

DUNOON WATERFRONT PROJECT – BUSINESS CASE STRATEGY

1. SUMMARY

- 1.1 This paper outlines the outcome of the initial costing review and value engineering exercise and seeks approval of the strategy for managing the components of the project to meet the budget.

2. RECOMMENDATIONS

- 2.1 That the Board notes the outcome of the initial costing exercise and agrees the strategy for managing the budget.
- 2.2 That the Board agrees to allocate a proportion of the budget to the wider ferry infrastructure improvement works package to ensure that a coherent scheme is delivered, rather than designing and delivering the harbourmaster building in isolation.

3. DETAIL**3.1 Dunoon Waterfront Project Costing**

The feasibility costing exercise based on the designs presented at the September Project Board meeting has been updated and presented to the design team with the following estimates for each of the project components;

- Queens Hall Refurbishment and Redevelopment - £7.84m
- New Harbourmaster Building - £0.89m
- Transport and Streets Improvements - £3.98m
- Total £12.7m (variance to budget £4.4m)

3.2 Value Engineering and Business Case Strategy

The costs presented above are significantly more than the project budget (£8.3m) and it is considered unlikely that applications for third party funds could be expected to meet the extent of the £4.4m shortfall. Following the reporting of the outline costs a value engineering workshop was undertaken by the design team and amended schemes are being prepared for more detailed costing. Project work packages are being developed and prioritised to deliver a package of works within the £8.3m budget. It is suggested that the key items which are prioritised are;

- A value engineered Queens Hall refurbishment and redevelopment including the upgraded main hall, extended building, access to Argyll Street and inclusion of the cafe, visitor/events hub, library and soft play functions.
- Road realignment works.
- New public space to the South and East of the Queens Hall.
- Waterfront area improvements.

Options for the improvement of Argyll Gardens will be considered in the context of the wider project budget and it is suggested that the extent of works be managed to suit the budget available. Costs and designs for the potential vehicular access to the rear of the Queens Hall are being investigated but it is suggested that this should only be included if the budget can accommodate it without compromising the prioritised components above.

Updated plans, costing and a proposed list of core project components will be reported to the next Project Board meeting. This will give the Board the opportunity to consider the results of the more detailed costing exercise and agree the key components to be included in the Business Case. A list of extended works will also be presented and prioritised such that any design or contractor cost savings achieved through the detailed design and planning stage can be used to deliver a wider scheme which meets the budget.

3.3 Waiting Room and Harbourmaster Building

The initial design for the new waiting room and harbourmaster building has been based on the floor spaces and layout as previously consented at the time of the breakwater development. Discussions in relation to how the specification for the building will change to cater for the potential amended ferry berthing options and shore-side passenger facilities are being progressed. Options for alternative/additional functions are being considered in light of these discussions with Argyll and Bute Council, CMAL, Argyll Ferries and Transport Scotland.

It will be essential to develop the harbourmaster building design in tandem with the other infrastructure improvements. It is therefore suggested that an allocation from the CHORD budget is provided to the wider ferry infrastructure improvement works. This should ensure that a coherent package of works is delivered rather than designing and delivering the harbourmaster building in isolation.

3.4 Business Case Reporting

Due to the above option considerations, the level of detail design which should be delivered in the business case report has been discussed within the design team and to minimise abortive design development, it is suggested that information within the business case report will be taken to RIBA Stage C with specific items progressed to a more detailed stage to inform the costing exercise. Effort will therefore be put into identifying robust options for the Board rather than developing detailed plans which may ultimately not be taken forward.

4. IMPLICATIONS

POLICY	The delivery of the CHORD programme fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from these projects will contribute to the Government's Economic Strategy.
FINANCIAL	The Council has made available the sums requested to progress each of the CHORD projects to Full Business Case.
PERSONNEL	The resources have been allocated to progress the CHORD Programme.
EQUAL OPPORTUNITIES	An Equalities Impact Assessment will be undertaken as part of the Full Business Case process for the Dunoon Waterfront works.
LEGAL	Resources have been allocated to each project as per the approved Project Initiation Documents.

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