected in key capital project documentation such as project briefs, design briefs, business cases, project initiation documents (PID) and award reports.

The project will contribute to meeting the following Borough Plan Outcome:

People - our vision is a Haringey where strong families, strong networks and strong communities nurture all residents to live well and achieve their potential.

8. Carbon and Climate Change

- 8.1 Consideration was taken in the qualitative analysis of the tenders regarding carbon and in particular cost in use of the building on completion. This variation report facilitates completion of these works, and particularly the efficient operation of the air source heat pumps. As per cover sheet refer to original Cabinet report 6th June 2024.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

- 9.1 Legal Comments

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

- 9.1.2 Pursuant to the provisions of the Council's Contract Standing Order (CSO) 2.01(d) and CSO 18.03.3, Cabinet has power to approve the variation of a contract where the value of the variation is £500,000 or more and as such has power to approve the recommendations in paragraph 3 of the report as the recommendations are within the powers of Cabinet.

- 9.1.3 Further to paragraph 9.1.2 above, and pursuant to CSO 0.08 a decision reserved for Cabinet may be taken by a Cabinet Member with the agreement of the Leader and as such the recommendations in paragraph 3 of the report requesting approval from Cabinet Member for Housing and Planning, and Deputy Leader of the Council is line

with the Council's CSO so long as the Cabinet Member is taking the decisions with the agreement of the Leader.

9.1.4 The contract that is sought to be varied is below the relevant threshold for the type of contract (works) and as such the provisions of the Public Contracts Regulations 2015 is not applicable.

9.1.5 The Director of Legal and Governance (Monitoring Officer) sees no legal reasons preventing the approval of the recommendations in the report.

9.2 Finance Comments

The recommendations of the report are to approve:

9.2.1. An increase in budget for the project from £5,918,805 to £6,417,494 an uplift of £498,689; and

9.2.2 A variation of contract to Kind Diamond Consortium (KDC) from £1,904,529 to £2,366,169, an uplift of £461,640.

9.2.3 Within the agreed Adults, Housing and Health capital programme there are no resources available to be redirected to support the conclusion of the project. Any uplift in budget would need to met from either another capital budget within the programme or from the approved capital contingency. It has not been possible to identify an existing underspending scheme in the time available given the urgency of the issue.

9.2.4 The approved General Fund contingency stands at £5m with no known calls. If the contingency is used, then the balance on the contingency would be £4.5m.

9.3 Procurement Comments

9.3.1 Strategic Procurement (SP) note that this report relates to the approval to increase the budget for Canning Crescent project by £498,689.

9.3.2 SP note the reason for this request and will provide support to the service when conducting variations to the required works and services.

9.3.3 Strategic Procurement (SP) notes that this report relates to the approval to vary the approved spend with Kind Diamond Consortium (KDC).

9.3.4 SP note that the cost for this contract was £1,904,529 to £2,366,169, an uplift of £461,640. This is due to the Design Team having incorrectly sized water distribution pumps meaning that the heating to Canning Crescent would not meet design temperatures by circa 10%.

9.3.5 In reference to Paragraph 4 above the reason for this variation has come about due to additional works which were not anticipated for.

9.3.6 SP supports the recommendation to approve the variation in accordance with CSO 18.03.3, 2.01(d) and 0.08

9.4 Equality

9.4.1. The Council has a Public Sector Equality Duty (PSED) under the Equalities Act

- 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 3.2 and 3.3, 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 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. The refurbishment of Canning Crescent in Haringey is a critical step toward addressing significant mental health needs and longstanding inequalities in the borough. Haringey has one of the highest rates of serious mental illness in London at 1.37%, surpassing both the London average of 0.96% and the England average of 1.11%. Approximately 22.3% of adults in the borough report experiencing common mental disorders, notably higher than the national average of 16.9%. The upgraded facility at Canning Crescent aims to provide inclusive, culturally sensitive, and accessible mental health services, directly addressing these disparities and promoting equity in mental health care provision across the borough.

9.4.8. 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

11. Part B Exempt Information

11. Local Government (Access to Information) Act 1985

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).