

Record of decision taken under delegated powers by a council officer



Title:	Your Fund Surrey Application - CF211 Old Woking Community Centre
Divisions Affected:	Woking – Woking South
Key Decision:	No
Reason Key:	N/A
Decision taken under delegation by virtue of:	Cabinet/ Committee decision – Cabinet 30 th 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 (YFS) project located in Woking. The agreed recommendations are set out below on the face of this decision record.

Decision made

Decision made:

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It was AGREED:

1. To fund up to an additional 10% of the original grant award (£98,239) for increased costs relating to current inflation levels towards YFS project CF211 Old Woking Community Centre.
 - a. The original grant award for £982,389 was granted 06/10/21. An additional 10% inflation hardship claim of up to £98,239 is allowable, and fully in line with, the Cabinet decision from November 2022.¹ The

¹ Cabinet approved the creation of an inflation hardship contingency, to manage the risk of construction and other inflation levels in YFS 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 YFS programme allocation

amount requested for inflation related cost increases is £88,415 at this time, however this paper seeks approval to award up to the full 10% of £98,239.

- a. The project is underway and due to open the Woking College element of works in September 2023. The completion of elements of the community works (funded by YFS) is intrinsic to meeting this deadline.
- b. The contingency funding amount included within the original grant award (£80,000) is also being claimed, however the additional 10% is required to meet inflation related increased costs.

The original YFS funding application of £982,389 was prepared by Old Woking Community Centre Association, in June 2022. It was based on preliminary designs and estimated costs that were available at that time.

Tender prices have exceeded the grant award. This has in part been due to the sudden and significant inflation rises, which have been widely reported in the press, with inflation running above 11%. Construction costs are no exception to this sudden inflation spike, and this can be seen reflected in the various published indices.

- The All-in Tender Price Index published by the Building Cost Information Service. This shows that over the year of 2022, tender prices are forecast to have risen 9.0%.
- The current General Building Cost Index published by the Building Cost Information Service. This shows that over the year of 2022, general building costs are forecast to have risen 9.2%.
- The current Consumer Price Index which shows that over the last 8 months from June 2022 (when the bid was submitted), inflation has averaged 8.9% per annum.

All 3 indices broadly show an annual inflation rate of 9%. The midpoint of the construction period for the YFS funded works, is June 2023, which is 12 months from the date on which the funding application was submitted. An inflationary price rise of $£982,389 \times 9\% = £88,415$, has been included in the tenders received.

One example that demonstrates inflation is the air source heat pump, which was originally costed at £60,000 based on 2 nr 40 kW units, i.e. a total of 80 kW (£750/kW). It is now proposed to install a single 66.6 kW unit, at a cost of £55,870 (£839/kW). This is an inflation increase of just under 12%.

This report seeks to support the applicant request for additional funding to cover this unexpected and significant rise.

Officers consider that the applicant has been proactive in managing the cost increases by reviewing costs and removing some scope.

Reasons for Decision:

This decision is to enable expenditure from YFS 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:	Executive Director for Customers and Communities
Decision taken on:	03 May 2023
To be implemented on:	

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 (£98,239) will be drawn from the YFS capital fund.

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- Cf211 Old Woking And District Community Centre - Surrey County Council \(surreycc.gov.uk\)](#)