

## The Highland Council

City of Inverness Area Committee – 2 December 2014

Agenda Item	16(b)
Report No	CIA/69 /14

### Town House Works Programme, High Street, Inverness

#### Joint Report by the Director of Development and Infrastructure and the Inverness City Manager

##### **SUMMARY**

This report seeks approval to proceed to contract award to carry out comprehensive fabric works to the Town House. The works will include: full stone repairs and replacement, mortar re-pointing, roof repairs, rainwater goods renewal, window repairs and replacements.

#### **1. Background**

- 1.1 The Inverness Common Good Fund owns the Town House which is a Grade A listed building and has a responsibility to maintain the structure in a good and safe condition.
- 1.2 The last major repairs to the stonework were undertaken in 1956. These were necessitated by the problems of undue deterioration of the ashlar stonework, which continues to this day. Since 1956 small localised repairs have been carried out. Although some repairs have proved to be long lasting, others have unfortunately caused some further long term damage. Over the last few years more repair works than anticipated have had to be carried out and loose stone work has had to be removed to prevent danger to the general public from falling masonry. This has caused concern about the safety of the building. In 2009 an inspection of the Town House reported deterioration at a greater rate than expected which prompted the commissioning of a full condition survey.

#### **2. Condition Survey**

- 2.1 The condition survey undertaken in October 2009 found that the Town House was generally in a structurally sound condition given its age. However it was also agreed that a more detailed survey was required.
- 2.2 In May 2013, after the appointment of a Design Team, a fully detailed survey was undertaken. This found that, due mainly to the natural ageing process over the past 130 years; repairs were required to the stonework, roof and windows of the building, together with miscellaneous associated works.

### **3. Phasing**

- 3.1 A briefing session was held for Members, and after careful consideration and discussion it was recommended that works should initially be carried out on the original and most important part of the Town House, Building 1, please see Appendix 1. After this work has been completed, the works to remaining parts of the Town House will be commissioned as a separate contract.
- 3.2 The estimated cost for these initial works is £7,250,000 but has since been re-calculated to £4,200,000. It was recommended that these works be carried out over five phases. After further consultation and discussions with design team it is proposed to undertake the works over three phases with each phase being tendered separately, this would also allow the Common Good to maximise the potential for Third Party Funding.
- 3.3 The cost estimates were based on historical pricing information from projects of a similar nature and typical rates for indenting stonework were checked with masonry contractors. There appears to be three main reasons why the tender returns for phase 1 were much less than expected. Firstly, the estimate was based on rates for indenting single stones and the tenderers were able to offer reduced rates taking into account the large areas of stone to be indented at the Town House. Secondly, the extent of management required on the part of the tendering contractors, in particular masonry contractors, has been over-estimated. Thirdly, the extent to which the project would be attractive to tenderers seems to have been underestimated: they see it as high profile and having the potential to secure a solid work base for 2015 and, if they can secure the subsequent phases of work, potentially beyond.
- 3.4 Appendix 2 shows the proposed 3 phase option.
- 3.5 The Town House is a fully- functioning office and public building and a certain amount of disruption will be inevitable. Access to the Chamber, Main Hall, Committee Rooms and all offices will be required at various stages, so that window repairs and replacements can be undertaken. This work will need to be carefully programmed to avoid any clash with public occasions, Civic Functions and Civil Marriage ceremonies, although it must be noted that some re-scheduling of events will be required.
- 3.6 As lime works (pointing, grouting and stone replacement and repairs) must be carried out in temperatures above 5C, it is proposed that this work is scheduled for April to October 2015. Window repairs and replacements, along with roof and miscellaneous repairs, can be carried out at any time and will be programmed accordingly.

- 3.7 Once the project is complete, the Town House will continue to serve as a vital and key structure in the centre of Inverness. Following completion of the contract, it is recommended that annual inspections are carried out, which can be followed up by maintenance and repair works, to agreed and recognised specifications, where necessary.

#### **4. Project Management**

- 4.1 The 'Client' will be represented by the Inverness City Manager. The Project will be managed by the development and Infrastructure Service and there will be regular progress reports made to the City of Inverness Area Committee as appropriate with Members and other Stakeholders being involved as necessary. Stakeholders will include the Business Community and other interested parties such as the Civic Trust, Inverness Concern and the City Heritage Trust. Key liaison will also take place with Historic Scotland.

#### **5. Tender**

- 5.1 In late August the design and specification package was complete and all consultations had been undertaken. The contract was issued for tender September 2014. The tender was issued on a 40% price / 60% quality basis. As this project is works to a Grade A listed building it is agreed that the quality is given a higher weighting than cost.
- 5.2 The tenders were returned on Tuesday 28 October 2014. The pricing sections of all tender submissions was passed to the Quantity Surveyor for checking and the quality submissions was passed to the Design Team for Evaluation.
- 5.3 Tender checks and the quality evaluation has now been completed, the recommended Contractor is Laing Traditional Masonry at a tender cost of £1,196,730.27, fees and contingency amounts require to be added.
- 5.4 The budget estimate for the first phase was £3M, the tender cost is considerably lower than first anticipated but all the tenders returned were in this region. The three tenders were all within 20% of the lowest tender. The tender submitted by Laing Traditional Masonry is considered to be reasonable in overall cost. This offer represents a fair price for the work involved and as such we would recommend that it is suitable for acceptance.
- 5.5 As the tender cost for phase 1 is lower than anticipated a revised overall budget has been calculated. The overall revised tender cost for Building 1 is £4,200,000 and the previous estimated budget was £7,250,000

## 6. Expenditure Profile

6.1 The table below gives an expenditure profile for the Town House Phase 1 contract including contingencies and fees. Phase 2 & 3 are shown giving estimated costs.

<b>Expenditure Profile</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b><u>Total</u></b>
Phase1	100,000	1,351,100	49,074	0	0	1,500,174
Phase 2	0	200,000	1,378,400	93,600	0	1,672,000
Phase 3	0	0	150,000	826,826	51,000	1,027,826
Total	100,000	1,551,100	1,577,474	920,426	51,000	4,200,000

6.2 It should be noted that Phase 2 & 3 are only estimated costs will required to be tender separately in future years, committee should be aware that these estimated costs may rise depending on market forces at the time of tendering in future.

## 7. Governance

7.1 The project is financed by Inverness Common Good Fund and as such under the governance regulations monthly reports will be issued to the Inverness City Manager who meets with the Project Manager on a monthly basis.

7.2 Contract Monitoring reports will be issued to the City of Inverness Area Committee.

## 8. Third Party Interest

8.1 Contact has been made with several third party funders. Historic Scotland has committed to the project, initially agreeing to provide 25% up to a maximum £500,000 of funding on each phase. Further investigation with alternative funders but it was agreed to proceed with Historic Scotland.

It is currently estimated that grant funding from Historic Scotland could be in the region of £800,000, across all three phases.

## 9. Legal Implications

9.1 The Highland Council will continue to meet all its legal obligations under the terms of any contracts agreed.

## **10. Climate Change Implications**

10.1 All contracts will be managed in a manner which meets the Highland Council's obligations in relation to climate change.

## **11. Resources**

11.1 A separate report will be issued by the Director of Finance to outline the financial implications for the Common Good Fund, forming part of the Investment Strategy and Capital Planning for the Fund.

## **12. Conclusion**

12.1 The proposed investment of £1,196,730.27 for phase 1 and an estimated cost of £4,200,000 overall to repair the fabric of building 1 will bring this building back to a good standard and alleviate safety concerns to the general public. It is estimated that these works will give the Town House a further 100 years life span.

### **RECOMMENDATION**

Committee is invited to agree in principal subject to full Council agreement that work is done to:

- proceed to contract award for the repairs outlined in phase 1 at a cost of £1,196,730.27; and
- proceed to tender for phases 2 & 3 in years 2015 and 2016 total estimated project cost of £4,200,000 for all three phases; and
- Proceed with third party funding applications with Historic Scotland.

Designation: Director of Development and Infrastructure and the Inverness City Manager

Date: 20 November 2014

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