

**Rothesay Pavilion Progress Report.**

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**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 continues to make for difficult site conditions which has significantly hindered work.
- 1.5 The original Construction Contract Practical Completion date of the 31st July 2019, has been extended to the 1<sup>st</sup> October 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 February 2020.
- 1.6 The Anticipated Final Cost (AFC) for the project remains 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.

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**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 Ltd on 29<sup>th</sup> November 2017 with a projected completion date of 31<sup>st</sup> 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 remains under significant pressure due to the revised scope of the Main Hall 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 Hall ceiling puts our ability to deliver within the approved budget at high risk. This is despite the project currently holding a small unexpended provisional allowance.

**5.1.3** There are pressures associated with keeping the contract provisional sums contingency allowances within budget, 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 September 2019 the percentage of programme passed on the extended contract duration of 96 weeks is 99% (95 weeks).

**5.2.2** The overall percentage of work completed equates to 72% at week 95 (end Sept 2019). Key Work Package completion rates, are as follows:

Work Package	Previous Report Quarter (April – June 19) (%)	Current Report Quarter (Sept – Dec 19) (%)	Variance (%)	Trend (▲/▶ )
Early Enabling Works	100	100	0	Complete
CDP Design Approval - Manufacture	97	97	0	▶
Roof Works	85	99	14	▲
New Office Extension (1 <sup>st</sup> Floor)	97	97	0	▶
Upper Ground Floor Alterations	100	100	0	▶
Main Auditorium/Exhibit Space/Stage/ Changing Rooms	98	99	1	▲
Toilet/Shop Extension	98	100	2	▲
Utilities	7	7	0	▶
External Envelope Works	83	89	6	▲
Internal Fit Out	30	37	7	▲
Caretakers House	60	68	8	▲

- 5.2.3 It should be noted that the Main Hall ceiling asbestos removal work was satisfactorily completed on 20<sup>th</sup> September 2019. The work to reinstate the ceiling has started and is due to last circa 10 weeks.
- 5.2.4 **Variiances:** with 99% of the contract having expired, 76% of the contract sum having been expended and 72% of the work completed to date the Main Contractor remains behind programme, due to works not progressing at the same speed or in the same sequence as was originally planned. This is an issue that is being managed on a daily/weekly basis by the Project Manager/Design Team and at a strategic level through monthly meetings between the Programme Manager and CBC Directors.
- 5.2.5 It should be noted the overall completion percentage represents a 6% improvement compared to the previous report (April – June 19). The main areas of delay in terms of expenditure remain as previously reported, namely:
- Unforeseen, hidden & complex elements of the structure requiring additional work;
  - Weather, inhibiting completion of the exterior fabric and internal fit out due to the building not being fully wind and watertight.
- 5.2.6 **Advance Warnings:** The Main Contractor has lodged 4 Claims for Extensions of Time (EoT) including loss and expense.
- 5.2.7 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.
- 5.2.8 The Main Contractor has lodged EoT Claims 3 & 4 totaling 24 weeks as a result of the Main Hall ceiling removal and reinstatement works. These claims are currently under review and subject to detailed appraisal by the Design Team.
- 5.2.9 At the time of writing weather conditions continue to remain a risk to the progress of all uncompleted external works including internal fit out works in the immediate vicinity due to the building envelope still not being fully wind and watertight.
- 5.2.10 As previously reported the Main Hall floor has suffered from rainwater ingress due to the difficulty of maintaining the wind and water tightness of the main skylight during refurbishment works. A specialist survey of the floor, by TRADA, is planned now that asbestos removal works in the Main Hall are complete to better understand condition and potential remedial repairs.
- 5.2.11 An aggressive programme of work to completion has been developed by the Main Contractor to achieve completion by mid/late February 2020. This will be closely monitored by the Design Team for the remainder of the contract.

#### 5.2.12 Key Events over the reporting period:

- Main Auditorium: Asbestos removal works – completed;
- Roof works ongoing;
- Internal groundworks: completed;
- Completion of structural openings to lower ground floor;
- Fit out including Mechanical & Electrical works and wall linings to caretakers house;
- Progression of external building fabric works including cast stone and repointing to north elevation;
- Progression of ceiling and partition works;
- Installation of windows;
- Terrazzo repairs;
- Screeding works (to areas not impacted by Asbestos);
- Completion of Fly Tower and Hall Mesh walkways;
- Scaffold strip ongoing.

5.2.13 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 £5.7M having been received since the contract started.

6.2 Capital Grant(s): As previously reported, the RPC secured £132k in the period June 2017 to June 2019 towards their overall capital contribution commitment of £400k. Despite the RPC's best endeavours they have found it increasingly difficult to secure capital grants, due in part to the specific funds having already been exploited. It should be noted that had the successful capital grant applications been paid in full, there would be no funding gap. However, the pressure on these funders is immense and so full awards are rarely made.

6.3 No further capital grant applications are planned to close the £268k gap which is underwritten by the Council.

#### **7.0 Engagement:**

7.1 Stakeholder meetings (Argyll & Bute Council & RPC) have continued with engagement of the RPC Executive Directors and Council's Senior Management team to review the Charity's Operational Business Plan including current and future revenue projections, and the need for and quantum of revenue funding support from the Council. The Council considered and approved the recommendations in a report from the Head of Strategic Finance at its' meeting on 26 September, and a further report is to be brought back in due course.

7.2 Heritage and other Activity: 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.

7.3 The overall position achieved to date against approved purposes is as follows:

- Overall Total against plan: 68%;
- Staffing: 87%;
- Heritage Interpretation: 26%;
- Communication: 49%;
- Other: 89%.

7.4 Key points:

- Progress overall has been delayed to enable build up to opening knowing the construction project completion was delayed and because some elements of activity program (Exhibition/Interpretation, tours) cannot be delivered until building works are finished;
- Cost management of the construction works contract element follows industry best practice and we monitor the RPC costs. However, we do not have the same oversight on these and therefore rely on the RPC to similarly follow best practice to achieve best value;
- Staff & Other costs exceed budget due to the delay in opening and having to absorb systems costs/licensing, rental of temporary premises for an extended period.

## **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:** Schedule of progress photographs is included below:

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

**EXTERNAL:**

**1.0 Roof Areas:**



General View - Sections of the existing roof slab broken out to form the opening for the new AOV.



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



Looking NW: General View –over stage.



Looking West: General View – over stage.



Stairs 1 & 3: general views.



**1.0 Roof Areas (Continued):**



General View: over Stair 2.



General View: over Stair 2.



General views: Main Hall Rooflight – east facing area looking south.



General view: west area looking south.



General views: south area looking west.



Looking South west: First floor Offices roof– General view.



## 2.0 Building Fabric: Elevations:



East Elevation (Argyle St.) – Front Elevation.



South Elevation – Exhibition, Café rotunda elevations 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:  
3.0 First Floor**



New Offices: Cleaning in progress in advance of suspended floor installation works.



New Offices: General view of middle office.



General View of the corridor area behind new offices looking East.



General View of the corridor area behind new offices looking West.



General Views: First Floor: Music Practice Room.

#### 4.0 Upper Ground Floor



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



Looking East: General view of Multipurpose Flexible space area.



Looking West: general view of Café Area.



Looking East: general view of Café Area.

#### 5.0 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.

**5.0 Lower Ground Floor (continued):**



General Views: Exhibition area - work to terrazzo flooring in progress.



Looking South: Shop front and floor area.



Lower GF Venue: NB: Paint stripper and steam clean in progress to remove the final areas of paint on the Venue brickwork.

## 6.0 Fly Tower:



Flytower roof void – floor grillage installation works in progress.

## 7.0 Caretakers House:



First Floor: General View of new Office and Self-Messing Area.



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 1<sup>st</sup> October 2019, notwithstanding the current EoT assessment.
- 10.2 This is a major renovation and refurbishment project and remains 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 continues to make for difficult site conditions which has hindered in getting the envelope of the building wind and watertight. This has had a consequential impact on the progress of internal fit out works.
- 10.4 The scale of all the unforeseen works required, as noted above, now means the building will be completed in February 2020.
- 10.5 The Anticipated Final Cost (AFC) for the project will exceed budget due to the revised scope of the Main Hall ceiling works, as explained above. However, the Main Contractors claims for loss and expense are the subject of a robust review and challenge.
- 10.6 The total cost of the project was originally fully funded and applications for the drawdown of funds continue 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 whilst Partnership funding matched the project start costs. However, Partners are unlikely to increase their funding to meet reported risks of extra over costs, and the Council will be expected to underwrite any increase in project 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 continue to look at further bids for capital funding to reduce the reported Council's Capital underwriting commitment, however the current shortfall will need to be funded by the Council.
- 10.10 It remains a huge ambition to bring the Rothesay Pavilion back to life requiring skill, investment, commitment and effort from all partners and the local community involved in this ambitious project.

## 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 RPC have declared that no further Capital Grant applications are planned to close its capital contribution gap. This will require the Council to underwrite the outstanding balance for the foreseeable future.<br>It is noted that upon conclusion of the commercial assessment of the additional Asbestos works the project will require additional capital funds and the Council will have to consider how this will be addressed. |
| 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 Development and Infrastructure Services: Pippa Milne**

**Policy Lead: Councilor Aileen Morton**

4<sup>th</sup> October 2019

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