

**MAJOR CAPITAL REGENERATION PROJECTS – UPDATE REPORT AS AT 12
FEBRUARY 2016**

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, excluding the nine Lorn Arc projects (covered in separate report to this committee), led by Development and Infrastructure Services. The attached Highlight Report (Appendix A) along with a Programme Plan (Appendix B) outlines the current position of the projects as at the 12 February 2016
- 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 and Oban Phase 2 public realm works (George St to Station Square) are on site, the remaining projects are at development/procurement 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. Subsequently, marine engineers have been appointed and are currently undertaking the necessary marine investigations to inform the berthing facilities design. With regard the NPVF design options will be presented to OLI March Business Day for discussion on how members wish to proceed.
- 1.5 Budget: Following the February Budget additional capital allocation for the Rothesay Pavilion and the Helensburgh Waterfront development, projects are currently low to medium risk of being delivered within budget, the exception is the Dunoon Queens Hall project which is projecting a shortfall of circa £400k. The provision of additional funds in the February Budget for the aforementioned projects is to enable these projects to progress whilst officers continue to seek

additional external funding thereby releasing funds to deliver the Council's wider economic regeneration aspirations across Argyll and Bute. Budget details are contained within Appendix A.

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

1.6.1 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 12
FEBRUARY 2016

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.

Subsequently, marine engineers have been appointed and are currently undertaking the necessary marine investigations to inform the berthing facilities design. With regard the NPVF design options will be presented to OLI March Business Day for discussion on how members wish to proceed. In terms of human resources, Leanne Stewart, Admin support, returned to work following maternity leave on the 7 January 2016.

- 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 Business Day in due course. 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 therefore formally requested a further extension of time (currently December 2015) to June 2016 from HLF, which has been granted. The expected completion dates are now the end of 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 has been shortlisted for the Scottish Property Awards (decision will be announced on the 3 March) and the Civic Trust Awards, judging will take place in spring 2016. **Helensburgh Waterfront development** – A review of the design specification and costs has been undertaken and the findings will be reported to members at Helensburgh and Lomond March Business Day. The provision of additional funds of £7m is to enable the project to progress whilst officers continue to seek additional external funding thereby releasing funds to deliver the Council's wider economic regeneration aspirations across Argyll and Bute.

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, which started on site on the 4 January are progressing well on site and are on schedule to be completed in June 2016.

North Pier Visitor Facility – Following a lengthy Mediation meeting on the 24th September 2015 draft Heads of Terms have been drawn up but are on hold due a bereavement.. 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. The findings of the review will be presented to members at the OLI March Business Day.

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. Subsequently, marine engineers have been appointed and are currently undertaking the necessary marine investigations to inform the berthing facilities design.

- 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 the developer is in discussion with Tesco's to reach agreement on how best to proceed to allow the space to be occupied.

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. - 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. Following which intrusive surveys were undertaken to enable the design team and cost consultants to get a better understanding on the extent of the required works. The results of the findings projected construction costs have risen by £1.9M, making the total cost circa £11m. The February Budget has made provision for an additional £1.9m to be made available to progress the project whilst the Rothesay Pavilion Charity and council officers continue to seek additional funding thereby releasing funds to deliver the Council's wider economic regeneration aspirations across Argyll and Bute. The Minute of Agreement between the Council and the Rothesay Pavilion Charity has been signed. The contract for the advance works, agreed by this committee in December is due to start on site at the end of March.

- 4.1.5 **Dunoon - Queens Hall** - planning application approved; Building Warrant and Transport Regulation Order submitted. With regard property matters all three properties have now been acquired. In terms of procurement of the main works, the Tender has been issued and subject to receiving an acceptable tender, an Award of Contract is expected to be made in June 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 **Budget:** Following the February Budget additional capital allocation for the Rothesay Pavilion and the Helensburgh Waterfront development, projects are currently low to medium risk of being delivered within budget, the exception is the Dunoon Queens Hall project which is projecting a shortfall of circa £400k. The provision of additional funds in the February Budget for the aforementioned projects is to enable these projects to progress whilst officers continue to seek additional external funding thereby releasing funds to deliver the Council's wider economic regeneration aspirations across Argyll and Bute. Budget 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 Oban public realm works have started on site and tenders for works contracts have been issued for the Queens Hall and Rothesay Pavilion. 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 the monthly Development and Infrastructure Management Team meetings.

6. IMPLICATIONS

- | | |
|-------------------------|---|
| 6.1 POLICY | The delivery of this project fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from this project will contribute to the Government's Economic Strategy. |
| 6.2 FINANCIAL | As outlined in section 4.2 above. |
| 6.3 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. |
| 6.4 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. |
| 6.5 EQUAL OPPORTUNITIES | There are no equal opportunities implications. |
| 6.6 RISK | As outlined in Appendix A |
| 6.7 CUSTOMER SERVICE | There are no customer service implications. |

Executive Director Development and Infrastructure Services: Pippa Milne

Policy Lead: Ellen Morton

12 February 2016

For further information - please contact Helen Ford, CHORD Programme Manager,
Development and Infrastructure Services
Economic Development and Strategic Transportation.
07879641415

APPENDICES

Appendix A – CHORD Programme Highlight Report 12 February 2016
Appendix B – Programme Plan

