

Agenda Item	10
Report No	CIA/21/18

HIGHLAND COUNCIL

Committee: City of Inverness Area Committee

Date: 31 May 2018

Report Title: Town House Works Programme Phase 3, High Street, Inverness

Report By: Joint Report by the Director of Development and Infrastructure and the Inverness City Area Manager

1. Purpose/Executive Summary

- 1.1 This report seeks approval to proceed to contract award to carry out comprehensive fabric works (Phase 3) to all remaining sections the Town House. The works will include: full stone repairs and replacement, mortar re-pointing, roof repairs, rainwater goods renewal, window repairs and replacements.

2. Recommendations

- 2.1 Members are asked to in principle subject to full Council agreement to:
- i. proceed to tender for phase 3 in 2017 total estimated project cost of **£3,304,083.58** for the all remaining sections of the Town House; and
 - ii. Proceed with a further third party funding application to Historic Environment Scotland.

3. Introduction

- 3.1 On the 2 December 2014 the City of Inverness Area Committee approved phase one to proceed to contract award and gave permission for phases two and three to proceed to tender in 2015 and 2016.

4. Town House – Phases 1 & 2

- 4.1 The Town House is an asset of the Inverness Common Good Fund which is a Category A listed building and has a responsibility to maintain the structure in a good and safe condition.
- 4.2 The City of Inverness Area Committee agreed to undertake the first three phases of the Town House, to renovate the original building (Building One) (Please see **appendix 1**). The estimated cost for the three phases was originally estimated at £7.25m but after the first tender was received the budget was revised to £4.2m for Phases 1 and 2.
- 4.3 Phase 1 and 2 is now complete. To date the anticipated final account for phases 1 & 2 is £3.7m, both Phase 1 and 2 have been delivered under budget and on programme.
- 4.4 Contact was made with several third party funders. Historic Environment Scotland (HES) provided the best option and committed to the project, initially agreeing to provide 25% up to a maximum £500,000 of funding on each phase.
- 4.5 To date we have exceeded our funding target with funding to the value of £0.800m over the first 2 phases being secured from HES.
- 4.6 It is anticipated that the total cost to the Common Good Fund for Building One (phases 1 - 2) will be in the region of £3.1m when taking into account the grants from HES. This makes a saving to the Common Good Fund of £1.1m against the original budget of £4.2m for Phases 1 and 2.

5. Town House – Phase 3

- 5.1 Under the original City of Inverness Area Committee decision taken on 2 December 2014 it was agreed that Building One will be undertaken first and the remaining parts of the Town House will be brought to future committee for a decision to be made.
- 5.2 It was agreed at a previous City of Inverness Area Committee that Phase 3 will include all remaining sections of the Town House over a two year period.
- 5.3 It was agreed to proceed to tender of phase 3 and an estimated figure of £2.3m was set. After the contract documents were complete the pre-tender estimate was £2.6m after additional works had been added to the contract, following further detailed survey work being carried out. The tenders have now been returned and the lowest tender is £3.3m, two other tenders were received at a cost of £3.90m and £3.95m. After examination of the lowest tender it is clear that the rise in the tender figure against the pre-tender estimate is due to a general rise in labour and material costs, which has been seen across the Masonry rates, slater, joiner and painter works. There has also been a rise in preliminary costs. The tender costs have all been examined against the Phase 1 & 2 tender costs and the original budgets were forecast on this basis.
- 5.4 A funding application to Historic Environment Scotland has been submitted and a final decision is awaited but if successful the project could receive in the region of £400k grant

award towards Phase 3.

- 5.5 If the decision is taken to progress with Phase 3 at £3.3m the total cost for the external refurbishment of the complete Town House will be £7.0m which is still within the original budget of £7.25m. The total cost to the Common Good Fund will be in the region of £5.8m taking into account the HES grant applications and assuming the final application is successful.

6. Expenditure Profile

- 6.1 The table below gives an expenditure profile for the Town House Phase 3 contract including contingencies and fees.

Expenditure Profile	17/18	18/19	19/20	20/21	Total
Phase 3	17,661	1,601,910	1,601,901	82,602	3,304,083

7. Project Management

- 7.1 The 'Client' will be represented by the Inverness City Area 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 Environment Scotland.

8. Governance

- 8.1 The project is financed by Inverness Common Good Fund and under the governance regulations monthly reports will be issued to the Inverness City Area Manager who meets with the Principal Project Manager on a monthly basis.
- 8.2 Contract Monitoring reports will be issued to the City of Inverness Area Committee.

9. Implications

- 9.1 Resource – The expenditure profile for all 3 Phases has been accounted for within the Investment Strategy and Capital Planning for the Inverness Common Good Fund.

Legal – The Highland Council will continue to meet all its legal obligations under the terms of any contracts agreed. Noting that the total project cost exceeds 10% of the Fund value, the agreement of Full Council will be also required

Climate Change/Carbon Clever – All contracts will be managed in a manner which meets the Highland Council's obligations in relation to climate change.

10. Conclusion

- 10.1 The proposed investment of £3.3m for the Town House phase 3 to repair the fabric of the remaining sections 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.

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

Date: 31 May 2018

Author: Jason Kelman, Principal Project Manager