

DECISION REPORT

Report for: Robbie Erbmann, Delivery Director, Capital Projects and Property

Item number: N/A

Title: Request to approve a contract variation under 10.02.1 (a) as allowed under CSO 10.02.2 (d) (ii) for extended Employer's Agent (EA), and Quantity Surveyor (QS) services provided by Michael Edwards Consultants Ltd at Kerswell Close

Report authorised by: Jack Goulde, Head of Development.

Lead Officer: Kinta Marna, Housing Development Project Manager.

Ward(s) affected: Saint-Ann's

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

1. Describe the issue under consideration.

1.1 This report seeks approval for a contract variation for additional Employers Agent and quantity surveyor fees to the value of £56,050 for the previously agreed fee of £133,070 as supplied by Michael Edwards Consultants Ltd (MEA) for the Kerswell Close housing project in line with the extended construction period from July 2025 to January 2027 brought about by delays to the construction programme.

2. Recommendations

2.1 It is recommended that the Delivery Director approves a variation of the contract with MEA to increase the value by £56,050 (inclusive of all expenses and disbursements) to complete the Employers Agent and quantity surveyor services role at the above site under Contract Standing Order 10.02.1(a). The revised overall cumulative value of the contract is therefore, £189,750 plus VAT.

3. Reasons for decision

3.1 The original tender for EA and QS services took place in February 2021, covering a period up to Contract completion. There have been significant delays to the construction programme due to the contractor changing the construction methodology for the buildings' foundations leading to an extended construction programme. This has resulted in additional fees to completion of the scheme.

3.2 The additional fees are necessary to conclude the scheme.

4. Alternative options considered.

4.1 The Council could re-tender these services for the remainder of the project, however this option was rejected because it would likely result in higher fees through the re-tendered route and would put at risk regular monitoring of the project on the Council's behalf as the construction resumes on site. It is a crucial time for the project, in that any further delays could give rise in a loss and expense claim by the main contractor.

4.2 Furthermore, MEA hold vital knowledge and background to the scheme and its earlier issues and are liaising with the Council’s retained external legal advisors on any claims made against the council by the contractor regarding the above-mentioned delays.

5. Background

5.1. The original tender for EA, and QS services took place in February 2021. Two tender responses were received. Responses were evaluated on a 60/40 quality, cost basis and MEA scored higher than the competing tender, and their cost proposal was in line with the estimated costs generated through pre-tender market testing.

5.2. MEA agreed to provide EA and QS services at Kerswell Close £89,600 + VAT in 2021.

5.3. In April 2024, the initial contract was extended by £44,100 as allowed under CSO 10.02.1a) bringing the total value of the contract to £133,700 due to delays to the RIBA Stage 4 design process and start on site, covering the project up to practical completion in July 2025.

5.4. Following the stoppage in construction works over a period of 10 months, the works have resumed on site and MEA have continued to act as part of the project team as the construction programme moves forward.

5.5. A breakdown of the fees proposed are as follows:

Original fees awarded in February 2021	£89,600
Additional fee in April 2024	£44,100
Additional fee request to complete the project	£56,050
Total fee up to project completion in January 2027	£189,750

6. Contribution to strategic outcomes

6.1 The recommendations in this report will support the delivery of the Housing Priority in the new Borough plan, which sets out in its first outcome that “We will work together to deliver the new homes Haringey needs, especially new affordable homes”. Within this outcome, the Borough Plan sets the aim to “Ensure that new developments provide affordable homes with the right mix of tenures to meet the wide range of needs across the borough, prioritising new social rented homes”.

6.2 In particular, the recommendations in this report are explicitly about delivering the aim “to deliver 3,000 new council homes at council rents by 2031”. The proposals in this report contribute directly to the strategic outcomes on new housing supply that are at the core of the aims of the Council as expressed in the Borough Plan.

7. Statutory Officers comments

7.1 Legal

Not required as per s22.2 of Haringey’s Procurement Code of Practice

7.2 Equalities

Not required as per s22.2 of Haringey's Procurement Code of Practice

8. Finance comments

Finance has reviewed the proposal to extend the contract with Michael Edwards Consultants Ltd for the continued provision of Employer's Agent and Quantity Surveyor services. The proposed extension amounts to £56,050, increasing the overall contract value to £189,750.

The existing approved budget, including the associated on-cost contingency, has now been fully utilised. To accommodate the additional expenditure, the service intends to draw-down from the works contingency and action a budget virement to meet the cost.

The service is advised to engage the Housing Finance team to ensure the virement is processed in accordance with the Council's financial procedures.

Finance confirms that the additional cost will not affect the overall scheme cost already reflected within the HRA Business Plan, and the expenditure can be contained within the HRA.

9. SSP comments

10. Use of Appendices

n/a

11. Background papers

n/a