

Rothesay Pavilion Progress Report.

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide members with a progress update on the Rothesay Pavilion Adaptive Restoration and Extension Works project, being delivered by CBC Ltd (CBC).
- 1.2 In September 2017 the final approvals were received for additional funding from the Heritage Lottery Fund, Highlands & Islands Enterprise, European Regional Development Fund and Historic Environment Scotland to allow the project to proceed.
- 1.3 Messrs CBC were awarded the construction contract and started work on site on 29th November 2017.
- 1.4 The project remains both complex and challenging due to the property location, design, age and unique characteristics of this Grade A Listed building. This has involved alterations and more extensive repairs and improvements to some of the hidden structural elements of the building and the outer stone fabric. In addition, the weather has played its part in making for difficult site conditions which has significantly hindered work.
- 1.5 The original Construction Contract Practical Completion date of the 31st July 2019, was subsequently extended to the 5th September 2019. However, the consequential impact of having to remove and reinstate the Main Auditorium ceiling, due to its deteriorating condition and asbestos make up, will extend works and final building commissioning until January/February 2020.
- 1.6 The Anticipated Final Cost (AFC) for the project is under significant pressure due to the revised scope of the ceiling works. This is currently subject to detailed commercial assessment by the Project Manager and Design Team.

2.0 RECOMMENDATIONS

Bute and Cowal Area Committee is asked to consider and note:

- 2.1 The progress update provided in this report;

2.2 The financial performance of the project, as set out in Appendix 1 to this Report.

Rothesay Pavilion Progress Report

3.0 INTRODUCTION

- 3.1 The project comprises the comprehensive refurbishment of the grade A listed Rothesay Pavilion which is a key component of the Council's ambitious and forward looking programme to assist regeneration and economic development in five of its waterfront towns; Campbeltown, Helensburgh, Oban, Rothesay and Dunoon.
- 3.2 Full funding for the project was achieved in September 2017 and a construction contract was awarded to Messrs CBC on 29th November 2017 with a projected completion date of 31st July 2019.

4.0 RECOMMENDATION

Bute and Cowal Area Committee is asked to consider and note:

- 4.1 The progress update provided in this report.
- 4.2 The financial performance of the project as set out in Appendix 1 to this Report.

5.0 DETAIL

5.1 Financials: Construction

5.1.1 Budget / Cost: The Projects' Anticipated Final Cost is under significant pressure due to the revised scope of the ceiling works, further detail on this is provided at Appendix 1 to this report.

5.1.2 It should be noted that the contractors' advance cost and time warnings connected with the removal and reinstatement of the Main Auditorium ceiling puts our ability to deliver within the approved budget at significant risk. This is despite the project currently holding unexpended provisional and contingency allowances.

5.1.3 There are pressures associated with keeping the contract provisional sums within allowances, but these are being monitored and actively managed to minimise the overall risk to the Council.

5.2 Programme Delivery

5.2.1 As previously reported the main contractor CBC have been on site since 29th November 2017 and at the end of June 2019 the percentage of programme passed on the extended contract duration of 92 weeks is 89% (82 weeks).

5.2.2 The overall percentage of work completed equates to 66% at week 82 (end June 2019). Key Work Package completion rates, are as follows:

Work Package	Previous Report Quarter (Jan – March 19) (%)	Current Report Quarter (April – June 19) (%)	Variance (%)	Trend (▲/▶)
Early Enabling Works	100	100	0	Complete
CDP Design Approval - Manufacture	87	97	10	▲
Roof Works	64	85	21	▲
New Office Extension (1 st Floor)	86	97	11	▲
Upper Ground Floor Alterations	68	100	32	▲
Main Auditorium/Exhibit Space/Stage/ Changing Rooms	81	98	17	▲
Toilet/Shop Extension	93	98	5	▲
Utilities	5	7	2	▲
External Envelope Works	66	83	17	▲
Internal Fit Out	16	30	14	▲
Caretakers House	47	60	23	▲

- 5.2.3 **Variiances:** with 89% of the contract having expired, 61% of the contract sum having been expended and 66% of the work completed to date the Main Contractor remains behind programme, and works have not progressed either at the same speed or in the same sequence as was originally planned. This is an issue that is being managed on a daily basis by the Project Manager, and at a strategic level through monthly meetings between the Programme Manager and CBC Directors. We continue to push CBC to demonstrate improved delivery against programme for those areas not directly affected by the impact of the main hall ceiling works.
- 5.2.4 It should be noted the overall completion percentage represents a 14% improving trend compared to the previous report (April – June 19). The main areas of delay in terms of spend, are as follows:
- Undercroft / substructure works progressed at a much slower rate than anticipated due to unexpected site conditions/physical constraints and ground water;
 - Temporary over roof provision, and subsequent abandonment due to difficulties in securing a technically compliant system within affordability limits, has impacted on concrete repairs, replacement roof finish, roof lights, parapet works and cast stone copings;
 - Cast stone façade replacement works commenced later than planned; a consequence of detailed stone surveys not happening in line with programme;
 - Mechanical & Electrical Plant: the sub-contractor was appointed later than anticipated and given the value of the large pieces of MEP equipment this has had a knock on effect on cash flow;
 - Main Auditorium/Auditorium ceiling (Asbestos): part of the ceiling surface came down in early March 19. Following investigation into the type of ceiling surface the decision was taken to remove the existing ceiling and reinstate to remove any future risk to the Council or the RPC during the subsequent operation of the building.
- 5.2.5 **Advance Warnings:** The Main Contractor has lodged 4 Claims for Extensions of Time (EOT) including loss and expense.
- 5.2.6 As previously reported the first 2 contractual claims for 14 weeks additional time have been assessed and an extension of time awarded of 5 weeks, the balance of 9 weeks delay still exists albeit, in our opinion, at the responsibility of the contractor. Accordingly the revised contract completion date is 3rd September 2019.
- 5.2.7 As noted above the latest request for additional time (EOT Claim 3 disruption and delay resulting from the asbestos removal works in the Main Auditorium) has a revised completion (22 weeks) taking the contract to the end of January/February 2020. Claim 4 is associated with the Main Auditorium

ceiling reinstatement and details of the claim are awaited.

- 5.2.8 The construction work delay beyond the revised contract completion date of 3rd September 2019 has been exacerbated by the decision to remove and reinstate the Main Auditorium ceiling and resulting contractual Claim 3.
- 5.2.9 Weather conditions remain a risk to progress, but have been reduced to a medium risk. The decision not to provide the over roof has had a consequential impact on external works and internal finishes due to rainwater ingress.
- 5.2.10 As previously reported, the Main Auditorium floor has suffered from rainwater damage due to the difficulty of maintaining the water tightness and integrity of the main skylight without an over roof. The lack of encapsulation and inclement weather has proved challenging in maintaining adherence to programme with consequential water penetration. A specialist survey, by TRADA, of the floor is planned following completion of asbestos removal works in the Main Auditorium to better understand condition and potential remedial repairs.
- 5.2.11 Key Events over the reporting period:
- Main Auditorium: Asbestos removal works – initial scaffold clean;
 - HSE notification for asbestos removal (subject to issue of Architects Instruction);
 - Completion of internal groundworks;
 - Completion of roofing works to 1st floor extension, cafe terrace, north and west terraces;
 - Mechanical & Electrical works (to areas not impacted by asbestos);
 - Progression of external building fabric works including render;
 - Progression of partition works;
 - Installation of windows;
 - Terrazzo repairs;
 - Screeding works (to areas not impacted by Asbestos);
 - Scaffold strip ongoing.
- 5.2.12 Photographs are provided in Section 9.0 to substantiate progress reported.

6.0 Resources: Capital Funding

- 6.1 Funding is being actively drawn down from the four major external funding partners (HLF, HES, HIE and ERDF) with circa £5.5M having been received since the contract started.
- 6.2 In addition to the funding secured by the Council, Rothesay Pavilion Charity (RPC) have a capital fundraising target of £400k to achieve by June 2019.

The current position is as follows:

- Target £400k;
- Achievement £132k;
- Gap £268k.

6.3 Whilst the Charity has used its best endeavours to try and achieve its Capital Contribution target it was not been in a position to entirely close the gap by the deadline. In accordance with previous agreements the Council will need to underwrite the Charity's capital fundraising target for the foreseeable future and until receipt of successful funding raising applications.

7.0 Engagement:

7.1 Stakeholder meetings (A&BC & RPC) have continued with engagement of the RPC Executive Directors and Council's Senior Management team to review the Charity's Business Operational Business Plan and current and future revenue position.

7.2 Work continues with regard to delivering and reporting progress on the HLF heritage activity plan, engagement with the community, and user groups to ensure the development of a cultural programme is collaborative and responsive to the needs of the local community and visitors.

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8.0 Progress Monitoring and Reporting

8.1 Monthly Performance reviews are in place with the Design Team and Main Contractor to:

- Review actual expenditure against forecasts including adverse variances;
- Review and approve all forecast expenditure >+£10k;
- Review, update and re-sequence the Main Contractor programme including revisions to cash flow forecasts to determine realistic and robust stage forecast completion dates and financial outturns;
- Revise provisional sum forecasts in line with the programme schedule so they are representative of contract variations, anticipated programme work package timescales and completion;
- Review the performance of the Design Team and Main Contractor in responding to requests for information and changes timeously and with day one quality.

9.0 PROGRESS PHOTOGRAPHS: A schedule of progress photographs is included below:

Building Orientation – Argyle Street Elevation (Main Entrance) faces East.

EXTERNAL:

9.1 Roof Areas:



Looking West: General view. South facing gable of Main Auditorium skylight visible.



Looking East: General View of the roof over the Exhibition/Function Suite.



Looking SW: General View – roof finishes awaiting completion south west corner...



Looking North: General View – Roof over stairwell 1 (Adj. Exhibition/Function suite) NB: insulation insitu and roof basecoat (red) in progress.



Looking North: General view west area.



Looking North: General view East area adjacent Argyle Street.

9.1 Roof Areas (Continued):



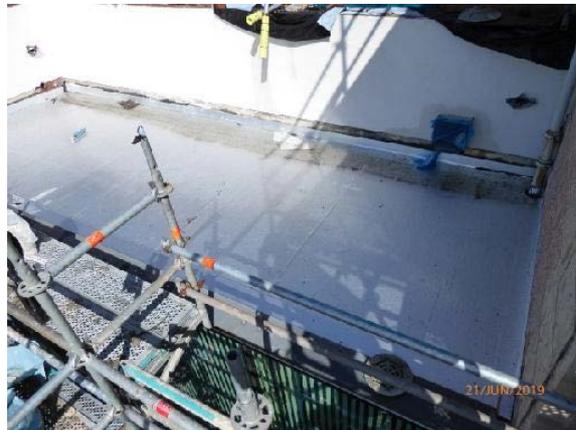
Looking West: Man safe roof brackets and cable restraint insitu.



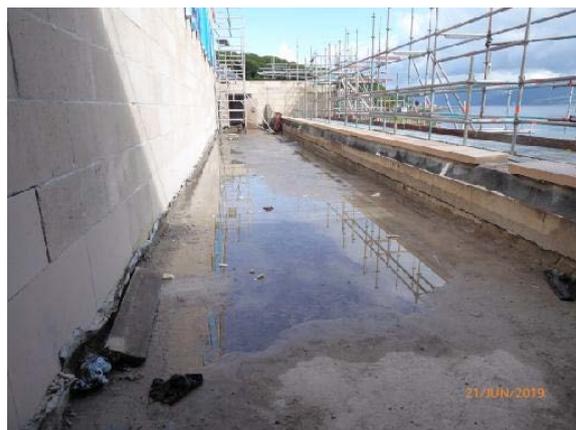
Looking West: General view of new roof over first floor offices. NB: Man safe roof brackets and cable restraint system insitu.



General views: Roof over Shop.



Looking North: West Elevation: First floor – General view.



Looking North: (adj. East Elevation): First floor Level – General View of terrace.

9.2 Building Fabric: Elevations:



East Elevation (Argyle St.) – Front Elevation (NB: new PAVILION sign insitu).



West Elevation – Rear Elevation of Building.



North Elevation (Mackinlay St.).



South Elevation – General view.



West & South Elevations – Caretakers House (NB: new windows in situ).



East Elevation – Caretakers House.

**INTERNAL:
9.3 First Floor**



New Offices: General view of Corridor looking West.



New Offices: General view of Corridor looking East.



General View of the Exhibition / Function area (the insulation materials stored on the floor are for the Canopy roof above).



New Office adjacent Staircase 1 (South Elevation – looking East): Brickwork to new service riser visible.



General View of Middle Office.



INTERNAL:
9.3 First Floor (continued):



General Views of the new Office West end of first floor (Music Practice Room).

9.4 Upper Ground Floor



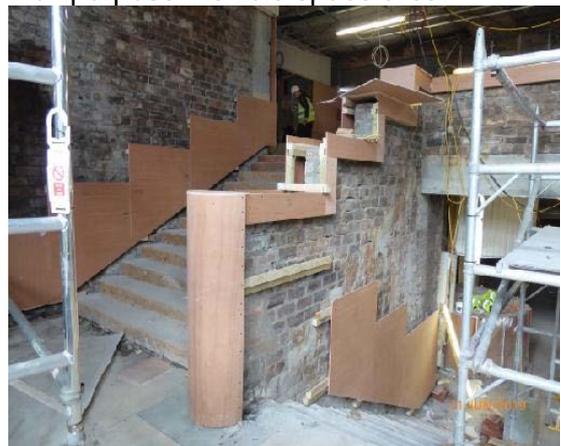
Looking West: General view of Spill Out / Circulation area.



Looking East: General view of Multipurpose Flexible space area.



General view of Main Staircase (Half-Landing) – plywood template sheeting now fitted for the new wall paneling.



9.4 Upper Ground Floor (continued):



Looking West: general view of Café Area.



Looking East: general view of Café Area.

9.5 Lower Ground Floor



Looking West: (towards box office): General view of Main Entrance Foyer/Circulation area.



Looking East (Argyle Street): General view of Entrance Lobby.



Male WC – Electrical wiring in progress.



Circulation/Utility Space/Staircase to undercroft structural openings – Electrical wiring insitu.

9.5 Lower Ground Floor (continued):



Looking North: New Exhibition area.



Looking South: New Exhibition area – existing Terrazzo flooring exposed.



General views of shop front and floor space.



Looking West: New Female & Male WC door openings now substantially completed.



Looking East: Temporary propping in place for formation of the new door openings to the passenger lift and Staff circulation corridor from the main entrance lobby.

9.5 Lower Ground Floor (continued):



Main Entrance Lobby (facing Argyle St. - new cast stonework.

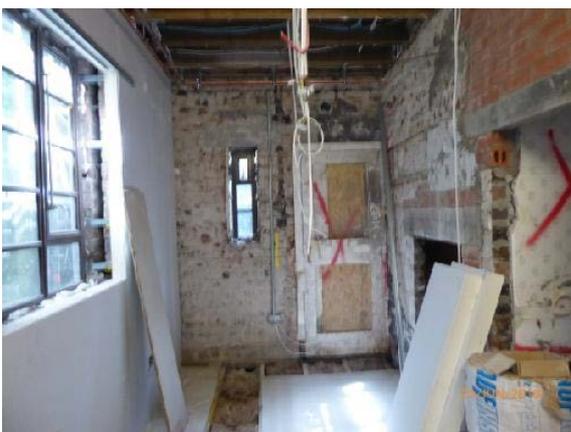


Interpretation Space.

9.6 Caretakers House:



First Floor: General View of new Office



Ground Floor: General View Meeting Room.



Ground Floor: New Accessible WC.

10.0 CONCLUSION

- 10.1 The Rothesay Pavilion Adaptive Restoration and Extension Works contract commenced on site on 29th November 2017 and currently has a revised contract completion date of 5th September 2019, notwithstanding current EOT assessment.
- 10.2 This is a major renovation and refurbishment project which is proving both complex and challenging due to the buildings age, design, location and unique characteristics of a Grade A Listed building.
- 10.3 This has involved alterations and more extensive repairs and improvements to some of the hidden structural elements of the building and the condition of the outer building fabric. In addition, the weather has played its part in making for difficult site conditions which has significantly hindered work.
- 10.4 The scale of all the unforeseen works required, as noted above, now means the building will be completed January/February 2020.
- 10.5 The Anticipated Final Cost (AFC) for the project is under significant pressure due to the revised scope of the ceiling works, as explained above. However, this is the subject of review.
- 10.6 The total cost of the project was originally fully funded and applications for the drawdown of funds is being made on a monthly/quarterly basis to the various funding partners involved in the project. Partnership funding matched the project cost as reported at permission to start.
- 10.7 It should be noted that Funding Partners are unlikely to increase their funding to meet extra over costs of the Main Auditorium Ceiling removal and reinstatement, and they would expect the Council to underwrite any additional capital costs.
- 10.8 The risk log is being updated and the project risks are being monitored and mitigating actions managed. Time and cost risks are being noted and actively managed to reduce the overall risk to the Council.
- 10.9 The RPC are continuing to look at further bids for funding to reduce the Council's Capital underwriting commitment despite missing their target at the end of June 2019.
- 10.10 It is a massive ambition to bring the Pavilion back to life requiring skill, investment, commitment and effort and from the local community engagement that has and continues to take place.

11.0 IMPLICATIONS

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|------|---------------------------------|---|
| 11.1 | Policy | This project forms part of the approved CHORD programme that supports outcomes 1, 2 and 3 of the Single Outcome Agreement. Once completed and during the construction phase the Pavilion will help boost the local economy, create a key piece of modernised infrastructure that can be made use of by the local community and create employment and skills opportunities for the people of Bute. |
| 11.2 | Financial | The project is fully funded. However, fund raising continues with the RPC to reduce the Capital underwriting by the Council. |
| 11.3 | Legal | None. |
| 11.4 | HR | None. |
| 11.5 | Equalities/Fairer Scotland Duty | On completion the building will be fully accessible to facilitate disabled people's participation and use under the Equalities Act 2010 (formerly Disability Discrimination Act 1995). |
| 11.6 | Risk | Exceeding budget and programme. This is being closely monitored during the contract period. |
| 11.7 | Customer Service | None. |

Executive Director of Customer Services: Douglas Hendry

Policy Lead: Councilor Gary Mulvaney

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For further information contact: Jonathan Miles, Project Manager.
Tel No.: Office: 01700 801071. Mobile No.: 07521 679 993