

**Report of Head of Projects and Programmes**

**Report to Director of City Development**

**Date: 12th September 2019**

**Subject: Design and Cost Report for: Thwaite Mills House – Backlog Maintenance Work - Capital Scheme Number 16996 TMH 000**

Are specific electoral wards affected? If yes, name(s) of ward(s): Hunslet and Riverside	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number : Appendix 1, of this report is confidential under Access to Information Procedure Rules 10.4 (3)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**Summary**

**1. Main issues**

- Thwaite Mills House is a Grade II Listed building leased on a full repairing and insurance basis by the City Council from the Canal and River Trust. Following a condition survey in February 2017 and given the clear importance of the building as a Council managed heritage asset it is necessary to undertake maintenance and repair work appropriate to the building's listed status.
- The Council's Executive Board has approved injections into the capital programme (scheme no. 16996) of £13.8m to fund the maintenance of Council owned and managed buildings of heritage importance. Further injections of £2m in each financial year 2018/19, 2019/20 and 2020/2021 to address maintenance work defined in condition survey reports to be either Priority 1 (immediate) or Priority 2 (essential), and requiring attention within 18 months have also been made.
- To date expenditure of £5.3m has been committed from scheme no. 16996 on works to Lotherton Hall, repairs to the Victoria Hall at Leeds Town Hall, roof maintenance works at Leeds City Art Gallery and Leeds Central Library and, surveys of other heritage properties and associated fees.

- Funding of £8.5m remains for expenditure on Leeds Town Hall roof repairs, (currently on site) and other priority heritage projects to be brought forward.
- The Chief Officer Culture and Sport has previously approved the strategy for a procurement exercise to appoint a contractor to undertake immediate and essential maintenance works at Thwaite Mills House. The works were subsequently competitively tendered through Constructionline as recommended by Procurement. This gave the City Council maximum flexibility in choosing appropriate and experienced Heritage Contractors to be included on the tender list.
- The evaluation of the tender submissions has now been concluded and Stone Edge Ltd. has been selected as the preferred bidder, with a tendered construction price of £406,580. Authority to Spend is, therefore, sought for the sum of £606,300 inclusive of fees and client contingency provision.

## **2. Best Council Plan Implications**

- The project contributes to the City Priorities by reducing long-term revenue costs associated with repairs to the building.

## **3. Resource Implications**

- The preferred bidder's tendered price is within the NPS pre-tender estimate for the proposed works.
- The Director of City Development should note that the cost of the proposed work can be funded from existing Capital Scheme No. 16996.

## **Recommendations**

The Director of City Development is recommended to;

- a) Give Authority to Spend £606,300 from existing budgetary provision, Capital Scheme No. 16996, for maintenance work to Thwaite Mills House.
- b) Approve the appointment of Stone Edge Ltd. as the main contractor to carry out the works to Thwaite Mills House.
- c) Note the contract value with Stone Edge Ltd. will be £406,580.

## **1. Purpose of this report**

The purpose of this report is;

- 1.1 To request Authority to Spend from the Director of City Development the sum of £606,300 on maintenance works to Thwaite Mills House.
- 1.2 To seek approval from the Director City Development to appoint Stone Edge Ltd. as the principal contractor to carry out maintenance works to Thwaite Mills House for the tendered sum of £406,580.

## **2. Background information**

- 2.1 Since 2014 funding totalling £13.8m (rounded) has been injected into the Capital Programme (Scheme No. 16996) to address the specialist maintenance requirements of Council owned and managed buildings of heritage importance.
- 2.2 At the date of report preparation, £5.3m spend has been committed from Capital Scheme No. 16996. This has funded major roof maintenance works at Leeds Art Gallery and Leeds Central Library, repairs to the Victoria Hall roof at Leeds Town Hall, works at Lotherton Hall, and surveys of other heritage properties owned or managed by the Council.
- 2.3 An NPS Condition Survey on Thwaite Mills House was carried out in February 2017 which identified the extent and cost of the maintenance works required to the Grade II Listed building.
- 2.4 The Director of City Development should note that both Planning and Listed Building consent are required for the proposed work. Listed Building Consent has been granted. Planning Application will be determined by the end of September 2019.
- 2.5 The procurement route to procure a suitable contractor, with an evaluation model of 60% of marks based on cost and 40% of the marks based on quality considerations was approved by the Chief Officer Culture and Sport in accordance with CPR 3.1.8 on 15 April 2019.

## **3. Main issues**

### **3.1 Design Proposals and Full Scheme Description**

The proposal outlined in this report is to carry out general roofing work, redecoration of ground floor windows, repointing with lime mortar, levelling and repointing stone floor slabs, replacing gutters and down pipes in cast iron, stone repairs and conservation repairs and redecoration to external windows, along with minor structural and mechanical works. Electrical work to be undertaken includes a new CCTV installation, upgrading lighting and power to the adjacent moorings, upgrading the fire alarm system, upgrade lighting levels to office and public toilets and the installation of additional sockets.

- 3.2 NPS advise that on completion the proposed works will provide a design life of 50 years.
- 3.3 The strategic programme for the proposed works is summarised as follows:

Contract award 3<sup>rd</sup> October 2019

Start on site 4<sup>th</sup> November 2019

Completion of works on site 17<sup>th</sup> April 2020

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The Executive Member for Economy and Culture has been consulted and is supportive of the proposed works at Thwaite Mills House.

4.1.2 Ward Members have been informed and are supportive of the proposed works contained in the report.

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

4.2.1 An equality screening exercise has been carried out. The outcome is that an Equality Impact Assessment is not required for the approvals requested in this report.

## **4.3 Council policies and the Best Council Plan**

### **4.3.1 Climate Emergency**

Leeds City Council has recently declared a climate emergency. The work to be undertaken on this building, repairing the external envelope, making it wind and watertight, new energy efficient mechanical and electrical controls and the use of LED lighting throughout contribute to reducing the carbon footprint of the building.

4.3.2 The project contributes to the 2015-2020 City Priority of becoming a more efficient and enterprising Council, by reducing long-term revenue costs associated with repairs to the building.

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

4.4.1 Having regard to the nature of the proposed works, the programme constraints of the project, the Council's approach to risk transfer, and the desire as far as possible to achieve cost certainty, the procurement route was to appoint a contractor following a competition via Constructionline, providing the Council with maximum flexibility in selecting an appropriately qualified and experienced contractor used to working on heritage buildings.

4.2.2 The scoreable project specific questions to assess technical and professional ability were evaluated in accordance with the published documents by an evaluation panel of officers from Culture and Sport and Asset Management. NPS Leeds and officers from the Council's Procurement Service provided technical advice..

4.4.3 Ten companies were invited to tender for the proposed works. Four tenders were received and evaluated using a 60% price and 40% quality evaluation criteria model. The price evaluation was undertaken by NPS Leeds. Details of the price evaluations can be found in confidential Appendix 1, NPS Tender Analysis Report.

4.4.4 The evaluation panel assessed the quality submissions individually before meeting, with Procurement support, to arrive at a consensus score. The scoring criteria for quality and weightings included:

- Managing the public interface
- Key issues when carrying out works to Grade 1 listed buildings
- Working within an operational building
- Security and water tightness
- Delivering to programme

- Stakeholder management
- Management of project risks
- Details of key staff for this project
- Employment and skills
- Health and safety
- Compliance with programme dates

4.4.5 A summary of the quality/price evaluation scores appear in the table below. Appendix 1 attached details the financial tender submissions.

Company	Quality (minimum 200 Points)	Lowest Price 600 points and then pro-rated for rest	Total Points
Aspect Building Solutions	83	450.37	non-compliant
Bermar Building Co	262	153.56	415.56
Hinko Construction Ltd	52	0	non-compliant
Stone Edge	307	600	907

4.4.6 The Director of City Development should note that two bids were disqualified as their quality submissions were non-compliant.

4.4.7 The overall evaluation/due diligence process has not identified any significant risks in terms of awarding the contract to the successful bidder. All anomalies detected have been closed out and the tender was found to be arithmetically correct. The preferred contractor has the capacity, resources and experience to deliver the works.

4.4.8 Capital Funding and Cashflow

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2019 £000's	FORECAST				
			2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023 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 2019 £000's	FORECAST				
			2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	506.6		506.6				
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	90.6		90.6				
P MAN COSTS (7)	9.1		9.1				
<b>TOTALS</b>	<b>606.3</b>	<b>0.0</b>	<b>606.3</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 2019 £000's	FORECAST				
			2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023 on £000's
LCC Funded	606.3		606.3				
Total Funding	606.3	0.0	606.3	0.0	0.0	0.0	0.0
<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>

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

- 4.5.1 The approvals requested in this report are classed as a Key decision. The works are defined as category B maintenance works and expenditure and, can be approved by the Director of City Development under the scheme of delegation. The report is eligible for Call-In.
- 4.5.2 This tender opportunity was conducted through an open competition via the Constructionline procurement process.
- 4.5.3 The tender has been evaluated in accordance with the evaluation criteria set out in the tender documents. In making the final decision, the Director of City Development should be satisfied that awarding this contract represents best value.
- 4.5.4 Both Planning Permission and Listed Building Consent are required for these works. Listed Building Consent has been granted. The planning application for the proposed works will be determined by end September 2019.

4.5.5 The Director of City Development should note that the City Council leases Thwaite Mills House on a full repairing and insurance basis from the Canal and River Trust. The lease expires towards the end of 2030. Under the terms of the lease, the Council has responsibility for the maintenance and repair of the building. At the date of report preparation there are no proposals to vary the basis of the Council's occupancy of the building. The Council has agreed a licence agreement with the Canal and River Trust to undertake the proposed works.

4.5.6 Appendix 1 of this report is confidential under Access to Information Procedure Rules 10.4 (3) as it contains commercially sensitive information pertaining to the preferred bidder.

#### **4.6 Risk management**

4.6.1 A risk register was developed prior to tender and will be regularly updated with input from the preferred contractor once appointed.

4.6.2 There is a risk of damage to the contents and fabric of the building during the works. In mitigation the contractor was assessed on their approach to protecting the building and its contents, as part of the tender evaluation.

4.6.3 There is a risk that the cost of the proposed works may exceed the contractor's tendered submission. This risk will be mitigated through the operation of a rigorous change control process and the provision of a client contingency commensurate with the nature of the proposed works and the fact that the property is a Grade II Listed building.

#### **5. Conclusions**

5.1 Following a Condition Survey carried out on Thwaite Mills House in February 2017 it is recommended that extensive maintenance and repair works are undertaken.

5.2 The procurement process undertaken has been in accordance with the Regulations and the Council's Contracts Procedure Rules with full support from Procurement and Commercial Services.

5.3 Following the quality/price tender evaluation, the bid submitted by Stone Edge Ltd is recommended for contract award and Authority to Spend £606,300 inclusive of fees and client contingency is sought. The cost of the proposed works can be funded from existing budget provision Capital Scheme No. 16996.

#### **6. Recommendations**

The Director of City Development is recommended to;

6.1 Give Authority to Spend £606,300 from existing budgetary provision Capital Scheme No. 16996, for maintenance work to Thwaite Mills House.

6.2 Approve the appointment of Stone Edge Ltd as the main contractor to carry out the works to Thwaite Mills House.

6.3 Note the contract value with Stone Edge Ltd will be £406,580.

## **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 to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.