

**Report of Technical Asset Management**

**Report to Chief Officer Financial Services & Director of City Development**

**Date: 01 October 2018**

**Subject: Design and Cost Report for Phase 2 Refurbishment of Westminster Building**

**Capital scheme number: 33014**

Are specific electoral wards affected? If relevant, name(s) of ward(s): Little London & Woodhouse	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The proposed refurbishment of the main communal areas of Westminster Building supports the Good Growth priority in the Council's Best Council Plan 2017/18 by promoting investment which will contribute to the economic growth of the city and job creation.
2. The ground floor and basement in Westminster Building, previously occupied by a night club, is currently being converted into offices to accommodate the Council's Kirkgate Market and Street Scene services. In order to achieve best value for the Council for the proposed refurbishment of the main communal areas of Westminster Building and to ensure that the works are undertaken in a timely manner, Officers requested a budget price to refurbish the building's main communal areas from the contractor appointed to undertake the ground floor and basement works.
3. It is proposed that the communal refurbishment works to Westminster Building are to be funded from a combination of finances accrued from the building's sinking fund in the sum of £123,000, financial contribution to the replacement fire alarm and protection works in the sum of £71,050 from the Council's Corporate Property

Management section and £90,000 from prudential borrowing which was supported by the Council's Financial Performance Group on 17 September 2018.

4. The report seeks the Chief Officer Financial Services' approval to inject the sum of £213,000 into the Capital Programme comprising £123,000 from the Westminster Building sinking fund and £90,000 borrowing, noting that £71,050 will be a contribution from the Council's Corporate Property Management section.
5. If the Chief Officer Financial Services is minded to authorise an injection of £213,000 into the Capital Programme for the proposed works, the Director of City Development is requested to authorise expenditure of £213,000 on the refurbishment of the communal areas within Westminster Building.

## **Recommendations**

6. The Chief Officer Financial Services is recommended to approve the injection of £213,000 into the Capital Programme to fund the refurbishment of the communal areas of Westminster Building.
7. Subject to the Chief Officer Financial Services approving an injection of funds into the Capital Programme, the Director of City Development is recommended to approve the Authority to Spend of £213,000 from the Capital Programme to fund the refurbishment of the communal areas of Westminster Building.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek the approval of the Chief Officer Financial Services to inject £213,000 into the Capital Programme to fund the refurbishment of the communal areas of Westminster Building.
- 1.2 The report also seeks approval from the Director of City Development to give Authority to Spend £213,000 from the capital programme to fund the refurbishment of the communal areas of Westminster Building and, to note that a financial contribution of an additional £71,050 will be made by the Council's Corporate Property Management section to address fire alarm and protection works.

## **2 Background information**

- 2.1 Westminster Building is owned and managed by Leeds City Council's Land and Property team. The building comprises six retail units and 15 offices of varying sizes. The building's current occupancy rate is 62%. The building's main communal areas have been identified as requiring refurbishment, comprising works to improve the appearance of the areas and improvement in the building's safety arrangements.
- 2.2 The Director of City Development is advised that the upkeep and maintenance of Westminster Building is the responsibility of the Council's Corporate Property Management and Building Services sections in partnership with the Land & Property Services section. As a consequence of resourcing difficulties, the major refurbishment works to the main building have not been undertaken in recent years with only emergency and urgent works being attended to.

- 2.3 The current refurbishment works to the ground floor and basement for use by Kirkgate Market and Street Scene present an opportunity to have some of the long-standing refurbishment works to the building's communal areas carried out by the contractor appointed to undertake the basement refurbishment works. The Director of City Development should note that the contractor is also undertaking work which affects the whole of the building such as installing a new boiler and fire alarm/protection works and that, as part of the tender, the contractor was requested to honour the unit prices used for the ground floor/basement works for the refurbishment of the building's communal areas.
- 2.4 The Director of City Development is advised that the Council's Leeds Building Services have been appointed to undertake the installation of CCTV throughout the communal areas (excluding toilets) along with the installation of a new door access system which will improve security as part of the refurbishment scheme.
- 2.5 The main Westminster Building communal refurbishment works are to be funded from a combination of finances accrued from the building sinking fund in the sum of £123,000, a financial contribution to the replacement fire alarm and protection works in the sum of £71,050 from the Council's Corporate Property Management section and £90,000 from prudential borrowing which was supported by the Council's Financial Performance Group on 17 September 2018.

### **3 Main issues**

- 3.1 As described in paragraphs 2.1 to 2.5 above the proposed refurbishment works are being undertaken to attract new interest and address long standing concerns. The proposed refurbishment works in the communal areas comprise:
- Replacement flooring
  - Replacement ceilings
  - Replacement inner door lobby glazed screen
  - Decoration of all surfaces including staircases
  - Replace sanitary fittings, cubicles, vanity units, ceiling, floor covering and redecorate all toilets on every level
  - Replace existing light fittings and switching
  - Install new L1 fire alarm in accordance with the building's Fire Risk Assessment
  - Replacement door access system
  - Installation of CCTV and intruder alarm
- 3.2 The contractor has submitted a budget cost in the sum of £237,000 exclusive of VAT to undertake the works detailed in paragraph 3.1 above which includes a contingency sum of £23,000 for contractor risks. It should be noted that this assumes the works will be undertaken in normal working hours.
- 3.3 **Programme** – The contractor has advised that works will start in early November 2018 on a 12 week programme and, taking into account the Christmas holiday period, the works are scheduled for completion by the end of February 2019.

## **4 Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The George Street/Kirkgate Market Programme Board has been consulted and supports the approach recommended in this report.
- 4.1.2 Officers from Resources have been consulted and confirm the budgetary provision contained in this report
- 4.1.3 Officers from the Council's Procurement Service have been consulted and support the procurement approach recommended in this report.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 In the context of this report there is no expected impact on the protected characteristics and therefore it is not applicable for an EDCI impact screening form to be completed at this time.

### **4.3 Council policies and the best council plan**

- 4.3.1 The proposed refurbishment of the main communal areas of Westminster Building supports the Good Growth priority in the Council's Best Council Plan 2017/18 by promoting investment which will contribute to the economic growth of the city and job creation.

### **4.4 Resources and value for money**

- 4.4.1 The contractor has provided a quotation for the refurbishment work to the building's communal areas totalling £284,500:
- 4.4.2 The approach to utilise the existing contractor on site was considered best value and this was endorsed by the George Street/Kirkgate Market Programme Board
- 4.4.3 The main Westminster Building communal refurbishment works are to be funded from a combination of finances accrued from the building sinking fund in the sum of £123,000, a financial contribution to the replacement fire alarm and protection works in the sum of £71,050 from the Council's Corporate Property Management section which has already been approved under separate cover and funds will be transferred to the capital project upon completion of the fire alarm works and £90,000 from prudential borrowing which was supported by the Council's Financial Performance Group on 17 September 2018. This borrowing will be funded from an annual income of £200k received from rent, service charges and a combined contribution into a sinking fund. This more than offsets the annual borrowing cost of £9k.

## Capital funding and cash flow.

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	20120/21 £000's	2021/22 £000's	2022 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
<b>TOTALS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	20120/21 £000's	2021/22 £000's	2022 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	284.5		284.5				
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
<b>TOTALS</b>	<b>284.5</b>	<b>0.0</b>	<b>284.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	20120/21 £000's	2021/22 £000's	2022 on £000's
LCC Supported Borrowing	90.0		90.0				
Revenue Contribution	123.0		123.0				
Capital contribution	71.5		71.5				
<b>Total Funding</b>	<b>284.5</b>	<b>0.0</b>	<b>284.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Parent scheme number : 33018 / 000

Title : Westminster Building Refurbishment

## **Revenue effects**

There will be no revenue effects as a result of this decision

### **4.5 Legal implications, access to information and call-in**

- 4.5.1 The proposal contained in this report constitutes a Significant Operational Decision and is not subject to Call In.

### **4.6 Risk management**

- 4.6.1 As the Council's Leeds Building Services are undertaking part of the works, the main contractor will have to manage the interaction between the internal service provider and their sub-contractors. There is a potential risk that the interaction and interfaces could clash. In order to help mitigate this engagement and relationship building commenced at an early stage.
- 4.6.2 Westminster Building is a Grade II Listed building, with 62% of the floorspace occupied and operational. . As such, only a limited amount of intrusive survey work was possible before work commenced on site. For this reason, it is proposed to include a level of client contingency commensurate with the risks that may be only become apparent once works are on site.

## **5 Conclusions**

- 5.1 In recent years the condition of the building has not attracted new tenants and, existing tenants within the office space have been dissatisfied with the condition with the communal areas of the building. The current refurbishment works to the ground floor and basement for Markets and Street Scene use present an opportunity to address some of the long-outstanding works to the main building, to be undertaken in a cost effective and timely manner.

## **6 Recommendations**

- 6.1 The Chief Officer Financial Services is recommended to approve the injection of £213,000 into the Capital Programme to fund the refurbishment of the communal areas of Westminster Building.
- 6.2 Subject to the Chief Officer Financial Services approving an injection of funds into the Capital Programme, the Director of City Development is recommended to approve the Authority to Spend of £213,000 from the Capital Programme to fund the refurbishment of the communal areas of Westminster Building.

## **7 Background documents<sup>1</sup>**

7.1 None.

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<sup>1</sup> The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.