

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



Title:	<b>Your Fund Surrey Application – CF171 Leatherhead &amp; Dorking Gymnastics</b>
Divisions Affected:	All / List divisions in Surrey impacted 1. Leatherhead & Fetcham East, Mole Valley– Tim Hall
Key Decision:	No
Reason Key:	N/A
Decision taken under delegation by virtue of:	Cabinet/ Committee decision – Cabinet 30 <sup>th</sup> 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 Leatherhead & Fetcham East. 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 funded value (up to £50,000) for increased costs relating to current inflation levels towards Your Fund Surrey project CF171 Leatherhead & Dorking Gymnastics.
  - a. The original grant award for £500,000 was granted 05/07/2022. An additional 10% inflation hardship claim of up to £50,000 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. The evidence provided by the applicant sufficiently demonstrates the impact of inflationary pressures on the project.
  - d. Contingency funding included within the original grant award (£63,000) is also being claimed towards 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 £116,406 The project cost changes are detailed below:

<b>CF171 Leatherhead &amp; Dorking Gymnastics Cost Breakdown</b>	<b>2020 quote</b>	<b>Jan-23 Uplift</b>	<b>Reason for change</b>
Steel work	£103,840	£45,690	Price increase at 40%
Roof covering	£67,500	£22,275	Price increase at 30%
Cladding	£48,250	£15,923	Price increase at 30%
Shutters & fire doors	£19,500	£5,363	Price increase at 25%
Mechanical & Electrical	£83,950	£23,086	Price increase across the board at 25%
Additional works required to reception area	£0	£4,069	Structural issue
<b>Total additional cost</b>		<b>£116,406</b>	

Total grant award including contingency	£500,000
Grant paid to date	£481,798
Grant balance	£18,202

<b>Outstanding balance to be funded:</b>	<b>£116,406</b>
Balance of YFS grant funding	£18,202
10% extra YFS inflation hardship contingency	£50,000
Balance to be funded by applicant	£48,204

Reasons for Decision:

The project was approved for funding by The Cabinet Member for Communities & Community Safety in July 2022.

The project is underway. The structural works are complete, services have been installed, and the external landscaping and drainage has been completed. Work is now taking place to complete the insulation of the building and fitting of the plasterboard and internal fit-out. The project is due for completion in spring 2023.

The initial estimates for the project were drawn up in early 2020, before the current issues relating to Covid, high inflation and other significant factors which have led to increased material and labour costs.

Although the project had agreed a fixed contract sum, even under a fixed JCT contract the contractors can request further funds if prices have considerably

increased. Initially the principal contractor absorbed the increases but as the work has progressed this become untenable. The contractor has, where possible, limited the impact on the Gym project by re-tendering subcontracts for some components and re-programming the works accordingly. It has not been possible to absorb all the material cost increases that have occurred. In particular the cost of structural steel has risen by around 40% in the last year which accounts for a significant part of the cost increases.

To support with the additional contractor costs, the full 10% (£50,000) inflation hardship contingency is being requested to partly cover the costs. The remaining will be covered by the remaining YFS contingency and a loan from Surrey Playing Fields which can be repaid over 10 years. The project has demonstrated that all the additional costs from the contractor are caused by inflationary pressures in the construction market and meet the criteria for an inflation hardship contingency payment.

The project has confirmed that the works can be completed within the loan and additional inflation hardship contingency being requested.

Decision taken by:	Marie Snelling - Executive Director of Customer & Communities
Decision taken on:	20 <sup>th</sup> March 2023
To be implemented on:	22 <sup>nd</sup> March 2023

Decision taken by:	Leigh Whitehouse - Deputy Chief Executive & Executive Director of Resources
Decision taken on:	20 <sup>th</sup> March 2023
To be implemented on:	23 <sup>rd</sup> March 2023

### **Alternative options considered**

If additional funding cannot be provided, scope would have to be removed from the project or completion delayed until additional funding is achieved. The remaining scope is key to the original funding decision and provides community benefits as assessed against the funding criteria. This option was rejected.

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

The additional 10% contingency (£50,000) will be drawn from the Your Fund Surrey budget.

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

None

### **Consultation/Process Followed**

Decision taken in consultation with:

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

**Background Documents**

Exempt:

27/06/2022 - Cabinet Member for Communities and Community Safety Decisions – <a href="#">LINK</a>	No
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