

REPORT TO: POLICY & RESOURCES COMMITTEE ON 5 AUGUST 2008

**SUBJECT: HEADQUARTERS HEATING & VENTILATION PROJECT
PHASE 2**

BY: HEAD OF ESTATES SERVICES

1. REASON FOR REPORT

- 1.1 This report asks the Council to approve arrangements for the implementation of Phase 2 of the Headquarters Heating & Ventilation Project.
- 1.2 This report is submitted to Council in terms of Section A(24) of the Council's Administrative Scheme relating to the provision of office accommodation for all departments of the Council.

2. RECOMMENDATION

2.1 It is recommended that the Committee:-

- a) **approves arrangements for the implementation of Phase 2 of the Council Headquarters Heating and Ventilation Project during 2009/10 and 2010/11.**
- b) **notes the arrangements for the temporary relocation of staff.**
- c) **notes that tenders for the works planned for 2009/10 will be invited later this financial year.**

3. BACKGROUND

- 3.1 The Policy & Resources Committee at its meeting of 14 December 2005, para. 10 of the minute refers, approved Phases 1 and 2 of the Headquarters Heating & Ventilation Project and instructed the Property Manager to go to tender. Phase 1 comprised the replacement of the existing boilers and this project is now complete. Phase 2 involves the replacement of the life expired cast iron radiators and heat distribution pipework in the old part of the Headquarters building with an energy efficient system.
- 3.2 The Committee noted that a report on Phases 3 and 4 of the project, which would address issues with the control of excessive heat in the building, would be submitted to a future meeting.
- 3.3 In November 2006 the Phase 2 works were put to tender with a closing date of 22 November 2006 and the lowest tender received was for £752,877 inclusive of fees. This was greater than the Property Manager's probable cost estimate and was not considered to represent value for money.
- 3.4 The project brief had originally programmed the Phase 2 works to be carried out entirely outwith normal office hours over a period of 31 weeks. The high tender prices reflected the contractors unwillingness to commit to long periods of out of hours working and to accept the risks in working in operational offices.

- 3.5 The Corporate Management Team at its meeting of 29 January 2007 agreed that none of the tenders should be accepted and, after considering various options, agreed that the project be taken forward by way of a contract managed by the Property Manager. It was accepted that if the project was to be made affordable, contractors would have to work in the building during office hours and that a certain degree of disruption to staff and services would be inevitable.
- 3.6 The project brief has been revised to implement the project in 2 phases over the summers of 2009 and 2010. During 2009 the heat distribution system in the High Street section of HQ will be replaced in 3 stages. In 2010 the system in the remainder of the old building will be replaced in 5 stages. Each stage will require the temporary relocation of up to 34 staff at a time to temporary accommodation for a maximum period of 5 weeks. This will allow the contractor free access to the relevant parts of the building during normal working hours.

4. TEMPORARY OFFICE ACCOMMODATION

- 4.1 During the works a maximum of 34 members of staff will require to be temporarily relocated from the HQ building for periods of up to 5 weeks at a time. The Council's office portfolio does not have sufficient capacity to accommodate the staff who require to be temporarily relocated.
- 4.2 It is proposed that the Music Centre at Francis Place be used to provide temporary office accommodation during the summers of 2009 and 2010. The building has the advantage of being close to the Headquarters and can be linked to the Council's IT infrastructure at reasonable cost via the Council's IT cable which is located in the roadway at the front of the building.
- 4.3 The planned works will inevitably result in some disruption and inconvenience to staff and services. In order to reduce this disruption as far as possible a Management Group comprising representatives from each of the departments affected together with representatives from Property Services, Estates Services and IT will be established to manage the temporary relocations.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

There are no direct implications.

(b) Policy and Legal

There are no policy or legal implications arising from this report.

(c) Resources (Financial, Risks, Staffing and Property)

Financial

The estimated total cost of the project over 2009/10 and 2010/11 is estimated to be:-

Contract Works 2009	£252,480
Contract works 2010	£281,903
Property Fees	£68,851
Upgrade/servicing of Music Centre	£39,375
Furniture Hire	£10,000
Removals	£10,000

The total estimated cost of the project is £662,609.

Approximately £56,000 of the cost of the works will be eligible for funding from the Scottish Government's Central Energy Efficiency Fund (CEEF) allocation. The remaining £606,609 can be accommodated within the capital allocation for the Project which is included in the Council's Capital Plan for 2008/09 and 2009/10.

By temporarily decanting staff and allowing contractors to work during normal working hours the cost of the project has been reduced by £90,268 based on the 2006 tender price of £752,877. The actual saving to the Council is greater as the figure does not take account of inflation in tender prices since November 2006.

Risks

This project addresses the risk of a failure of the life expired heating system in Headquarters during winter months with consequent disruption to service delivery.

Staffing

This project will involve a degree of disruption to staff working in the old part of the HQ building during the summers of 2009 and 2010. A Management Group of officers will be established to minimise disruption and manage the temporary relocation of staff.

The project will address the high risk of disruption to services during winter months through failure of the existing heat distribution system. The project also addresses concerns from staff and management concerning the inability of the existing system to maintain comfortable working temperatures in the HQ building.

Energy Efficiency

The new heat distribution system will enable the heating in the Council HQ to be "zoned" thereby delivering heat only to areas requiring it. The Energy Officer estimates that zoning and improved controls will reduce energy consumption within the building by an estimated 285,900 KWH per annum representing a reduction in Carbon Emissions of 74 tonnes.

At current prices this will produce an annual saving to the Council of £11,259.

(d) Consultations

The Chief Financial Officer, the Educational Resources Manager, Aileen Scott, Principal Solicitor (Commercial & Conveyancing), the Energy Officer and the Property Manager have been consulted in the preparation of this report and support the recommendations.

6. CONCLUSION

6.1 The Committee is asked to approve the arrangements for the implementation of Phase 2 of the Headquarters Heating & Ventilation Project .

Author of Report: John Black, Head of Estates Services
Background Papers: Report to Policy and Resources Committee 14 December 2005
Ref: JB/JB/EL/645/19a/rep 080805