

Report of Head of Museums and Galleries
Report to Chief Officer Culture and Sport
Date: 6th March 2017
Subject: Thwaite Mills gas supply

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Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of ward(s): City and Hunslet		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:		
Appendix number:		

Summary of main issues

- Thwaite Mills Museum is not connected to mains gas supply and currently has a fuel tank buried under ground to store bulk gas that runs the buildings heating system. The Council's Projects Programmes and Procurement Unit (PPPU) have carried out a review of all contracts for bulk and bottled gas with the aim of moving all locations to a suitable framework contract and thus achieving savings and compliance with Contract Procedure Rules. Thwaite Mills has been investigated as part of this process and as the current tank is underground it is felt that changing suppliers would be detrimental to the site and in the long term actually cost more due to the costs of removal and reinstatement than the current supplier. Therefore Thwaite Mills is seeking permission to be excluded from the bulk gas framework contract with Flogas Britain Ltd.

An officer from PPPU has carried out a site visit to appraise the situation and support the principle of seeking a waiver of Contract procedure Rules.

Recommendations

2. The Chief Officer Culture and Sport is recommended to approve the waiver of the following Contracts Procedure Rule(s):

Contracts procedure rule no 3.1.6 – requirement to use existing suppliers

1 Purpose of this report

- 1.1 To provide information on the request for Thwaite Mills to be excluded from the new bulk gas contract.

2 Background information

- 2.1 Thwaite Mills currently has a buried tank supplied by Calor Gas in the main garden of the house which would need to be removed in favour of the new framework contract supplier – Flogas Britain Ltd. Removal of this tank would cause considerable damage to the garden and severely affect the sites ability to remain open whilst work was carried out.
- 2.2 The cost and time to re-instate the garden would need to be found by the service.
- 2.3 The garden is a key selling point for the sites wedding business which is predicted to make an income of around £12,000 next financial year. The wedding business is fairly new to the site and is going from strength to strength each year.
- 2.4 The proposed change in contract would require a new fuel tank that would sit above the surface of the ground, this would be extremely unsightly in the garden and would have a negative impact on the look and feel of the site. The building is grade II listed, a popular visitor attraction and as mentioned above runs a successful wedding business, plus an events programme. Last year the site hosted its first music festival and already has more booked in. The site would be likely to lose most of this business with surface level tanks and it would have an impact on visitor experience.
- 2.5 As the site is grade II listed advice and permission would need to be sought from Historic England around sighting ground level tanks outside the main entrance to the house.
- 2.6 A new tank could be placed in another location on site that wouldn't affect the garden and the income generating businesses it is key for. However the only other suitable location (that isn't subject to flooding) is a long way from the house and means there is a long run of pipe work from the tank to the boilers. This was the location of ground level bulk gas tanks in the past. However the pipes regularly froze in winter, causing costly damage and ultimately meaning the site had to close on several occasions to the public due to lack of heating. The site were advised the only way to stop this from happening was to move the tanks closer to the boilers, hence there current location.

3 Main issues

Reason for contracts procedure rules waiver

- 3.1 The change in contract would mean removing the old tanks, which are buried under ground and replacing them with ground level ones, this would cause a lot of disruption to and established garden and path ways.
- 3.2 There is no provision for the costs involved with re-instating the garden and pathways

- 3.3 It would have a negative impact on the sites income generation activities, for example weddings and music festivals as well as other events.
- 3.4 The site and house have been used in the past as a film location and it is likely that it could again, this provides income to the council and is excellent publicity for the site, service and city as a whole. The site is unlikely to be used as a film location with large ground level tanks outside the front door of the house.
- 3.5 It would severely impact the look and feel of a grade II listed heritage attraction for all visitors.
- 3.6 Due to past experience of having surface level tanks located in other locations this is the only one that guarantees a constant supply of gas due to that fact that long runs of pipe are likely to freeze in winter and have in the past on site.
- 3.7 The new contract with the new bulk gas supplier will be reviewed regularly and will be subject to change to enable to council to get the best possible price, this in turn would mean the site may have to replace or change the tanks every four years, which given the amount of work involved and associated disruption and possible loss of income for each time. It would actually cost considerable more than it would save.
- 3.8 The option of removing the existing Calor Gas tank and replacing with the Flogas tank would be costly and very disruptive to the site. If this was carried out there would be a possible need to replace the tank in four years' time should a new bulk gas provider be appointed by the council. This would provide further disruption.

Consequences if the proposed action is not approved

- 3.9 Thwaite Mills Museum would lose income, visitors and suffer a lot of what would be quite regular disruption. It would mean cancelling weddings, school visits and events and possibly closing the site for periods to the general public. Whilst work was carried out and the garden was re-instated to a safe and picturesque state. It would cost the service more than would be saved by moving to a cheaper gas supplier.

4 Corporate considerations

4.1 Consultation and engagement

4.1.1 PPPU have been consulted and support the recommendation to exclude Thwaite Mill from the bulk gas contract.

4.1.2 Retaining the existing supply does not cause any impact on the visitors or local community whereas changing to the new supplier with the need for excavation works and the installation of new unsightly above ground tanks would so further consultation is not required.

4.2 Equality and diversity/cohesion and integration

4.2.1 The proposed waiver does not have any equality and diversity implications.

4.3 Council policies and best council plan

- 4.3.1 The waiver allows for value for money /spending money wisely as the most cost effective solution available.

4.4 Resources and value for money

- 4.4.1 The waiver will remove the need for costly excavations to remove the buried tanks and the ensuing reinstatement costs to restore the garden and environs as well as removing the risk of loss of income from cancelled weddings and other events. As such it clearly represents best value for money.
- 4.4.2 The current bulk gas framework contract with Flogas Britain Ltd will lapse on 17th October 2017 and if the new contract is won by Calor Gas it would be worth considering moving to the new framework.

4.5 Legal implications, access to information and call-in

- 4.5.1 The Chief Procurement Officer advice is that it would be lawful for the Council to waive Contracts Procedure Rule 3.1.6 in these circumstances, providing that the relevant Chief Officer is satisfied that there are compelling reasons to do so. Under Contract Procedure Rule 27 the decision to waive CPRs is a Significant Operational Decision.

4.6 Risk management

- 4.6.1 The risks are minimised by not requiring major excavation and reinstatement works.

5 Conclusions

5.1 Excluding Thwaites Mill from the bulk gas contract as recommended by PPPU is clearly the most sensible way forward demonstrating clear value for money and minimising the risk of lost income.

6 Recommendations

- 6.1.1 The Chief Officer Culture and Sport is recommended to approve the waiver of the following Contracts Procedure Rule(s):

Contracts procedure rule no 3.1.6 – requirement to use existing suppliers

7 Background documents

- 7.1 None