

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Policy & Resources Committee on progress in delivering the 12 major capital regeneration projects led by Development and Infrastructure Services, this excludes the 9 Lorn Arc projects. The attached Highlight Report (Appendix A) along with a Programme Plan (Appendix B) outlines the current position of the projects as at the 3 December 2015.
- 1.2 The paper also reports on key issues that will impact on the successful delivery of the projects from design development stage through to procurement and implementation.
- 1.3 The Helensburgh Town Centre and Esplanade public realm works, Campbeltown Transit Berthing Facility Oban Stafford Street public realm works and Dunoon Wooden Pier Refurbishment Phases 1a and 1b have all been completed The Rothesay and Campbeltown Townscape Heritage Initiative (THI) projects, are all on site; Oban Phase 2 George St to Station Square is scheduled to start on site on the 4 January 2016, the remaining projects are at development stage.
- 1.4 Since the last report the majority of the projects remain on track, apart from the Oban North Pier Visitor Facility (NPVF) and the Oban Transit Berthing Facility which in terms of the former is due to ongoing legal challenge and for the latter reaching agreement with OBM Ltd on the location of berthing facility. Following a technical meeting with OBM Ltd it was agreed that the best location for the berthing facility is the north side of the north pier. Progress in resolving the NPVF legal issue is outlined in the Highlight Report – Appendix A
- 1.5 In terms of human resources, Kirsteen Macdonald was appointed in August as the Oban Project Manager to take forward the Oban Maritime projects including Lorn Arc. Andrew Collins is overseeing the Oban public realm projects. Dominique Brown who was providing temporary administration support to cover maternity leave, left the Council on the 27 November to take up a permanent post with SEPA. Leanne Stewart, will return from maternity leave on the 7 January 2016. Mairi Campbell, administration support for Lorn Arc, started on the 16th November. To assist with the delivery of the Lorn Arc programme, David McKechnie, Aecom consultant, took up post on the 18th November. David will provide project management support over the next three to six months to provide both cover whilst Adrian Jackson-Stark is on sick leave and to assist in driving the Lorn Arc projects forward, with priority given to the next phase of the Oban Airport Business Park and the Dunbeg Corridor projects.
- 1.6 Budget: Projects are currently low to medium risk of being delivered within budget, the exceptions are the Rothesay Pavilion which although securing external funding of circa £6m still has yet to fully realise its funding target (see additional paper), Dunoon Queens Hall and the Helensburgh Waterfront development. Details are contained within

Appendix A.

1.7 It is recommended that the Policy and Resources Committee:-

1.7.1 Note the current progress and agreed allocation of budget resources to date against each of the projects.

**MAJOR CAPITAL REGENERATION PROJECTS – UPDATE REPORT AS AT 3rd
DECEMBER 2015**

2. INTRODUCTION

- 2.1 The progress report sets out the current position of each of the twelve capital regeneration projects, excluding the nine Lorn Arc projects.
- 2.2 The attached Highlight Report (Appendix A) along with a Programme Plan (Appendix B) outlines the current position of each project.
- 2.3 The paper also reports on key issues that will impact on the successful delivery of the projects from development stage through to procurement and implementation.

3 RECOMMENDATION

- 3.1 Note the current progress and agreed allocation of budget resources to date against each of the projects.

4. DETAILS

- 4.1. **Progress –** Since the last report the majority of the projects remain on track, apart from the Oban North Pier Visitor Facility and the Oban Transit Berthing Facility which in terms of the former is due to ongoing legal challenge and for the latter reaching agreement with OBM Ltd on the location of berthing facility. Following a technical meeting with OBM Ltd it was agreed that the best location for the berthing facility is the north side of the north pier. Progress in resolving both of these issues is outlined in the Highlight Report – Appendix A. Mairi Campbell, administration support for Lorn Arc, started on the 16th November. David McKechnie, Aecom consultant, took up post on the 18th November. David will provide project management support over the next three to six months to provide both cover whilst Adrian Jackson-Stark is on sick leave and to assist in driving the Lorn Arc projects forward, with priority given to the next phase of the Oban Airport Business Park and the Dunbeg Corridor projects
 - 4.1.1 **Campbeltown –** The Kinloch Road regeneration works and the Transit Berthing Facility are complete, the latter is reporting increased visiting boat numbers, a performance report prepared by the operator will go to MAKI January Business Day. Works on the remaining two key target THI buildings - the Town Hall and 50-52 Main Street (both contribution projects to third parties) are on site but both projects are behind programme. The Council has therefore formally requested a further extension of time (currently December 2015) from HLF. The expected completion dates are now the 12th February 2016 and the 22 April 2016, respectively.
 - 4.1.2 **Helensburgh – Town Centre Public Realm works –** Officially opened on the 20th June, continues to receive very positive feedback. The project's Outdoor Museum was shortlisted for the prestigious FX International Award for Museums and Interior design

category, although unsuccessful the judges were very complimentary about the project, stating that “every town should have an outdoor museum”. The project has also been shortlisted for the Scottish Property Awards and the Civic Trust Awards, judging will take place in spring 2016. **Helensburgh Waterfront development** – A review of the design specification and costs is currently taking place, the intention is to report the findings to members early in the New Year.

4.1.3 **Oban - Oban Bay Public Realm works** - Phase 1 Stafford which was officially opened on the 7th October continues to receive positive feedback. The Phase 2 tender, which has come in under budget, has been awarded to Land Engineering. Works will start on site on the 4th January with a completion date of early June 2016.

North Pier Visitor Facility – Project continues to be delayed due to a legal objection from adjacent neighbour, following which a Court Summons was issued to the Council on the 19th January. Design was reviewed to address complainants concerns and planning approval has been given for the revised design. Following a lengthy Mediation meeting on the 24th September draft Heads of Terms have been drawn up and are in the process of being agreed. If agreement is reached then this will avoid the need for a court hearing. In the interim, the design team are looking at revised design options to reflect the Heads of Terms with the focus on function and affordability.

Oban South Pier – The April 2015 OLI Area Committee followed by the May Policy and Resources Committee meeting approved the recommendation that the remaining funds in this project be transferred to the public realm phase 2 works and as a result this project has now been removed from CHORD.

Oban – Short Stay Marina, it was reported to the April 2015 OLI Area Committee that Oban Bay Marina Limited’s revised Business Plan was not financially viable based on a Council and HIE contribution of £200,000 each. As requested by members, officers met and had a productive meeting with OBM Ltd, the agreed minute of the meeting was reported to the August OLI Area Committee. A subsequent meeting was held on the 29th September with OBM Ltd’s technical advisors, the council’s technical advisors and marine engineer specialists to discuss the best technical location for the transit berthing facility. It was agreed this to be the north side of the North Oban Bay Pier. A Project Initiation Document (PID) will now be drawn up and brought to members for approval in due course.

4.1.4 **Rothesay – THI** All THI funds have been allocated. Projects are progressing well. Redevelopment of the gap site has significantly improved the gateway into Bute, however, following Tesco’s decision not to trade officers are working with the developer to find an alternative use/occupier.

Rothesay Pavilion – The FBC was approved in April 2015, total cost £9,057,873. Funding applications of circa £6m have been approved. Grant applications continue to be made to close the funding gap of circa £860k – see Appendix A for further details. The essential works contract was completed on the 24 July. The Pavilion closed its doors on the 27th September following a very successful closing weekend. Since then intrusive surveys have been undertaken to enable the design team and cost consultants to get a better understanding on the extent of the required works. The closing date for the first stage submissions for the works contract was the 16 October. Five contractors have posted submissions, two of which are local contractors, the submissions are currently being evaluated. The Minute of Agreement between the Council and the Rothesay Pavilion Charity has been signed and is with the Heritage Lottery Fund (HLF) and other funders for their approval, after which the Council can submit the formal Submission to Start to HLF for sign off. Following completion of a stage E cost plan by the consultant quantity surveyor, projected construction costs have risen significantly due mainly to the findings of recent building surveys mentioned above. The potential impact of this could be as much as £1.9M, making the total cost circa £11m. The consequent effect of this is contained in a separate report to this committee.

4.1.5 **Dunoon - Queens Hall** - planning application approved; Building Warrant and Transport Regulation Order submitted. With regard property matters, 27-29 Argyll Street and 24 Argyll Street have been acquired. **15 Argyll Street** – late last week the owners instructed their solicitors to withdraw their appeal against the CPO and to accept the Council's offer. However, by the time this was done it was too late for the Reporter to consult with the Scottish Government as to whether they still required him to proceed with the inquiry, therefore inquiry went ahead on the 1 December as Council witnesses were present. After the Reporter asked a witnesses a few questions the inquiry was adjourned to allow him to consult with the Scottish Government. Should a report be required the Reporter will invite both parties' solicitors to lodge final submissions. He will then complete his report (within 6 weeks) and provide this to Scottish Government, who will then consider whether to permit the CPO to be confirmed. The Council's formal offer was issued on the 2nd December. In terms of procurement of the main works, there have been five PQQ returns, which are currently being evaluated with tenders due to be issued in January 2016 with a site start in May 2016. **The Wooden Pier** – Phases 1a and 1b are now substantially complete and the Final Accounts have been agreed. The project has been delivered within budget.

4.2 **Resourcing** - Kirsteen Macdonald was appointed in August as the Oban Project Manager to take forward the Oban Maritime projects including Lorn Arc. Andrew Collins is overseeing the Oban public realm projects. Dominique Brown who was providing temporary administration support to cover maternity leave, left the Council on the 27 November to take up a permanent post with SEPA. Leanne Stewart, will return from maternity leave on the 7 January 2016. Mairi Campbell, administration support for Lorn Arc, started on the 16th November. To assist with the delivery of the Lorn Arc programme, David McKechnie, Aecom consultant, took up post on the 18th November. David will provide project management support over the next three to six months to provide both cover whilst Adrian Jackson-Stark is on sick leave and to assist in driving the Lorn Arc projects forward, with priority given to the next phase of the Oban Airport Business Park and the Dunbeg Corridor projects.

4.3 **Budget:** Projects are currently low to medium risk of being delivered within budget, the exceptions are the Rothesay Pavilion which although securing external funding of circa £6m still has yet to fully realise its funding target, Dunoon Queens Hall and the Helensburgh Waterfront development. Details are contained within Appendix A.

5 CONCLUSION

5.1 Delivering this number of complex capital budgets continues to be a challenge for the team but as outlined in report good progress is being made. For example, since the last report, the tender has been let for phase 2 of the Oban public realm works and the first stage notices for procuring the works contracts for the Queens Hall and Rothesay Pavilion have been issued. Inflation in the construction industry continues to put pressure on bringing projects within budget but to help mitigate against tender returns exceeding budgets, cost plans are regularly updated and actions required reported to Area Committees. Progress against the Programme Plan is regularly reviewed by the Programme Manager and at monthly Development and Infrastructure Management Team meetings.

6. IMPLICATIONS

POLICY	The delivery of this project fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre
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	regeneration. The economic outcomes from this project will contribute to the Government's Economic Strategy.
FINANCIAL	As outlined in section 4.3 above.
LEGAL	Each project will have differing legal requirements, this will be laid out in each project's Project Initiation Document. No legal issues at Programme level.
PERSONNEL	Recruitment is currently taking place. The resources required to deliver the Capital Regeneration projects will be continually monitored and reported to the Policy and Resource Committee.
EQUAL OPPORTUNITIES	There are no equal opportunities implications.
RISK	As outlined in Appendix A
CUSTOMER SERVICE	There are no customer service implications.

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3 December 2015

For further information - please contact Helen Ford, CHORD Programme Manager,
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Attached: Appendix A – CHORD Programme Highlight Report 26 October 2015
Appendix B – Programme Plan