



# NORWICH City Council

**Committee Name:** Cabinet

**Committee Date:** 06/04/2022

**Report Title:** Award of contract for the construction of a Towns Fund project at the former Carrow House site

**Portfolio:** Councillor Stonard, Cabinet member for inclusive and sustainable growth

**Report from:** Executive director of development and city services

**Wards:** Lakenham

## OPEN PUBLIC ITEM

### Purpose

To consider delegating the authority to award a contract for the refurbishment of Old Carrow House.

### Recommendation:

It is recommended that Cabinet:

- 1) Agrees to enter a contract for the refurbishment of Old Carrow House
- 2) Delegates authority to the Executive Director of development and city services, in consultation with the cabinet member for sustainable and inclusive growth and the cabinet member for resources, to award the refurbishment contract at Old Carrow House to the most economically advantageous tender subject to the budget limits set out in this paper.

### Policy Framework

The Council has five corporate aims, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report supports the aim to ensure Norwich has the infrastructure and housing it needs to be a successful City.

## Report Details

### Background

1. Cabinet considered the Towns Deal Funding award at their meeting on 20 January 2020. The council has been awarded £25m by the Department of Levelling Up, Housing and Communities, for the following eight projects:

#### Skills and Enterprise Infrastructure

- Digital Hub
- Make Space at the Halls
- Digi-Tech Factory (fast-tracked)
- Advanced Construction and Engineering Centre

#### Urban Regeneration

- East Norwich Masterplan and Carrow House (fast-tracked)
  - Revolving Fund
  - Public Realm
  - Norwich Branding
2. This report concerns the Carrow House element of the East Norwich Masterplan and Carrow House project.
  3. Cabinet considered the separation of the refurbishment works for Carrow House at their meeting on 13 October 2021 and approved the award of contract for the refurbishment works to New Carrow House.
  4. It had been originally intended to procure all the works needed to refurbish the Carrow House site (including New Carrow House, Old Carrow House and external areas) under a single contract. However, it became necessary to separate out these different elements.
  5. The reason for the separation of the Old Carrow House and New Carrow House refurbishment projects was due to the potential contractor notifying the Council on 30<sup>th</sup> September 2021 of their intention to decline entering the contract offered to them. Subsequent meetings were held with the contractor, and it became apparent that rapidly escalating sub-contracting costs of works needed to the historic parts of the building (Old Carrow House) meant they were no longer willing to deliver the works tendered for.
  6. Following further discussions Cabinet agreed on 13<sup>th</sup> October 2021 that a contract would be let for works on New Carrow House separately, for the sums set out in their tender, and the Council would separately tender for the refurbishment works of Old Carrow House.
  7. Works on New Carrow House are proceeding well. They are expected to be completed by the end of April 2022 and various contract amendments have been agreed to allow the external works to the car park area to be done under the same contract, which will complete by mid May 2022.

8. Alongside this, discussions have been continuing about the works needed to Old Carrow House. A project and design team has now been appointed and a tender of the works is expected to be issued in Mid-April. The contract value is likely to be over the key decision threshold and delegated powers are necessary to allow the project to proceed at pace as decisions will be needed prior to the June Cabinet meeting if the project is not to be further delayed. The timeframe of the award is critical as the external works to the Listed Building, need to be completed between May and September as they are weather and temperature dependant.
9. Old Carrow House is a building of historical significance, once the Colman family home, and is to be retained as part of any long-term masterplan of the wider site.
10. On the 21 December 2021 Historic England published the conclusion of their Listed building review, which included Carrow House. Old Carrow House itself remains a Grade 2 listed building. The modern extension, known as New Carrow House, has been delisted. The Boulton and Paul orangery/conservatory attached to Old Carrow House has been upgraded to Grade 2\* listed status. The garden within the curtilage of the building has now also been separately listed as grade 2.
11. The Listed Building Consent to complete the planned works on Old Carrow House and the conservatory were approved prior to the previous tender being issued in June 2021
12. The refurbishment works include a comprehensive external refurbishment to ensure the property remains wind and watertight, and to prevent deterioration of the external fabric. Masonry repairs to all elevations, removal of existing plant growth and repointing and replacement brickwork where damaged will be undertaken. The pediment capping to the surrounds of the building at high level is in significant disrepair and will be stripped back and repaired with a conservation mortar repair method. High level cornices will be repaired with mortar repair and new joints installed to parapet wall copings.
13. The stonework to the balcony on the east elevation is in poor repair and will be overhauled. External joinery will be repaired where suffering from timber decay, all joinery will be decorated, and all windows overhauled to ensure they are operating correctly.
14. A defective polycarbonate roof to the basement lightwell will be overhauled. All rainwater goods will be checked, repaired, or replaced where damaged and redecorated. There will be isolated repairs to lead sheet roofs over the bay windows to the east elevation.
15. The conservatory will be overhauled, this will involve patch timber repairs where suffering from timber decay and a full redecoration carried out internally and externally. Isolated broken glazing will be replaced.
16. Internally the ground and first floors will be refurbished. This is largely superficial and will consist of replacement carpets, decoration and improvements to ensure fire safety compliance. The aged fire alarm will be replaced to work in conjunction with New Carrow House. The lighting to the ground and first floors will be

modernised. Limited works will be undertaken to the basement to reinstate following removal of damaged finishes from a dry rot outbreak.

17. Some of the proposed internal and external repairs, and decoration work, will require a specialist conservation contractor and cannot be undertaken during cold weather periods. These items will be fast tracked so they can be completed early within the tender.
18. Several of the professional consultants appointed for these works, are currently involved in the New Carrow House works and prepared designs for Old Carrow House prior to the 'Carrow House' projected being split into two phases. This ensures the project keeps momentum and meets the required targets.
19. The design and specification works for Old Carrow House have already been completed, as these were part of the original Carrow House project, which were then removed from the Mitie contract in October 2021. Therefore, it is anticipated that the documentation will be ready to go out for contract tender by Mid-April 2022.
20. The internal Town Deal Procurement Officer, under the guidance of the Town Deal Programme Manager, will lead the procurement for the contractor, utilising the councils' internal resources and reducing costs of appointing an external procurement company.
21. To ensure the works to the listed building can be completed and project costs do not exceed the current budget, the construction contract will be tendered to include core and optional works. Core works will be all those related to the listed building and optional works will be those related to the refurbishment of the internal office areas.
22. The procurement will use a competitively procured framework, and the framework chosen will be contract compliant and support the Council's procurement processes.
23. The council will engage NPLaw to develop an appropriate form of contract that incorporates the Joint Contracts Tribunal Intermediate Building Contract.

## Finances

### Carrow House Funding

24. Overall Funding for Carrow House, for both Old and New Carrow House is £4.873m, as set out in Table 1. The funding comes from the Towns Fund Grant of £4.192m with additional match funding of £0.681m, £0.565m relating to the Business Rates Pools fund and £0.116m from the 2020-21 and 2021-22 Economic Development fund.

25. Old Carrow House Funding totals £0.753m allocated in Table 1, £0.308m relates to the remaining Funds from the Towns Deal Grant, and £0.445m from the remaining Business Rates Pool.

#### 26. Table 1

Funding Allocation for New Carrow House (NCH) and Old Carrow House (OCH)			
	£000's	£000's	£000's
	Funding	New Carrow House	Old Carrow House
Carrow House Funding	£000's	£000's	£000's
Towns Deal Grant Funding	4,192	3,884	308
Economic Development Funding 20-21	46	46	
Economic Development Funding 21-22	70	70	
Business Rates Pools	565	120	445
<b>Carrow House Funding Allocation</b>	<b>4,873</b>	<b>4,120</b>	<b>753</b>
NCH Contingency available as at 29th March 2022			48
Possible Total Funding for OCH			801

27. Old Carrow House Funding available is £0.753m on the proposed construction contract and associated costs such as consultancy, with a possibility of an additional £0.048m from the New Carrow House contingency if no further additional costs are incurred.

28. The nature of contingency means this money may be spent on New Carrow House works contract, but it expected that some will carry over to be spent on Old Carrow House works.

29. The £0.048m contingency is currently included within New Carrow House within the £4.192m in Table 1 above.

30. Potentially up to £0.801m could be accessible to Old Carrow House if the contingency was not utilised for New Carrow House.

31. The transfer of £0.565m from the business rates pools fund, to Carrow House budget, was approved by Cabinet on 9th February 2022 and by Full council 22<sup>nd</sup> February 2022, £0.120m of which has been allocated to car park surfacing and will be allocated to the New Carrow House budget. The £70k from the 21-22 Economic development fund is allocated specifically for the Carrow House car park lighting and emergency lighting and stays within the New Carrow House budget.

## Old Carrow House Project Costs

32. The estimated project costs for the Old Carrow House works required are £0.717m per Table 2, with available funding of £0.753m per Table 1.

Table 2

Summary of Old Carrow House Costs	
Description	Grand Total £000's
Total Construction Costs (Aug 21)	503
Construction Industry Uplift @10%	50
<b>Total Construction Costs Inc. Uplift</b>	<b>554</b>
Contingency @15%	83
Associated Costs	80
<b>Total Estimated Project Costs</b>	<b>717</b>

33. The construction uplift relates to the national construction industry cost increases seen since the Pandemic began, We have been advised that the construction industry costs may have risen by 10%, compared to the costs in August 2021, therefore we have added this 10% uplift in Table 2. Total construction costs are £554m. Contingency has been added at 15% of overall construction costs totalling £0.083m.

34. Associated costs of £0.080m relate to consultancy including monitoring and QS costs, project management and procurement costs, Legal (contracts) and Insurance costs.

35. At present there is £0.036m available funds over the £0.717m estimated Old Carrow House project costs, which could be used for other listed requirements.

## **Conclusion**

36. 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. The value of the contract is expected to be approximately £700-800k and exceeds the criteria for a key decision and hence contract award requires a cabinet decision. However, it is likely that works will need to commence before the next cabinet in June 2022 and therefore it is recommended that the decision to award the contract is delegated to the Executive Director of development and city services, in consultation with the portfolio holder for sustainable and inclusive growth.

## Implications

### Financial and Resources

37. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
38. Overall, the estimated cost of the works and associated fee contracts are within the available budget envelope as set out in Tables 1 and 2. A competitive procurement exercise will be undertaken from a recognised framework to ensure that value for money can also be demonstrated. Allowances have been included for estimated price inflation and further contingencies included.

### Legal

39. NPLaw have previously been involved with the construction contract of Carrow House, which included Old Carrow House until it was removed from the Mitie contract in October 2021.
40. There are no known legal implications at this time.
41. All statutory approvals have either been gained or will be gained at the appropriate time of the construction contract.

### Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	No Statutory considerations are affected.
Health, Social and Economic Impact	No Statutory considerations are affected.
Crime and Disorder	No Statutory considerations are affected.
Children and Adults Safeguarding	No Statutory considerations are affected.
Environmental Impact	No Statutory considerations are affected.

## Risk Management

Risk	Consequence	Controls Required
Construction Tender come in over budget.	Listed building works will not be done.	Contract will be tendered with core and optional works, ensuring if the tenders are over budget the essential listed building works can still be completed.
Contract award is delayed	Contract start date is delayed and weather dependent listed building works can not be completed in the summer period	Project team requesting delegation of contract award to ensure programme momentum is continued through the pre-election period.
Reputational risk resulting from Listed building ownership	As custodians of a prominent local listed building, NCC would be widely criticised if the building is not maintained to a satisfactory level	The tender process ensures listed building works will be done and the project team are pushing the programme to ensure weather dependent works can be completed in the summer months.

## Other Options Considered

42. Consideration was given to waiting until the cabinet meeting in June 2022, however this would mean that works are unlikely to commence on site until the middle of July 2022, and this creates a high risk of being unable to complete the climate dependent external works.
43. Consideration was given to not proceeding with the works to Old Carrow House, however a high proportion of the contract works relate to ensuring the important listed building is maintained, which if NCC did not do would have a reputational impact on the Council. It would also lead to greater costs in the future, which



was considered unacceptable. The external appearance of Old Carrow House, will also impact the letting of New Carrow House if it is neglected.

### **Reasons for the decision**

44. The decision is recommended to ensure that the listed building, Old Carrow House, can be brought up to a standard that ensures it is watertight, and that areas of significant deterioration are rectified. As custodians of the Listed building we are responsible for ensuring the building is restored to a maintainable standard. The works are also recommended to enable the building to be rented as office space to generate an income for NCC.

**Background papers:** None

**Appendices:** None

**Contact Officer:** Town Deal Programme Manager

**Name:** Sarah Collins

Telephone number: 01603 987962

Email address: [sarahcollins@norwich.gov.uk](mailto:sarahcollins@norwich.gov.uk)