

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



Title:	<b>Your Fund Surrey Application – CF149 Ripley Village Hall</b>
Divisions Affected:	Guildford – Horsleys
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 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 (£58,640) for increased costs relating to current inflation levels towards Your Fund Surrey project CF149 Ripley Village Hall.
  - a. The original grant award for £586,396 was granted 06/10/21. An additional 10% inflation hardship claim of up to £58,640 is allowable, and fully in line with, the Cabinet decision from November 2022.<sup>1</sup>
  - b. The project has not yet started. The funding agreement is still being negotiated following an update to the tendered costs following Cabinet approval and a review of how to address the subsequent funding gap.
  - c. Costs have increased due to increased material and labour costs across the build, including construction, electrics and plumbing. Costs have been

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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

evidenced and assessed as reasonable.

- d. The contingency funding amount included within the original grant award (£102,790) has been amended to 5% of the new build cost (£67,511) and is also being claimed towards the increased costs, however the additional 10% is also required to meet inflation related increased costs.
- e. There remains a funding gap of £158,221. It is proposed that the applicant review further other funding options, fundraising and/or a further review of scope to remove or defer items. Whilst not ideal this is a necessary compromise in the current challenging inflationary environment.
- f. It is proposed to complete the funding agreement including this 10% funding (total YFS funding £645,036).

The project cost changes and reasons are detailed below:

Activity	Cabinet Paper (Sept 21)	New tender (Jan 23)
New build work – Substructure, roof, walls, stairs, external windows and doors	£427,815	£505,050
Internal works, finishes and fixtures & fittings	£240,538	£281,810
Mechanical and electrical	£143,245	£204,255
External works including car park surface, paving, bin store, drainage, services	£76,112	£113,615
Preliminaries - full build up	£104,950	£135,000
Overheads and profit	£88,771	£110,473
<b>Sub total Build Cost</b>	<b>£1,081,431</b>	<b>£1,350,203</b>
Professional fees for Architect, QS, and all other consultants as commissioned by the architect	£54,100	£47,543
Equipment and materials	£10,000	£0
<b>Sub total</b>	<b>£1,145,531</b>	<b>£1,397,746</b>
Contingency 5% including an element for inflation 4.5% of building supplies	£102,790	£67,511
<b>Total</b>	<b>£1,248,321</b>	<b>£1,465,257</b>

\*5% of build cost

<b>£586,396</b>	<b>Total YFS funding approved (inc contingency)</b>
£217,861	Shortfall requested
£58,640	YFS 10% inflation – to be approved
<b>£645,036</b>	<b>Total YFS Funding (if 10% approved)</b>

£158,221	Remaining funding gap
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The increase in building costs is the result of Brexit, Covid and supply issues following the world unrest. The increase in build cost is 25%, in line with the current market.

Four contractors submitted bids in January 2023 as previous tenders had expired. The preferred contractor is the least expensive at £1,350,203.

Some scope has already been deferred to a later date, including:

- removal of the soft landscaping;
- consolidation of two function rooms.
- removal of A/V equipment

Officers consider that the applicant has been proactive in managing some of the cost increases. They have reviewed the costs and removed some scope. They feel the responsible way forward is a fixed price contract and have been meticulous with the tender document to detail every element to reduce surprises during the build.

The applicant believes removing any more scope would mean the Halls would not be able to be safely used. The tender only allows for basic decorations, sanitary fixtures and other fittings.

Officers consider that the remaining funding gap could be addressed through a combination of the following:

1. seeking other funding
2. fundraising
3. further reductions on scope

Reasons for Decision:

This decision is to enable expenditure from Your Fund Surrey to be awarded to an already funded project to ensure 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:	14 April 2023
To be implemented on:	ASAP
Decision taken by:	Leigh Whitehouse - Deputy Chief Executive & Executive Director of Resources
Decision taken on:	14 April 2023
To be implemented on:	ASAP

**Alternative options considered**

If additional funding cannot be provided, significant scope would have to be removed from the project, which would significantly affect the proposed community benefits.

This option was rejected.

**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:

[Decision - Your Fund Surrey- Cf149 Rebuilding Ripley Village Hall - Surrey County Council \(surreycc.gov.uk\)](https://www.surreycc.gov.uk/your-fund-surrey/cf149-rebuilding-ripley-village-hall)

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