

To: Cabinet
Date: 14 June 2023
Report of: Executive Director (Communities and People)
Title of Report: East Oxford Community Centre Update

Summary and recommendations	
Purpose of report:	To provide an update on progress of the project to deliver the development of The East Oxford Community Centre at Princes Street in upgrading the main building and providing a modern new build extension in a single place. The report also sets out, for approval, options to address the unprecedented construction inflation which is currently running at approximately 19% in the construction industry. The budget and approvals for the project were agreed by Cabinet with Council approval in November 2021.
Key decision:	Yes
Cabinet Members:	Councillor Ed Turner, Deputy Leader (Statutory) - Finance and Asset Management Councillor Ajaz Rehman, Cabinet Member for Inclusive Communities
Corporate Priority:	Support Thriving Communities and Deliver More, Affordable Housing
Policy Framework:	Thriving Communities Strategy 2023-27 and Housing, Homelessness and Rough Sleeping Strategy 2023-28

Recommendations: That Cabinet resolves to:
<ol style="list-style-type: none"> Approve option 1; Recommend to Council to increase the project budget by £1.298m (from £5.496m to £6.794m); Delegate authority to the Executive Director (Communities and People) in consultation with the Head of Financial Services/S151 Officer; the Head of Law and Governance; the Cabinet Member for Finance and Asset Management; and the Cabinet Member for Inclusive Communities to award the construction contract to Oxford Direct Services Ltd (ODSL) for the sum of £5.9m and enter into the contract;

4. **Approve** (subject to Council's agreement to recommendation 2 above) that the 2023 construction contingency budget is applied to the East Oxford Community Centre project, to make up the budget increase required as set out in this report.

Appendices	
Appendix 1 (Exempt)	Arcadis Formal Cost Plan 3 January 2023
Appendix 2 (Exempt)	East Oxford Community Centre Budget Forecast at March 2023
Appendix 3 (Exempt)	Options Report and Summary
Appendix 4	Risk Register
Appendix 5	Equalities Impact Assessment
Appendix 6 (Exempt)	Explanation and breakdown of increased costs
Appendix 7 (Exempt)	Funding the Budget Increase

Introduction and background

1. The redevelopment of East Oxford Community Centre and the provision of new social and affordable housing is a major investment in the communities in East Oxford. The community centre has been a popular part of one of the most diverse areas of the city. The redevelopment will provide modern facilities, flexible space and a sustainable building that reflects the needs and aspirations of a vibrant area and communities. As part of the redevelopment, one of the council's aims is to broaden the centre's appeal to new groups and users, while ensuring that it continues to be at the heart of the community for established users.
2. The project was put on pause during the pandemic. In December 2020 the Cabinet approved to unpause the project in the following financial year, recognising the importance of high quality community assets in the wider health and wellbeing of residents. Cabinet approval for the final proposal was given in November 2021.
3. Conditional planning approval for the partial demolition, refurbishment and extension to the community centre was given in January 2022. Pre-demolition conditions and changes to improve buildability meant these were not discharged until December 2022. Demolition of the buildings that are in poor condition and beyond economic repair has now started, and will complete by 14 July in Princes Street and 8 September at Collins Street.
4. Due to unprecedented construction inflation over the period since Cabinet approval in November 2021, it has only recently been possible to agree a fixed fee price with ODS for the construction of East Oxford Community Centre (EOCC). This has placed a financial and time pressure on the community centre construction contract. Cabinet have supported work to try and mitigate this as well as presenting viable options for consideration. The project has been value engineered (VE) on every aspect of materials and methods.
5. The original tender from ODS was circa £6.2m presented in January 2023.
The VE exercise looked at:

- Programme to reduce time and consequently the preliminaries cost
- Buildability to reduce construction time and materials as well as making outdoor space more usable.
- Fabric for external doors and windows that were acceptable to LPA
- External cladding
- Sustainable drainage systems

This exercise resulted in the £5.9m fixed price package.

Further VE work is ongoing to identify alternative packages for substructure works with national groundwork contractors in the hope of identifying further savings.

- Members have shown strong commitment to looking for options that will deliver this much-needed scheme for the community of East Oxford. Delivering a scheme that meets the needs of the Community and is sustainable for the future is the over-riding priority, recognising that this investment represents decades of future use and benefit. Current budget considerations are balanced against the long-term capacity the project will provide to deliver services, strengthen community groups and tackle inequalities in social, health and skills opportunities.
- It is well understood that the construction sector is currently experiencing high inflation. As a result projected costs have increased significantly since budgets were originally agreed by the cabinet in November 2021. We have worked closely with all partners to manage costs without compromising on the fundamental commitment to community facilities and housing within necessary time-frames. We have maximised cost-reductions in all aspects of the project while still delivering on this commitment, but now require Cabinet approval for an increase in the price package from £5.496M to £6.794m. Further detail below outlines the cost and time dependencies that recommend this as a good value for money investment.
- The East Oxford Community Centre (EOCC) and residential schemes are inter-related in both funding and planning terms. Significant delay in progressing EOCC will seriously undermine the housing scheme. The housing scheme requires the removal of community space that, as currently approved, is to be replaced by the EOCC project in line with Local Plan policies V6 and V7. A condition has been included to require that a phasing plan be submitted which details the demolition, construction and occupation of both the development proposed within the application and that proposed at East Oxford Games Hall (under application 20/01298/CT3) to ensure that there would not be an unacceptable loss of community facilities without adequate re-provision. The principle of the development was accepted on the basis that the refurbished and extended community centre provided enhanced facilities.
- A Pre-Construction Service Agreement (PCSA) was entered into with ODS to utilise the knowledge of their construction team and appointed design team to develop the RIBA Stage 3 design produced by Arcadis UK. This was a lengthy process and required a return to planning under a section 73 variation application.
- Planning Permission 20/00994/CT3 condition 11 is very clear that a phasing plan is submitted that satisfies "Reason: To ensure that a suitable alternative community provision is available for local community groups, in accordance with policies V6 and V7 of the Oxford Local Plan 2036. This implies that the community space must be completed for use prior to the occupation of the residential units. The intention of

members and officers is to provide suitable space and a return to LPA to amend this condition could be made and supported by a phasing plan indicating that intent.

11. A delay to any element of the works will be subject to inflation and fluctuation on top of any cost for the re-design.
12. Both the residential and community project contracts are in an agreed form and ready for execution by the council and contractors. Contractors are unable to agree fixed cost with their supply chain for longer than six weeks so agility is essential to controlling cost.
13. It is also important to note that the project would not be possible to deliver at less cost on an alternative site or sites as the cost per square metre of the build would remain the same but with the additional cost of revised design and planning.
14. Any return to planning with an alternative scheme, be it on Princes Street or elsewhere would mean serious delay to the housing delivery. Again this would expose the projects to further inflation and delayed revenue.
15. The housing schemes have already secured over £1.5m social housing grant from Homes England based on the proposed sizes and tenures for 100% affordable housing scheme (12 social rent at Princes Street and 14 shared ownership at Collins Street). Funding is secured on the basis that the Council can demonstrate additionality by delivering 100% affordable housing, otherwise it would not be available. The Council has entered into a Grant Agreement with Homes England and under this agreement fundamental changes to the scheme impacting grant rates cannot be made at this late stage and programme milestones need to be met – the housing contractor is required to start on site by 1st October 2023 and so any changes to the schemes must be kept to a minimum so that this funding is not put at risk.
16. The only way a higher land receipt could be generated is if more units could be built. The building heights were however tested thoroughly through the planning pre-application process and it is considered the sites are at their capacity in delivering 26 units across both schemes.
17. The Communities and People directorate has investigated external funding and undertook an extensive external funding search at the outset and earlier stages of the project this included significant engagement with the National Lottery, Sport England, Arts Council England, SALIX and Changing Places amongst many others. Unfortunately, on this occasion we were unsuccessful with the big funders. However we have been successful in securing £40,000 from Changing Places towards the provision of a Changing Places space at the new build part of the development.
18. Sometimes the Council is not best placed to draw in the funding, so in addition to the above we worked closely with community groups and tenants to try and lever in funding through this avenue and in early 2017 we commissioned a professional fundraiser to support the community groups in trying to raise funds for a period of 6 months where we paused the project. Unfortunately neither the community groups nor fundraiser were successful on this occasion.
19. Whilst we have been keeping an eye out for potential funding opportunities as we have been moving along the project, this has become much more challenging now that the project has started. Most major funders will not fund projects that have already started and in addition turnaround timescales are also a minimum of 3 months at the earliest creating delay, with no guaranteed return. This would rule out

the larger funders, for example National Lottery Reaching Communities and Sport England funding bids. What we have been trying to look at more so recently is where smaller funders can fund an element of the project e.g. the Changing Places fund which we have been successful in. We will continue to keep an eye out for opportunities that may arise in relation to this.

20. At Weekly Leaders Meeting on 10th May 2023, Cabinet has indicated its support for this highly important and needed key and critical project for the community. This is a positive move to see the community returned to its home in Princes Street.

21. In accordance with due diligence, an independent check was made on the ODS submitted construction tender price and this was found to be acceptable. This therefore demonstrates that this is value for money and ensuring unlawful subsidy is avoided.

22. The options for Cabinet are summarised below with Option 1 being recommended.

Option	Option Description	For	Against
1	Proceed with approved planning permission – refurb and new build.	East Oxford Community Centre building refurbished and extended with a new and highly efficient building to suit the needs of the community in line with consultation and planning approval. Fixed price offer from ODS under a Design and Build Contract.	Delaying commencement represents a change to planning and is high risk LPA are very clear that approval can only be achieved with the provision of suitable community space prior to occupation of residential units This would have a very negative affect on the phasing plan for housing across the sites, delaying delivery and income. Inflation is still impacting on cost with supply chains unable to fix prices beyond 6 weeks in the majority of cases.
2	Amend design to sit inside budget and house some tenants in alternative space off site.	Potentially allows the project to proceed within the budget subject to suitable alternative premises.	Shortage of suitable space to relocate tenants. Redesign and Return to planning is high risk of not being approved. Exposed to further inflation. Delay in delivery of holistic project and risk to phasing plan as part of planning permission.

			Renegotiation with prospective tenants. No single space suitable. Reputational damage.
3	Refurbish existing hall and relocate all proposed tenants from extension.	Potentially allows the project to proceed within the budget subject to suitable alternative premises.	Shortage of suitable space to relocate tenants. Redesign and Return to planning is high risk of not being approved. Exposed to further inflation. Delay in delivery of holistic project and risk to phasing plan as part of planning permission. Renegotiation with prospective tenants. No single space suitable. Reputational damage.
4	Do Nothing.		This is not an option that would be recommended. This would fail to meet the planning approval for housing.
<i>Common to all Options</i>		<i>Demolition of building beyond economic repair and investment to be demolished. This allows housing project to proceed.</i>	

23. They are shown in full at Appendix 3.

24. From earlier consultation, the community tenants were clear that any option that reduced the building size any further would compromise their business plan and the ability to deliver activities and programmes for the community effectively.

Other implications

25. The buildings that are in the process of being demolished within the project are wholly unsustainable and beyond economic repair. They do not and cannot comply with the Council's vision for a Zero Carbon Future.

Financial implications

26. A full financial breakdown is shown in Appendix 2, but in line with paragraph 1 there is a circa £1.297 million deficit.

Legal issues

27. There are no further legal issues beyond the original approval from November 2021.

Level of risk

28. A Risk Register has been completed for the project – see attached Appendix 4.

Equalities impact

29. An Equalities Impact Assessment was completed. This showed that this is a positive development that should make the building sustainable going forward. It will help improve the accessibility of the building and also enable the building to become more flexible and modern to accommodate existing groups and the wider community not only for now but for in the future as well. Option 1 supports this, whilst the other options listed would likely negatively impact on this.

30. This will continue to evolve during the next stages of the project with key input and involvement from the community – see attached Appendix 5.

Conclusion

31. The options explored show there is little or no available and suitable space to re-home the tenants of EOCC. The significant inflation experienced over the last two years has seen unprecedented rises in cost on construction projects. The recommendation to Cabinet is to choose Option 1 which will require an increase of circa £1.298m in the budget. It is recommended that this should be funded using the 2023 construction contingency budget, as set out in Appendix 7.

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Background Papers: None

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