

**MAJOR CAPITAL REGENERATION PROJECTS – UPDATE REPORT AS AT 4
NOVEMBER 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, 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 4 November 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; Dunoon Wooden Pier Refurbishment Phases 1a and 1b; and the Rothesay and Campbeltown Townscape Heritage Initiatives have all been completed. The Oban Phase 2 public realm works (George St to Station Square); Rothesay Pavilion Enabling works and Queens Hall Asbestos removal works are on site. Following approval of the design brief specification for the Helensburgh Waterfront development at the Helensburgh & Lomond June Area Committee officers have through a procurement exercise sought to prequalify suitably qualified and experienced design team and cost consultants to take the project forward from concept design stage to detailed design for member approval.
- 1.4 Since the last report the projects remain on track against the March 2016 reported timescales.
- 1.5 Budget: Following the August revision to the Capital Plan an additional capital allocation of £1.95million, was made for the Dunoon Queens Hall project and along with the Helensburgh Waterfront project these are currently low to medium risk of being delivered within the reported budgets. The provision of additional funds 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:-

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

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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** – Projects remain on track against the August 2016 reported timescales.

- 4.1.1 **Campbeltown** – With the completion of the remaining two key target THI buildings, the Town Hall and 50-52 Main Street (both contribution projects to third parties) the Campeltown CHORD projects have all been completed. At a meeting of the MAKI Area Committee on 5 October it was agreed to transfer the surplus funds of £182,626 to the current HES CARS Initiative, managed by the Transformational Projects and Regeneration Team within EDST.

- 4.1.2 **Helensburgh – Town Centre Public Realm works** – Officially opened on the 20th June 2015; the project continues to receive very positive feedback. To date the project has been shortlisted for eight awards and received three awards: a Scottish Design Award; Royal Institute Architecture Scotland (RIAS) Award for Public Realm; and Saltire Arts in Public Places Awards and is awaiting decisions on a further three awards. **Helensburgh Waterfront development** – The design brief specification was approved by members at

the Helensburgh & Lomond June Area Committee, following which officers commenced two procurement exercises: (1) Multi-disciplinary Design Team Consultant; and (2) Cost Consultant. Following the publication of Contract Notices we received 14 responses for the Design Team contract and 9 responses for the Cost Consultant contract. The submissions are now the subject of an evaluation process, following on from which it is our intention to invite a minimum of 5 and up to a maximum of 8 consultants to be invited to Tender for each contract opportunity.

4.1.3 Oban - Oban Bay Public Realm works - Phase 1 Stafford - a meeting has taken place with the Capital Regeneration Programme Manager, the Contract Administrator (Capita) and the Contractor with assurances given by the contractor that the outstanding defects works will be addressed in August following their summer shutdown. Whilst the lighting element has been addressed there are still outstanding defects in respect of the hard landscaping which will be rectified at the same time as the replacement of the art work within the laminated glass panels to the upper terrace. The Phase 2 works initially progressed to programme, however we required to extend the programme to enable us to undertake additional works as well as delays in the logistics programme associated with the delivery of lighting columns and bespoke seating. The works continue to receive positive feedback across the community. It is anticipated that surplus funds will be available from the public realm budget allocation and details will be reported to members in due course.

North Pier Visitor Facility – The OLI April 2016 Area Committee approved the revised design option, anticipated final cost £1.4m against a budget allocation of £1.6m, that reflects the outcome of the Mediation meeting held on the 24 September 2015, with focus on function and affordability. Planning permission has been granted. The revised FBC was approved by the Oban Lorn and the Isles Area Committee on 12 October and the Policy & Resources Committee on 27 October.

Oban – Transit Berthing Facility. The current budget allocation is £1.5m, this was reduced from £2m at the April 2015 OLI Area Committee. Initial feedback from the cost consultants are indicating that the project cost is likely to be circa £2.4m. The FBC was approved by the Oban Lorn and the Isles Area Committee on 12 October and Policy & Resources Committee on 27 October

As reported above, it is anticipated that there will be surplus funds available from both the public realm and the north pier maritime visitor facility budget allocations to fund the anticipated cost of delivering the transit berthing facility. The Transit Berthing Facility is currently at Stage 2 of the Regeneration Capital Grant Fund application process and is in detailed discussions with HIE in respect of funding support, with decisions expected in January 2017.

4.1.4 Rothesay – THI All THI projects supported by CHORD funding have been successfully completed and subsequently a second round Stage 1 pass of TH Funding has been approved by the Heritage Lottery Fund with a Stage 2 bid now being prepared.

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. Following intrusive surveys at the end of 2015 the projected construction costs rose by £1.9m, making the total project cost circa £11m. Subsequently the February 2016 Budget made provision for an additional £1.9m to be made available to progress the project whilst the Rothesay Pavilion Charity (RPC) and council officers continued to seek additional funding.

The advance works exposed a number of issues with the integrity of the building, including the condition of the concrete ceilings and the fire rating of key components. The scope of the advance works was therefore extended to enable these issues to be addressed. All of the advance works are now complete and the practical completion certificate was issued on 21 October.

The Production Information, which forms a key component of the Tender Documentation package is being updated with the information etc resulting from the advance works and the project is on programme to issue the Invitation to Tender at the beginning of January 2017, with Tender Returns programmed for end February 2017.

4.1.5 **Dunoon - Queens Hall** - planning application approved; Building Warrant granted and Transport Regulation Order submitted. Following approval of additional funds the Main Works Contract was awarded to McLaughlin & Harvey Ltd on 7 September. Currently asbestos removal works are being undertaken, the scope of which increased due to the presence of asbestos in the solum of the building. Following the completion of the asbestos removals McLaughlin & Harvey will take occupation of the site at the beginning of December and establish their welfare facilities, site hoardings etc with the physical works commencing at the beginning of January 2017 and running for 60 – 65 weeks through to the beginning of March 2018. **The Wooden Pier** – Phases 1a and 1b are complete and the Final Accounts have been agreed. The project has been delivered within budget.

4.2 **Budget:** Following the August revision to the Capital Plan additional capital allocation, £1.95million, was made for the Dunoon Queens Hall project and along with the Helensburgh Waterfront project these are currently low to medium risk of being delivered within the reported budgets. The provision of additional funds 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 the Report good progress is being made with six

projects now successfully delivered. Since the last report, the procurement exercise for the Helensburgh Waterfront (Design Team and Costs Consultants) has commenced. Inflation in the construction industry along with findings from intrusive surveys in relation to the Rothesay Pavilion project, is putting pressure on project budgets. 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 Economic Development Management Team meetings.

6. IMPLICATIONS

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| 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 | 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. |

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APPENDICES

Appendix A – CHORD Programme Highlight Report 4 November 2016
Appendix B – Programme Plan