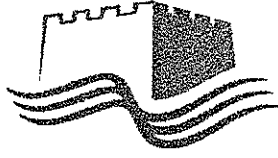


Individual Mayoral Decision Proforma Decision Log No: <u>302</u>	 TOWER HAMLETS
Report of: Ann Sutcliffe, Corporate Director, Place	Classification: Exempt <i>Appendix</i>
3-5 Arnold Road: Approval to increase project budget to enable build contract to be awarded	

Is this a Key Decision?	No
Decision Notice Publication Date:	(Report author to state date of decision notice – either individual notice or within the Forward Plan) <i>N/A</i>
General Exception or Urgency Notice published?	Not required
Restrictions:	Contract sum should not be in the public domain until it is published on the Contracts Finder
Reason for seeking an Individual Mayoral Decision:	The contractor appointment is urgent to enable work to start on site before the planning consent for this scheme expires in December 2022. Approval for a budget increase to enable the contractor appointment in September means that this decision cannot wait until the next Cabinet meeting at the end of October 2022.

EXECUTIVE SUMMARY

The site at 3-5 Arnold Road is part of the HRA new council homes programme. Planning consent for the development of 62 new homes for social rent and 5 business units on the ground floor on the site was granted in November 2019. When the council's Dynamic Purchasing System for contractors had been set up, the procurement of a build contractor commenced in August 2021.

As a result of changing market conditions, including rising inflation, increasing energy costs and a shortage of material and labour, the tender price for this contract was higher than estimated. The Employer's Agent has confirmed that in the current climate, this delivers value for money. The total scheme costs now exceed the approved budget of £24.351m, requiring an additional budget of £4.449m to be allocated and approved to enable the contract to be awarded and the development to start on site before the planning consent expires in December 2022.

To fund the additional budget requirement within the funding available within the HRA Business Plan, one of the approved schemes in the programme will

be removed and its budget allocation of £7.600m will be available for re-allocation. This will provide a funding source for the Arnold Road scheme.

Full details of the decision sought, including setting out the reasons for the recommendations and/or all the options put forward; other options considered; background information; the comments of the Chief Finance Officer; the concurrent report of the Head of Legal Services; implications for One Tower Hamlets; Risk Assessment; Background Documents; **and other relevant matters are set out in the attached report.**

DECISION

The Mayor is recommended to:

1. Approve an increase in the budget for the development of 62 new homes for social rent and 5 business units at 3-5 Arnold Road by £4.449m to £28.800m to enable the build contract to be awarded
2. Approve the removal of the Gill Street scheme and associated budget of £7.600m from the HRA new council homes programme budget of £337.7m as approved by Cabinet in July 2022 and use of £4.449m for the Arnold Road scheme
3. Approval of the contract award to Jerram Falkus for the development of the site at 3-5 Arnold Road, for the agreed contract sum

APPROVALS

1. **(If applicable) Corporate Director proposing the decision or his/her deputy**

I approve the attached report and proposed decision above for submission to the Mayor. I confirm that the Mayor and/or Lead Member have agreed to this decision being taken using this process.

Signed ...



..... Date 31 August 2022

2. **Chief Finance Officer or his/her deputy**

I have been consulted on the content of the attached report which includes my comments.

Signed  Date ...2 September 2022

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

(For Key Decision only – delete as applicable)

I confirm that this decision:-

(a) has been published in advance on the Council's Forward Plan OR
(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed ...  Date 2/9/22

4. Mayor

I agree the decision proposed in the recommendations above for the reasons set out in paragraph XX in the attached report.

Signed ...  Date 07/09/22