

Committee Name: Cabinet

Committee Date: 13/10/2021

Report Title: The award of contract for the refurbishment of Carrow House

Portfolio:	Councillor Mike Stonard, Portfolio holder for inclusive and sustainable growth
Report from:	Executive director of development and city services
Wards:	Lakenham
OPEN PUBLIC ITEM	

Purpose

To consider the award of a contract for the refurbishment of Carrow House.

Recommendation:

To approve the award of a contract for the refurbishment of Carrow House, as described in the exempt appendix.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the great neighbourhoods, housing and environment corporate priority

Report Details

Background

1. At its meeting on 14th April Cabinet delegated authority to award the contract the refurbishment of Carrow House to the executive director of development and city services in consultation with the cabinet member for sustainable and inclusive growth providing it is within the £1.82 million budget available having allowed for all fees and a prudent allocation for contingency.
2. The costs of the works are being met from the Towns Deal fund. The government has approved business cases for a programme of £25m under the Towns Deal. The refurbishment of Carrow House is part of the East Norwich project which also includes the purchase of Carrow House and the wider masterplan for East Norwich. In total this project has secured a total of £4.29m of towns deal funding towards total costs of £4.79m. The balance has been funded through external contributions from partners.
3. The purchase of Carrow House was completed in September. In parallel with the purchase, the Council has been seeking to appoint a contractor to carry out the refurbishment of the building to the point where it may be let as commercial space, whilst the masterplanning exercise is undertaken and implemented.
4. Owing to wider pressures in the economy there is now a risk that the project cannot be delivered within the £1.82m budget previously agreed. Consideration of options, risks and legal implications are set out in full in the exempt appendix.

Reasons for the decision/recommendation

5. It is considered that the risks associated with any retendering exercise at this point are substantially greater than proceeding to award the contract on the basis of the tender exercise that has been completed, notwithstanding the risk that all essential aspects of the contract may not be able to be delivered within budget.

Urgency of Decision

6. In accordance with the Council's constitution, contracts that are greater than £500k in value must either be determined by Cabinet, or delegated by Cabinet to Officers. As set out above, Cabinet previously delegated the Executive Director to enter into the contract subject to a budget threshold, but there is a risk this cannot be achieved. The decision now needs to return to Cabinet for determination. As it has only very recently become apparent that this risk has developed, it was not possible to provide prior notice of the key decision and exempt appendix.

7. Since the previous delegation, there has been increasing cost inflation in the construction market as well as supply chain challenges. This ongoing pressure in the market means that if the Council does not act quickly, it risks supplier withdrawal from the tender; due to the cost inflation, a new tender is highly likely to result in a higher cost offer. As such, the Council will be significantly disadvantaged by any delay in making the decision.
8. In consequence, the Cabinet has been requested to consider this matter on an urgency basis. The Chair of Scrutiny has been verbally consulted and has consented to Cabinet considering this item at its meeting. The Constitution requires that the Chair of Scrutiny communicate this item to the next meeting of the Scrutiny Committee, and the Leader will also report this item to the next meeting of Cabinet.
9. The Monitoring Officer notes the urgency of this item and in accordance with Cabinet considering this item as urgent, the consent of the Chair of Scrutiny for Cabinet consideration and the requirement to report this to Council, has determined that this decision shall not be subject to call-in.

Background papers: None

Appendices: Exempt

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