

MUNICIPAL YEAR 2019/2020 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

OPERATIONAL DECISION OF:

Executive Director
Place

Agenda – Part: 1	KD Num: 4933
Subject: Approval for Increased Project Costs for Lychet Way Major Works and New Rooftop Units Contract	
Wards: Enfield Highway and Southbury	

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1. EXECUTIVE SUMMARY

This reports sets out the circumstances of increased project costs at the Lychet Way Major Works and New Rooftop Units project.

Costs have increased for a number of operational reasons that are set out in the report.

Approval is sought for the new contract sum. The project has now completed its construction phase.

2. RECOMMENDATIONS

To approve the new contractual costs as set out in the part 2 report.

3. BACKGROUND

3.1 Mullalley Ltd were appointed to deliver works to major works to Lychet Way following approval as a portfolio decision KD3913 on the 29th September 2015.

3.2 The project consisted of major works to the Lychet Way estate comprising of renewal of bathrooms and kitchens, window renewal, roof repairs and general repair of the building fabric across 440 properties, plus 25 new build rooftop units across a number of blocks. This was approved unde KD3913.

- 3.3 Once invasive works started in January 2016, following the erection of scaffolding to the blocks, it became apparent that additional works were required, including additional brick and concrete works and changes to the window replacement schedule.
- 3.4 As a way of mitigating the increase in time required to undertake these works the previously agreed approach of having sectional completions (i.e. blocks only starting once other blocks were complete) was changed to allow multiple blocks to be worked on. This however had a consequential increase in cost due to the increase in scaffolding being required at any one time.
- 3.5 There were also delays due to British Gas, National Grid, Virgin Media and UKPN not completing their works packages in time.
- 3.6 Whilst each of these changes was properly assessed and costed individually by an external consultant, and the appropriate variation issued in line with the contract machinery, they had an incremental impact on the overall project cost.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The newly identified works required doing once discovered as not doing them would have left the project incomplete and the Council's assets in poor condition needing remedial work still being required. The change to working on more than one/few blocks at a time helped reduce what would have been an even longer period on site and the subsequent inconvenience this would have caused residents.
- 4.2 It is therefore considered that there was no reasonable alternative at the time.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The project is now in practical terms complete on site. The works have been undertaken and the new units now occupied.
- 5.2 The Council's officers and contract administrator have agreed that the actual works have incurred additional costs and after negotiation about details have agreed a final account sum. The final account needs paying.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

See part 2 of this report

6.2 Legal Implications

- 6.2.1 Under Section 11 of the Landlord and Tenant Act 1985 the Council, as Landlord, has the responsibility for keeping its property in good repair.
- 6.2.2 Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.
- 6.2.3 In addition the Council has a general power of competence under Section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles.
- 6.2.4 The recommendations in this report will enable the Council to facilitate its housing and lessor functions.
- 6.2.5 The Council must comply with all requirements of its Constitution, Contract Procedure Rules ("CPRs") and the Public Contracts Regulations 2015 ("PCR 2015").
- 6.2.6 The original Works Contract's value is above OJEU threshold, thus any variation must be in accordance with Regulation 72 of the PCR 2015. These modifications of the Contract during its term falls within either Regulation 72 (1) (b) or Regulation 72 (1) (c).
- 6.2.7 It is noted that some of the increased spend is due to delays with the original contract works and some is due to the inclusion of additional works , including the new rooftop units. The additional works spend does not exceed 50% of the value of the original contract and nor does it appear to alter the overall nature of the contract.
- 6.2.8 Apparently the varied works have already been instructed by the Project Manager under the original Contract and have been completed.

6.3 Property Implications

The works outlined in this programme are part of the new housing and asset management strategy of the HRA. There are no implications for corporate property.

7. KEY RISKS

- 7.1 As works have been undertaken and costs incurred by the contractor, by not agreeing the final account it is likely to lead a legal dispute.

8. INTERNAL DEPARTMENT IMPLICATIONS/CONSULTATION

- 8.1 Leaseholders are still waiting for final account bills to be sent. The delay has been caused by the negotiation over final account costs with contractor.

9. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD (taken from original DAR KD3913)

9.1 Good homes in well-connected neighbourhoods

- 9.1.1 The scheme provides for additional accommodation from the right to buy receipts to help towards addressing the current shortfall in housing in the Borough.

- 9.1.2 The proposed works will enhance the fabric and appearance of the Council's properties and provide better facilities to the residents. Undoubtedly, the proposed scheme will assist in meeting the Council's objectives by providing economically successful and socially inclusive communities.

9.2 Sustain strong and healthy communities

The project promotes Key Council values and places emphasis on residents' empowerment and participation through involving residents groups in the consultation process from inception to completion. The scheme addresses the Council's objective by involving the public in the decision making process and help them play an active role in their local neighbourhoods.

9.3 Build our local economy to create a thriving place

The new double glazed windows will reduce heat loss and achieve noise reduction. In addition, the improvements will have positive impact on the energy performance of the Council's stock. Products specified and materials used will be sustainable and energy efficient. The contractor and manufacturers are required to have a stringent Environmental Policy in place in accordance with the Framework requirements.

10. EQUALITIES IMPACT IMPLICATIONS (taken from original DAR KD 3913)

- 10.1 It is not deemed relevant or proportionate to carry out an equality impact assessment/analysis for the approval of the tender that represents the lowest price and complies with the tender requirements of the Council for external repairs as part of the Council's Decent Home Programme.

11. PERFORMANCE AND DATA IMPLICATIONS

None

12. PUBLIC HEALTH IMPLICATIONS (taken from original DAR KD3913)

- 12.1 The proposed project, 'Lyttchet Way Estate, External Enveloping and Additional Accommodation', overall, will improve the physical health of the tenants/ residents by reducing fuel poverty, creating warmer homes and improving respiratory health of children and older people; and improve mental health by reducing noise transmission, and enhancing sense of security related to new fabric.

- 12.2 It is recommended to minimise temporary emission of dust and aerosol during the work, and that tenants/ residents be informed and warned of this. Nonetheless, with good insulation, moisture can build up within the premises if the tenants air their clothes indoors or produce much moisture, and this can increase the reports of moulding.

- 12.3 To help alleviate condensation and mould, tenanted properties will be provided with trickle vents to new windows and the existing extract ventilation will either be overhauled or renewed. New accommodation will be built in accordance with current Building Regulation's standards including suitable ventilation measures.

- 12.4 Additional Accommodation can in part alleviate the problem of crowded households in Enfield.

Background Papers

See part 2

