

# Record of decision taken under delegated powers by a council officer



Title:	<b>Your Fund Surrey Application – CF104 Normandy Community Shop &amp; Cafe</b>
Divisions Affected:	Guildford – Worplesdon
Key Decision:	No
Reason Key:	N/A
Decision taken under delegation by virtue of:	Cabinet/ Committee decision – Cabinet 29 November 2022 - 178/22 2022/23 MONTH 6 (SEPTEMBER) FINANCIAL REPORT [Item 9]

## Summary

This decision record sets out the key information for publication on the decision by the Executive Director for Customer and Communities and the Deputy Chief Executive & Executive Director of Resources, in consultation with the Cabinet Member for Communities & Community Safety and the Cabinet Member for Finance & Resources, to approve an additional 10% contingency payment due to inflation hardship for a Your Fund Surrey project located in Guildford. The agreed recommendations are set out below on the face of this decision record.

## Decision made

### Decision made:

It was AGREED:

1. to fund up to an additional 10% of the original grant award (£51,835) for increased costs relating to current inflation levels towards Your Fund Surrey project CF104 Normandy Community Shop and Cafe.
  - a. The original grant award for £518,354 was granted 09/12/21. An additional 10% inflation hardship claim of up to £51,835 is allowable, and fully in line with, the Cabinet decision from November 2022.<sup>1</sup>
  - b. Works are currently underway and approaching fit-out of the new building.
  - c. Costs have increased due to increased material and labour costs across the build, including construction, electrics and plumbing. Costs have been evidenced and assessed as reasonable.

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<sup>1</sup> Cabinet approved the creation of an inflation hardship contingency, to manage the risk of construction and other inflation levels in Your Fund Surrey projects and delegate to the Executive Director of Customer & Communities and the Deputy Chief Executive & Executive Director of Resources, in consultation with the Cabinet Member for Communities & Community Safety and the Cabinet Member for Finance & Resources the ability to, in exceptional circumstances, award up to 10% of the bid value when presented with robust evidence that the variance is caused by the movement in the construction market, or inflation increases, since the original bids were submitted. The contingency will be met from the existing overall Your Fund Surrey programme allocation

- d. Contingency funding included within the original grant award (£37,676) is also being claimed towards the increased costs, however the additional 10% is also required to ensure successful completion of the build and achievement of the assessed community benefits.

The remaining build costs are £113,700. The project cost changes and reasons are detailed below:

<b>CF104 Normandy Community Shop and Café Cost Breakdown</b>	<b>Nov-21</b>	<b>Jan-23</b>	<b>Reason for change</b>
Site setup	£5,403	£4,500	
Foundations and building base	£44,862	£48,515	Complications in groundworks
Project/site management, professional fees, evaluation	£34,120	£38,036	Increase in lease fees
Surveys, structural and CDM engineers, building regs and planning	£15,368	£7,696	
Construction of building	£226,478	£262,117	Increased materials and labour costs
Scaffolding and basic materials	£9,201	£20,997	Further electrics required, also increased labour and materials costs
Carpentry, Electrics and Plumbing	£69,964	£122,876	Roof - increased material and labour costs
			Further electrics required for heating and ventilation, also increased labour and materials costs
			2 <sup>nd</sup> fix plumbing - increased materials and labour costs
Drainage, services, pathways	£49,746	£54,224	Extra work laying electricity cable by tunnelling & delays connecting requiring generator hire
Plastering, decorating, finishing, security	£25,535	£33,127	Expected volunteers to be able to paint interior but decided professional needed due to working at height
<b>Total</b>	<b>£480,678</b>	<b>£592,089</b>	
Grant paid to date		£478,389	
<b>Remaining funding required = new budget less grant paid to date</b>		<b>£113,700</b>	
<b>to be funded by:</b>			
Balance of YFS grant funding		£2,289	
YFS contingency		£37,676	
10% extra YFS inflation hardship contingency (the subject of this decision report)		£51,835	

VAT (YFS paid some VAT to help with cashflow – this is what the project owes SCC and will be deducted from future payments)	£20,061
Balance to be funded by Applicant	£1,839

#### Reasons for Decision:

This decision is to enable expenditure from Your Fund Surrey to be awarded to an already funded project to ensure completion and delivery of the anticipated community benefits and has been the subject of a rigorous assessment process by officers.

Officers consider the additional funding request to satisfy the requirements to award an additional contingency payment due to inflation hardship.

Decision taken by:	Marie Snelling - Executive Director of Customer and Communities
Decision taken on:	1 <sup>st</sup> February 2023
To be implemented on:	3 <sup>rd</sup> February 2023
Decision taken by:	Leigh Whitehouse - Deputy Chief Executive & Executive Director of Resources
Decision taken on:	2 <sup>nd</sup> February 2023
To be implemented on:	3 <sup>rd</sup> February 2023

#### **Alternative options considered**

If additional funding cannot be provided, scope would have to be removed from the project, some of which was key to the funding decision and provides community benefits as assessed against the funding criteria. This option was rejected.

Some scope has already been deferred to a later date, which the applicant plans to fund themselves from profits after opening. This includes the external decking area for the cafe. Other funding is being sought towards some elements, such as LoCase for PV solar panels. Officers consider that the applicant has been proactive in managing cost increases.

#### **Summary of any financial implications**

The additional 10% contingency (£51,835) will be drawn from the £100m Your Fund Surrey funding pot.

#### **Declarations of conflicts of interest**

None.

#### **Consultation/Process Followed**

Consultation with:

- Denise Turner-Stewart - Cabinet Member for Communities and Community Safety
- David Lewis - Cabinet Member for Finance & Resources

#### **Background Documents**

Exempt:

N/A