

Dunoon Queen’s Hall – Project Close Out Report

1.0 EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to present members with the Project Close Out Report for the Dunoon Queen’s Hall Refurbishment and Public Realm Improvements Project
- 1.2. The report is provided to enable the Bute and Cowal Area Committee, in their representative role on the Project Board, with the opportunity to review how the project performed against the objectives set out in the original Project Initiation Document – Dunoon Waterfront - DN01_v2.0, dated 1 June 2011.
- 1.3. In addition it allows the passing on of:
 - 1.3.1. Lessons learnt which can usefully be applied to other projects
 - 1.3.2. Details of any unfinished works, on-going risks or potential modifications to those services and organisations charged with the on-going operation and maintenance of the facilities.

2.0 RECOMMENDATIONS

Members are invited to:

- 2.1. Note and comment upon the Project Close Out Report
- 2.2. Recommend to the Policy and Resources Committee that it approve the recommendation at Section 1.3 of the Project Close Out Report that the Queens Hall Refurbishment and Public Realm Improvements Project be formally closed out.

Dunoon Queen’s Hall – Project Close Out Report

3.0 INTRODUCTION

- 3.1. The redevelopment of the Dunoon Waterfront formed part of the Council’s wider CHORD programme, and included:
- The re-development/refurbishment of the Queen’s Hall.
 - Road re-alignment.
 - Environmental improvements.
 - Creation of a Harbourmaster’s building.
 - A strategy for the future use of the pier.
- 3.2. The report covers the re-development/refurbishment of the Queen’s Hall, road re-alignment and associated environmental improvements.
- 3.3. The report is provided to enable the Bute and Cowal Area Committee, in their representative role on the Project Board, with the opportunity to review how the project performed against the objectives set out in the original Project Initiation Document – Dunoon Waterfront - DN01_v2.0, dated 1 June 2011.
- 3.4. In addition it allows the passing on of:
- Lessons learnt which can usefully be applied to other projects
 - Details of any unfinished works, on-going risks or potential modifications to those services and organisations charged with the on-going operation and maintenance of the facilities.

4.0 RECOMMENDATIONS

Members are invited to:

- 4.1. Note and comment upon the Project Close Out Report
- 4.2. Recommend to the Policy and Resources Committee that it approve the recommendation at Section 1.3 of the Project Close Out Report that the Queens Hall Refurbishment and Public Realm Improvements Project be formally closed out.

5.0 DETAIL

- 5.1. All of the Project Outcomes stated in the Full Business Case have been delivered, including a revitalised Queen's Hall building, giving the local community, businesses and visitors' alike exciting gathering places both inside and outside the building.
- 5.2. Live Argyll provide a 7 day a week opening, and have created full time posts for: an Audio/Visual Technician; Hall Attendants, working between the café, the main hall and the soft play area; Receptionists; and Local Management without the need for additional resource. Their over-arching aim for the facility is to break even and they continue to works towards that.
- 5.3. In FY19/20 and prior to the COVID-19 pandemic and Government restrictions which resulted in the closure of such venues, Live Argyll's operations and associated activities in the building continued to show positive trends:

- **Usage figures**

- Shows 37
- Events 26 (including 8 within the Ground Floor Café and First Floor Roof Terrace)
- Conferences 8
- Weddings 1

- **Library Services**

- New memberships 689
- Book issues 37,170
- PN issues 5,578

- 5.4. Following the end of the Defects Rectification Period, and the issue of the Certificate of Making Good Defects to McLaughlin and Harvey Ltd we have agreed the Final Account for the Public Works Contract at £9,926,195.
- 5.5. Taking this in conjunction with the various other costs e.g. professional fees, property acquisition, Furniture Fittings and Equipment, and statutory fees etc. this results in an **Agreed Final Account** for the Project of **£12,498,288**, against an **Approved Project Budget** of **£12,539,783** i.e. an overall **underspend of £41,495**.

6.0 CONCLUSION

- 6.1. The Queen's Hall refurbishment and public realm enhancements were 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.
- 6.2. The contract works were completed on 4 July 2018 and the Notified Defects were closed out in March 2021 following delays resulting from COVID-19 restrictions on the operation of Construction Sites.
- 6.3. All of the Project Outcomes stated in the Full Business Case have been delivered.

7.0 IMPLICATIONS

- | | | |
|------|--|---|
| 7.1. | Policy | The Project contributed towards the delivery of the Council's Corporate Plan and assists in making our towns places of economic vibrancy that create employment and prosperity for the residents of Argyll and Bute.

The redevelopment of the Queen's Hall will contribute towards the outcomes set out in the Single Outcome Agreement. |
| 7.2. | Financial | An underspend against the Approved Budget of £41,495 |
| 7.3. | Legal | None |
| 7.4. | HR | None |
| 7.5. | Fairer Scotland Duty | None |
| 7.6. | Equalities – Protected Characteristics | None |
| 7.7. | Socio Economic Duty | None |
| 7.8. | Risk | None |
| 7.9. | Customer Service | None |

Executive Director with responsibility for Commercial Services

Policy Lead: Cllr Mulvaney

18 May 2021

For further information contact: John Gordon, PPMS Programme Manager

Tel: 01369 708457

Mob: 07901 516 106

APPENDICES

Appendix 1 – Queens Hall Refurbishment and Public Realm Improvements – Project Close Out Report

The Dunoon Queen's Hall Refurbishment and Public Realm Improvements
End Project Report

Programme and Project
Management Services Team

Commercial Services



***The Dunoon Queen's Hall Refurbishment and Public
Realm Improvements***
End Project Report



Version: 1.1

Date: 30 April 2021

Author: John Gordon

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1.0 Executive Summary

1.1 Introduction and Purpose of the Report

1.1.1 The redevelopment of the Dunoon Waterfront formed part of the Council's wider CHORD programme, and included:

- The re-development/refurbishment of the Queen's Hall.
- Road re-alignment.
- Environmental improvements.
- Creation of a Harbourmaster's building.
- A strategy for the future use of the pier.

1.1.2 This report covers the re-development/refurbishment of the Queen's Hall, road re-alignment and associated environmental improvements.

1.1.3 This report is provided to enable the Bute and Cowal Area Committee, in their representative role on the Project Board, with the opportunity to review how the project performed against the objectives set out in the original Project Initiation Document – Dunoon Waterfront - DN01_v2.0, dated 1 June 2011.

1.1.4 In addition it allows the passing on of:

- Lessons learnt which can usefully be applied to other projects
- Details of any unfinished works, on-going risks or potential modifications to those services and organisations charged with the on-going operation and maintenance of the facilities.

1.2 Summary of Key Outcomes and Residual Tasks

1.2.1 All of the Project Outcomes stated in the Full Business Case have been delivered, including a revitalised Queen's Hall building, giving the local community, businesses and visitors' alike exciting gathering places both inside and outside the building:

- LiveArgyll have been able to absorb the additional costs of operating this new facility from within existing resources without the need for further subsidy from the Council. The previous operating budget for the Queens Hall building was on the basis of it being staffed by a receptionist and a caretaker, with any other staff being brought in on an 'as required' basis for specific events and functions.
- Despite that being the budget which was transferred to Live Argyll, they have managed to provide a 7 day a week opening, created full time posts for: an Audio/Visual Technician; Hall Attendants, working between the café, the main hall and the soft play area; Receptionists; and Local Management without the need for additional resource. Their over-arching aim is to break even and they continue to work towards that.

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- In FY19/20 and prior to the COVID-19 pandemic and Government restrictions which resulted in the closure of such venues, their operations and associated activities continued to show positive trends:

Usage figures

- Shows 37
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Library Services

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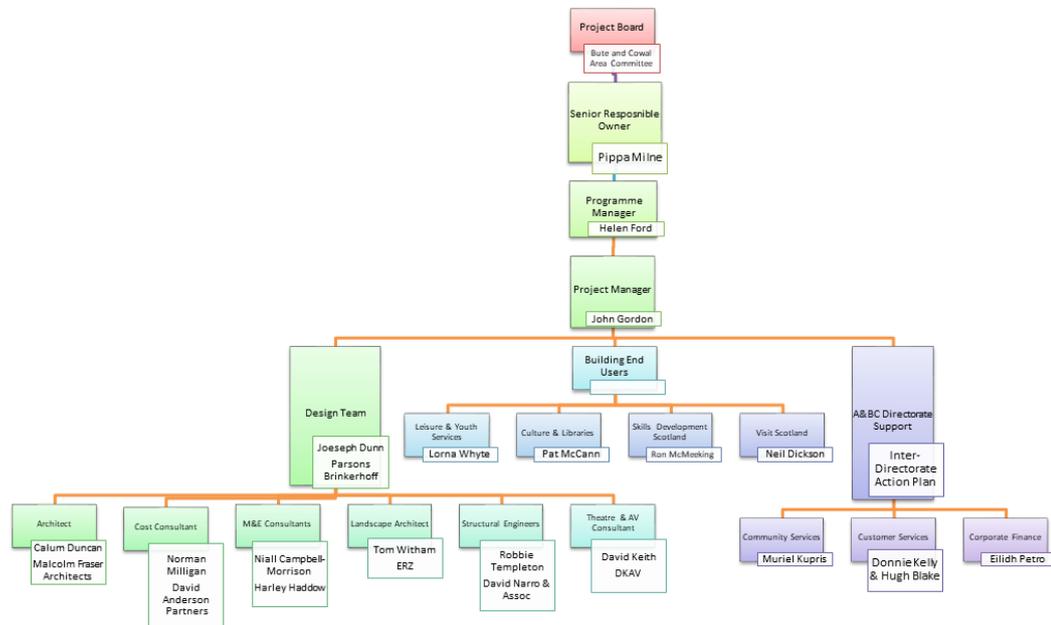
1.3 Recommended Actions.

1.3.1 As: all project outcomes have been delivered, with respect to the physical assets making up the project; all previously notified defects have been closed out by the Works Contractor, McLaughlin and Harvey Ltd, and to the satisfaction of the Client, Argyll and Bute Council; the Certificate of Making Good Defects having been issued to McLaughlin and Harvey Ltd on 23 March 2021; the Final Account has been agreed as between Argyll and Bute Council and McLaughlin and Harvey Ltd; and the Final Valuation, Payment Certificate and Invoice have been processed for payment, thereby releasing the remainder of the Contract Retentions; **we therefore recommend to the Project Board that the Queens Hall Refurbishment and Public Realm Improvements Project be formally closed out.**

2.0 Programme Effectiveness

2.1 Organisation and Control, and Finances

2.1.1 The Project Governance Structure was initially as follows:



2.1.2 The Project Board had overall delegated authority from the Council and Policy and Resources Committee for the strategic oversight and delivery of the project, and its role included:

- Being accountable overall for the success or failure of the project
- Providing unified direction and instruction to the Project Manager
- As appropriate authorising resources and/or funding, or making recommendation to the Policy and Resources Committee and/or full Council for their authorisation to secure the successful completion of the project
- Effective decision making within its' delegated authority
- Providing visible and sustained support for the Project Manager
- Ensuring effective communication both within the overall Project Team and with the wider Stakeholder interests

2.1.3 The Project Manager provided the single focus for the day-to-day management of the project, working within the delegated authorities and tolerances passed down by the Project Board, and their responsibilities included:

- Preparing and agreeing, with the Project Board, the following baseline documents:
 - Project Brief
 - Benefits Management Approach

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- Project Initiation Document
- Stage Plans
- Preparing the following reports:
 - Period Highlight Reports
 - End Stage Reports
 - Tender Evaluation and Contract Award Recommendation/s
 - End Project Report
- Leading and motivating the overall Project Team
- Securing the Budget for the project and subsequently managing and monitoring costs against approved budget
- Liaising with key stakeholders, including local community and business representatives

Changes in Personnel, Service Teams and Organisations

2.1.4 Between the Full Business Case (FBC) being approved in March 2012 and the issue of the Practical Completion Certificate for the Main Works Contract being issued to McLaughlin and Harvey Ltd (the Principal Contractor) on 4 June 2018 there were a number of changes in personnel and organisations involved in the delivery of the Project, including:

1. In 2015, Visit Scotland, who were a proposed tenant for the refurbished building, scheduled to occupy a significant proportion of the ground floor reception area, announced that following a review of their business plan for the delivery of services, had taken the decision that they would not be taking up a tenancy in the building.
2. In 2016, the Edinburgh based architectural practice of Malcolm Fraser Architects ceased trading, and they were subsequently replaced by Halliday Fraser Munro in which included Malcolm Fraser as a newly appointed Director.
3. In 2017, the CHORD Programme Manager, Helen Ford, left the Council, and following an open recruitment exercise, John Gordon was appointed to the position. This meant that he subsequently fulfilled a dual role as CHORD Programme Manager and the Dunoon Queen's Hall Project Manager.
4. In 2017, Argyll and Bute Council took the decision to transfer the delivery of Leisure and Library Services to a Leisure and Libraries Charitable Trust on 24th November 2016. Subsequently, to be known as Live Argyll (**LA**). LA commenced trading on 2nd October 2017 and deliver a wide range of services for the benefit of local residents and visitors, including; Libraries, Leisure Facilities, Active Schools, Archives, Halls, Sports Development, Museum, Community Centres and Community Lets.

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Project Budget and Costs

2.1.5 Following the end of the Defects Rectification Period, and the issue of the Certificate of Making Good Defects to McLaughlin and Harvey Ltd we have agreed the Final Account for the Public Works Contract at £9,926,195.

2.1.6 Taking this in conjunction with the various other costs (see table 2.2.1) this results in an Agreed Final Account for the Project of £12,498,288, against an Approved Project Budget of £12,539,783 i.e. an overall underspend of £41,495.

Table 2.2.1. – Project Costs vs Budget

Cost Heading	As at 20-Apr-21	Comments
Main Works Contract		
1. Agreed Final Account	£9,926,195	Valuation Nos 20 (Final) 19-Mar-21
sub total	£9,926,195	
Associated Fees		
A3320 - INFRA STRUCTURE UNDER CONSTRUCTION - SUPERVISION COSTS	£26,289	Clerk of Works Fees
A3330 - INFRA STRUCTURE UNDER CONSTRUCTION - OTHER STAFF COSTS	£70,963	CHORD - Dunoon Project Manager
A3340 - INFRA STRUCTURE UNDER CONSTRUCTION - CONSULTANCY FEES EXTERNAL	£832,306	Project Design Team and Cost Manager
A3345 - INFRA STRUCTURE UNDER CONSTRUCTION - MATERIALS TESTING	£366,862	Asbestos Surveys and Removals
A3359 - INFRA STRUCTURE UNDER CONSTRUCTION - LEGAL FEES INTERNAL	£9,137	Property Acquisition, CPO Process
A3360 - INFRA STRUCTURE UNDER CONSTRUCTION - LEGAL EXPENSES	£400	Registration of Property Acquisitions
A3365 - INFRA STRUCTURE UNDER CONSTRUCTION - ADVERTISING	£19,391	Primarily the costs associated with the Multivista Photo Documentation System
A3370 - INFRA STRUCTURE UNDER CONSTRUCTION - ESTATES FEES	£1,283	Property Valuation - Dunoon Library
A3375 - INFRA STRUCTURE UNDER CONSTRUCTION - PLANNING FEES	£12,019	Planning and Building Warrant (incl Variation)
A3380 - INFRA STRUCTURE UNDER CONSTRUCTION - PRIVATE CONTRACTORS	£33,384	Various contractors for minor works
A3385 - INFRA STRUCTURE UNDER CONSTRUCTION - LAND ACQUISITION	£533,308	Includes receipt of rental income due from SDS to A&BC and which has been credited to the Project Budget
A3389 - INFRA STRUCTURE UNDER CONSTRUCTION - PROPERTY FEES	£75,000	These are the levies paid from the Project Budget to PA23 BID for the Queens Hall
A3395 - INFRA STRUCTURE UNDER CONSTRUCTION - UTILITIES	£104,729	Utility usage and cost of diversions, disconnections and new connections
A3398 - INFRA STRUCTURE UNDER CONSTRUCTION	£179	Live Argyll - Meeting Room Rental
A3430 - INFRA STRUCTURE UNDER CONSTRUCTION - IN-HOUSE FEES - PROPERTY SERVICES	£2,943	
	£2,088,194	
A&BC FF&E Costs	FFE Total	£483,900
Agreed Final Account		£12,498,288
Approved Project Budget		£12,539,783
Overspend/Underspend (AFA vs APB)		£41,495

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2.2 Achievement of Objectives against Business Case and PID

2.2.1 The original objectives, as set out in the Dunoon CHORD Waterfront Full Business Case – Rev1, dated 26 March 2012 (Aecom Consulting Ltd) and the PID were as follows:

- Make most of Dunoon waterfront in terms of economic development and regeneration.
- Deliver waterfront infrastructure that contributes to an attractive, vibrant and contemporary town centre.
- Create a safe, comfortable, accessible public realm that attracts residents and visitors to the area.
- Promote improved connectivity and public transport gateway (ferry review will be a determinant).
- Act as an enabler for private sector investment in the waterfront area and town centre.

2.2.2 The Dunoon Queen's Hall Refurbishment and Public Realm Improvements delivered the following physical assets:

- A revitalised Queen's Hall building, giving the local community, businesses and visitors alike exciting gathering places both inside and outside the building, including:



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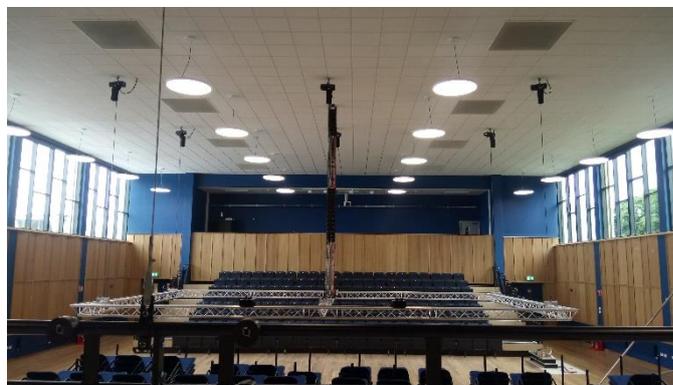
- the provision of a purpose built fitness & training suite which enables Live Argyll, the building operator, to offer their customers a bespoke multi use fitness environment that not only serves their fitness class programme but is also offered as a sports specific fitness area for the myriad of sports clubs in the area



- the provision of a new, purpose built home for Dunoon's Public Library



- the provision of offices, interview rooms, and hot desk facilities for Skills Development Scotland and their clients
- the provision of a completely refurbished main auditorium including: retractable bleacher seating, new lighting and audio visual facilities; and the ability to sub-divide the area to cater for different sized functions



- the provision a children's soft play area for children from early years up to age ten located at the start of the towns shopping area, and close to the transport interchange at the Pier

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- the provision of a new purpose built cafeteria and bar, along with the associated catering facilities capable of servicing the various uses envisaged for the building e.g. meetings, weddings, exhibitions etc.



- the introduction of a new road layout, public realm with paving and soft landscaping to revitalise and enhance marine access to Dunoon town centre, Cowal and the National Park beyond



2.3 *Assessment of Unimplemented or Incomplete Objectives*

2.3.1 The original proposals envisaged three key tenants operating from the building following on from its refurbishment:

1. Argyll and Bute Council's Leisure and Cultural Services, the principal tenant, providing services including: music and entertainment events, weddings, conferences, public library, meeting room and main auditorium hire for community and commercial purposes etc.
2. Skills Development Scotland, who would be co-located with the public library on the first floor of the building, and which supports individuals to build their career management, work-based and employability skills, throughout their career journey, from school, into further learning opportunities and employment.
3. Visit Scotland, who would be located on the ground floor of the building at the main reception area, and which working closely with private businesses, public agencies and local authorities, work to ensure that Scotland's visitors experience the very best of Scotland and that the country makes the most of its outstanding tourism assets and realises its potential.

2.3.2 However in 2015, following an internal review of their business model, it came to the conclusion that going forward it would no longer have a need to secure physical premises as the intention was to deliver its services by electronic means, or by training up local partners/communities in the delivery of some of its' services. This resulted in the loss of projected and long term rental income for the Council, and a requirement to seek alternative uses for the space within the reception area which it would have occupied.

2.4 Additional Achievements Beyond Agreed Scope

Not Applicable

2.5 Lessons Learned

Adopting a Partnership Approach to Contract Delivery

2.5.1 The Main Works Contract utilised the Joint Contracts Tribunal (**JCT**), Standard Building Contract (**SBC**), with Bills of Quantities (**Q**), for use in Scotland (**Scot**), supplemented by Argyll and Bute Council's Supplementary Terms and Conditions (**JCT** Version).

2.5.2 From the outset, the Council's Project Team and the Contractor approached the implementation of the contracted works in a spirit of partnership, with a clear focus on outcomes and solutions.

2.5.3 Project's such as this are complex, and whilst a significant amount of planning and preparation goes into their delivery, it is almost inevitable that issues will arise which will require the parties to negotiate a mutually acceptable solution. Whilst the Terms and Conditions of the Contract set out the responsibilities and obligations that each party has to the other for the delivery of the works, an approach which relies solely on reference to 'the Contract' will not necessarily result in efficient delivery.

2.5.5 When issues or problems did arise during the implementation of the contracted works, the initial focus was always on the identifying the most efficient solution in terms of the key

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criteria of cost, time and quality. The principals in each organisation worked hard to develop a mutual trust and respect for each other, which set the scene for how all of the personnel involved would engage with each other. It created a real sense of 'one team' whose key aim was the successful delivery of the contracted works. This allowed those with responsibility for the physical delivery of the works on site to maintain focus on progress, whilst the necessary commercial discussions and negotiations went on in the background.

2.5.6 This partnership approach, where both parties to the contract felt able to set out any concerns and issues without the risk of it degenerating into a contractual stand-off, meant that once the practical solution had been agreed, the parties came to the commercial negotiations with the same level of trust and openness, and a willingness to act reasonably in reaching an acceptable commercial outcome.

Recommendation

2.5.7 Whilst: all parties with responsibility for the delivery of contracted works, services or goods should not lose sight of the contractual terms and conditions; and we would recommend that all Project Managers undergo training in the various standard forms of Contract e.g. JCT, NEC3 and now NEC4; this should not preclude them from approaching contract delivery with a clear focus on creating a strong sense of 'team' across the client, contractor and consultant organisations, with a clear focus on successful delivery through a solutions based approach to resolving issues when they arise.

Keeping the Local Community Informed

2.5.8 The works that we deliver are for the benefit of the communities and business of Argyll and Bute, and for those who visit our area. However, during their actual delivery phase it is highly likely that they could cause a certain level of disruption to day-to-day life.

2.5.9 Generally speaking local communities and business are understanding and accommodating when major projects such as this come along, however that is based on the presumption that they are kept informed, and up to date with what is happening.

2.5.10 This form of community engagement can take several forms e.g.: web-based Project pages; Community Newsletters; managed visits to the construction site; visits to local schools and community groups by the Project Team etc. The form of engagement must be appropriate to the audience, and it must ensure that it doesn't inadvertently exclude sections of the local community e.g. not everyone has internet access, so web page updates, or targeted e-mails won't reach everyone.

2.5.11 On this project we employed a number of mechanisms to engage with the local community including:

- A monthly Project Newsletter which was delivered in hard copy to local residents and businesses, with copies provided at the local Public Library, and electronic versions made available on the Council's CHORD Programme web pages.
- Engagement with local schools e.g. the Contractor, McLaughlin and Harvey Ltd had a team which undertook STEM and/or Health and Safety Presentations to local schools. The Council's Project Manager visited pupils from Kirn Primary who were developing their own proposals for a time capsule following the redevelopment of their school, to give them a presentation on the Project, and specifically to show them the contents of

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the Queens Hall time capsule which included items from the original Dunoon Pavilion building (1905 – 1949) and the Queens Hall (built 1956).

- Engaging through the local BIDS organisation with local businesses in the form of presentations on the project, and how it might affect them during the delivery phase, listening to any concerns or issues that might have, and where appropriate and possible, revising our plans to minimise the disruption to them.

Recommendation

2.5.12 All Project Leads should be encouraged to develop a robust and co-ordinated Community Engagement strategy for their project/s, co-ordinated as appropriate with colleagues from the Communications Team, Education, Economic Development etc.

2.5.13 Depending on the nature of the project i.e. if it is classified by the Planning Authority as a 'Major Development' there can be a statutory requirement to undertake consultation and engagement. That however, should be seen as a minimum requirement, and there should be a clear acceptance that meaningful and continuous engagement with local communities, throughout the lifecycle of a project, is a key tool in ensuring successful delivery. Keeping those affected by public works informed as to what is going on, and when, will help minimise complaints, and will demonstrate that we are actively engaging with and listening to our local communities.

Trialling New and Emerging Technologies

2.5.14 The Queen's Hall Refurbishment and Public Realm Improvements project was the first Council project to utilise a web-based construction documentation solution, which provides a complete, interactive visual record of the build process which is easily accessible for the lifetime of the project, and subsequently provides a Facilities Management tool for the on-going operation and maintenance of a built asset.

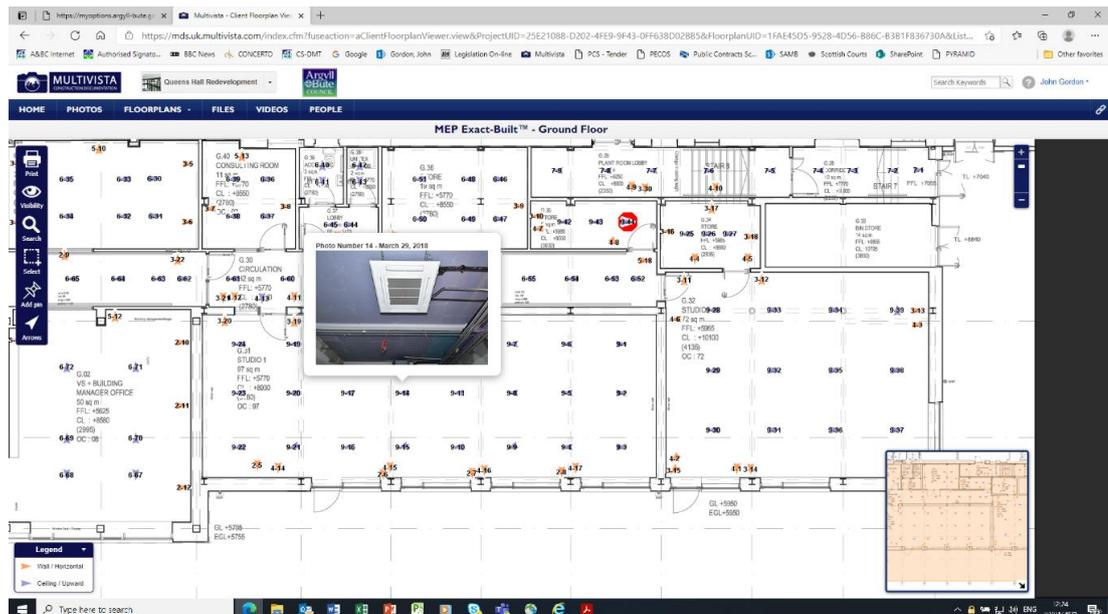
2.5.15 The system chosen for the project combined high definition photography and audio-video services with a robust software delivery platform (web-based and/or App) to create interactive as-built records, sitting on the architectural drawings for the project, of actual construction conditions and events.

2.5.16 This provided all members of the project delivery team i.e. Council, Contractor and Consultants remote access to high quality images and video of construction activities, no matter where they were located, to allow communication between team members, highlighting potential issues or raising queries, and providing a documented and auditable record of all such communication.

2.5.17 following the completion of the contracted works, this then provides the Council's own Property Services Management Team with another tool to assist them in the on-going operation and maintenance of our built assets. A key part of this is the ability for property officers to digitally strip away finishes to determine the location and extend of mechanical and electrical services when issues arise, or to physically locate hidden services which may be causing issues for building users. This subsequently enables a more targeted approach to maintenance interventions, without the need to carry out more intrusive/extensive investigations to ascertain the exact location of building services.

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Recommendation

2.5.18 Major capital projects should give proactive consideration to the utilisation of a construction documentation solution to assist with the monitoring and reporting of project progress during the implementation phase, and subsequently to provide tools for the operation and maintenance of the finished asset. It should be noted that thus far, the Programme and Project Management Services Team has implemented such services to assist with the current works on the Rothesay Pavilion following the demise of the original contractor, and to support the delivery of the Helensburgh Waterfront Development. On the latter project the services have been enhanced/developed further to include the provision of 360° panoramic images and HD photos and video footage utilising drone technology.

2.5.19 Project teams should be encouraged to research and consider new and emerging technologies which could provide them with cost efficient tools for controlling, monitoring and reporting on the delivery of projects, or which can assist with the efficient operation and maintenance of the completed asset. The recent COVID-19 Pandemic, and associated control measures affecting travel and construction site activities, demonstrate the benefit of systems that can be accessed from anywhere in the world through web or App based platforms, reducing the requirement for personnel to physically travel to various sites. The added benefit of such systems are that they reduce the carbon footprint of projects associated with travelling to and from construction sites.

Development of Project Costs and Budget

2.5.20 Major Projects such as the refurbishment of the Queen's Hall are typically delivered over a significant number of years e.g. the CHORD Programme, and the individual Projects which constituted it, were presented to the affected communities in 2008; the Queen's Hall Project is being approved for close out in 2021, some thirteen years later.

2.5.21 Most, if not all of our projects, follow the Royal Incorporation of British Architects (RIBA) Plan of Work¹, which breaks the project lifecycle into eight distinct stages, from Stage –

¹ www.ribaplanofwork.com 'The RIBA Plan of Work Stages and Project Strategies 2020 ©

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0 'Strategic Definition', all the way through to Stage – 7 'Into Use/Service'. As you would expect, as a project develops through each of these stages the level of detail and of confidence associated with the cost and programme information increases significantly, and such that by the end of Stage – 4 'Technical Design' the Project Team has all of the information e.g. technical drawings, specifications, schedules, Bills of Quantities, planning permission, building warrants etc. to facilitate the procurement of a suitably qualified and experienced contractor to actually deliver the works.

2.5.22 If we look at how the projects anticipated costs have changed over time, we see that at Full Business Case (**FBC**) Stage, March 2012, the refurbishment of the Queens Hall building had an estimated cost of £6.9M, and the public realm and environmental improvements at had an estimated cost of £1.24M i.e. £8.14M in total.

2.5.23 In August 2015 at the end of RIBA Stage – 4 'Technical Design', the Project had a Pre-Tender Estimate (**PTE**) for the Construction Works Contract of £7,848,389, which resulted in an Anticipated Final Cost (**AFC**)² for the Project of £10,123,813, and against an Approved Project Budget (**APB**) of £9,055,000. The anticipated costs of the project had risen for a number of reasons, including: the impact of construction inflation, which is generally calculated with reference to the mid-point of the construction works phase; necessary changes to the scope of the works and/or the design solution, for example those arising following the completion of more intrusive studies of the existing structure of the building, or where the operational requirements of the building have changed over time; the cost of acquiring property, which is subject to property price indexation.

2.5.24 In August 2016, following the evaluation of the Tender Submissions, including the Tendered Prices for the Construction Works, and the approval of the Contract Award Recommendation to award the Contract to McLaughlin & Harvey Ltd, the Project had an Anticipated Final Cost and Approved Project Budget of £11,006,377. This was obviously based on how the construction market perceived the risks and opportunities associated with them delivering the contracted works e.g.:

- The geographical location of the construction site and additional costs associated with the logistics of transporting plant, equipment, materials and personnel to site
- The nature of the project, wherein a building refurbishment is considered to carry a higher risk than a new build, due to perceived issues around unknown conditions, services etc.
- Market conditions at the time i.e. if there is a relatively strong pipeline of construction contracts coming to market then contractors can be selective as to which ones they bid for, and the their tender prices. The counter to this is that in a weak construction market we would expect to have greater interest in contract opportunities, and perhaps more competitive pricing.

2.5.25 This End Project Report provides the final figures in terms of Project Costs and Budget at Table 2.2.1 i.e.

- **Agreed Final Cost** **£12,498,288**

² The AFC includes the cost of the construction contract, all professional and statutory fees, land and property acquisition, inflation, risk and contingency etc.

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- **Approved Project Budget** **£12,539,783**
- **Underspend of** **£ 41,495**

2.5.26 If we simply compare the costs in the Full Business Case i.e. £8.14M against the Agreed Final Cost i.e. £12.5M this suggests that costs have increased by £4.36M or some 54%. However, it fails to present the figures in context in terms of the level of technical detail which is informing the estimate of costs and programme duration e.g. the FBC coincided with the end of RIBA Stage – 2 'Concept Design', and what level of market testing there has been of the cost estimates. In addition it will not take account of external and or unforeseen events, out with the control of the Council, and which could have a substantive impact upon cost and programme, some recent examples of which include: the global financial crash of 2008; the EU Referendum and subsequent BREXIT Agreement; and the COVID-19 global pandemic.

2.5.27 It would therefore be more appropriate to compare the Anticipated Final Cost on the basis of Contract Award Stage Vs Agreed Final Cost. Under this comparison we get:

£11.01M Vs £12.5M i.e. a cost increase of £1.49M or 14% over the intervening 4¹/₂ years

Recommendation

2.5.28 Further consideration should be given as to how cost are reported at each stage in a projects lifecycle, and for making public the Anticipated Final Cost and Programme for delivery, such that it is based on:

- (i) a detailed and developed design
- (ii) all statutory approvals, licences etc. being in place
- (iii) all land and property, as applicable, having been acquired, or suitable rights of servitude etc. having being agreed
- (iv) as far as practical the cost and programme information having been subjected to market analysis and validation.

2.5.29 In the longer term this would give key stakeholders, the local communities and businesses greater confidence in and certainty as to the Council's ability to deliver against these Key Performance Indicators of Budget and Programme.

2.5.30 This would not preclude, in fact we would highly recommend that, the Council makes available the Cost and Programme information for the delivery of each individual stage in the project's lifecycle at each stages commencement, from the end of RIBA Stage – 0 'Strategic Definition' through to RIBA Stage – 6 'Handover'.

Land and Property Acquisition

2.5.31 The delivery of this project required the acquisition of three properties in private ownership to facilitate the refurbishment of the Queen's Hall building, as well as the road realignment between Pier Esplanade / Alexandra Parade and Argyll Street.

2.5.32 Two of the properties were acquired through commercial negotiations between the Council and the owner, and generally speaking this process was efficient in delivering an efficient and effective transfer of title.

2.5.33 In respect of the third property, initial discussions began with the owner of the property late in 2013, however the final transaction to transfer the title was not settled until 25 January

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2016, and then only after the Council had progressed powers to acquire the title through a Compulsory Purchase Order (CPO).

2.5.34 The negotiations around this property proved complex, time consuming and costly for various reasons, including:

- The owner changed their legal representatives on three separate occasions, as they were entitled to do, but which ultimately led to delay as their new legal team got up to speed on previous discussions etc.
- The relationship between the property owner and their tenant was unclear, and it was only through the initiation of the CPO process that we were able to determine that there was not in fact any legal/contractual relationship between the owner and the 'tenant'. This is an important point as previous discussions/negotiations/valuations had proceeded on the principle of Business Disturbance Costs etc. being payable to the 'tenant' on the basis of there being a commercial lease in place.
- Once the formal CPO process was initiated the owner lodged an objection with the Scottish Ministers, as was their right, meaning that the application for powers was then the subject of a Public Inquiry. In preparation for this the Project Team had to provide documentary evidence for the Council's Statement of Case, and Precognition Statements and CVs for key witnesses, including:
 - The CHORD Programme Manager
 - The Regeneration Project Manager
 - The Project Architect
 - The Council's Sports Development Officer
- It was only on the very eve of the Public Inquiry Hearing, scheduled for 1 December 2015 in Dunoon, that we were informed by the Inquiry Reporter that the property owner had withdrawn their objection to the application for CPO powers. Nonetheless due process required that the Council's witnesses appeared before the Inquiry Reporter, to give their evidence and to enable the Inquiry Reporter to formalise the administrative process.

Recommendation

2.5.35 In the initial assessment of projects proposed for development a key criteria should be to ascertain whether or not all of the land and/or property required for the project's delivery is within the ownership of the Council, and whether there are any rights of servitude etc. that may need to be extinguished before the project can be delivered.

2.5.36 Where land and/or property is not in Council ownership the Project Manager should engage at the earliest possible opportunity with colleagues in Estates and Legal Services to determine whether it would be possible to efficiently and timeously secure the requisite title or access etc. rights.

2.5.37 Where it is determined that an efficient and timeous acquisition by negotiation/agreement is not possible, then early consideration should be given as to whether or not the benefits of the project to the wider community substantially outweigh the

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disbenefits to the current owner, of a Stated Case being prepared in support of the Council securing the necessary compulsory powers to secure the necessary title and or rights of access etc.

Construction (Design and Management) Regulations

2.5.38 Under the Construction (Design and Management) Regulations (**CDM**) THE 'Client' has a number of statutory duties, including:

- Make suitable arrangements for managing a project.
- This includes making sure:
 - other dutyholders are appointed;
 - sufficient time and resources are allocated.
- Make sure:
 - relevant information is prepared and provided to other dutyholders;
 - the principal designer and principal contractor carry out their duties;
 - welfare facilities are provided.

2.5.39 At the beginning of construction works an incident occurred, which demonstrated that although the Council had made available all relevant information in its possession, unfortunately, through a breakdown in communication on the Contractor's side, not all of this had been passed on to their actual works delivery team.

2.5.40 A joint review of the incident by the Council and the Contractor identified that of the several hundred pieces of information made available by the Council at the Invitation To Tender Stage, certain key Reports, Drawings and Tender Clarifications issued by the Council, had not been transferred from the Contractors Tender Bid Team to their Works Delivery Team.

Recommendation

2.5.41 Following on from this incident the Programme and Project Management Services team now requires that all Agenda's for Contract Start-up Meetings between the Council, Contractor and Design Team include a specific item on the provision of documentation. This is to ensure that those charged with the physical delivery of the works are aware of and have been copied all documentation that had been issued by the Client, and are therefore, as far as practical, to take account of this information in the development and implementation of their Risk Assessments and Method Statements.

3.0 Programme Handover and Closure

3.1 Handover Plan for Systems, Resources and Products

3.1.1 The building was handed back to Argyll and Bute Council on 4 July 2018, following which the Council commenced the installation of Furniture, Fittings and Equipment (**FF&E**) to facilitate a 'soft' opening of the building to the public on 27 July with a concert by Skipinnish, followed by ABBA Mania on 28 July. The Queen's Hall then hosted a concert by The Proclaimers on 3 August 2018, following on from which it opened fully to the public, providing access to the Public Library and a myriad of fitness and training classes.

3.1.2 Due to a number of unforeseen circumstances, the Defects Rectification Period, which normally runs for a period of 12 months post Practical Completion had to be significantly extended. Initially this was due to the lead times involved in investigating certain snags e.g. the operability of the main entrance/exit doors, water ingress at the Fly Tower, and issues with the Air Handling Units, to: (1) determine the root cause of the fault; (2) agree on a mitigation solution; and subsequently (3) implement the solution, including as appropriate ordering new plant, equipment and/or materials.

3.1.3 Subsequently the works to implement the agreed solutions were delayed by the emergence of the COVID-19 Pandemic and the imposition of restrictions on working and travel introduced by the United Kingdom and Scottish Governments.

3.1.4 All snagging was finally closed out by the end of March 2021, and the Final Certificate of Making Good Defects was issued to McLaughlin and Harvey Ltd.

3.1.5 Responsibility for day to day maintenance of the Queen's Hall now sits with the Councils Property Services Team, whilst for public realm (hard landscaping) and new road layout responsibility sits with the Councils Roads and Amenity Services.

3.1.6 The works contract included for maintenance of the soft landscaping for the first year following Practical Completion, and the project has subsequently commissioned a local contractor, Graham's Garden's to provide landscape maintenance services through to November 2022, following which responsibility would be expected to transfer to the Councils Amenity Services.

3.2 Summary of Benefits – Actuals against Business Case Allocation

3.2.1 The projects making up the CHORD Programme were subject to an initial Perception and Socio-Economic Baseline Assessment, undertaken by the EKOS consultancy. The intention remains that once all of the constituent projects have been completed, an Economic Assessment of the benefits realised from the CHORD Programme Investment Decision will be undertaken, and reported to the appropriate Committees of the Council. Under the normal course of project delivery, benefits realisation assessments are generally undertaken some 12-18 months post completion/introduction into service, as this allows the new or refurbished asset sufficient time to bed in, and/or ramp up to its full operational capacity and capability. Unfortunately the emergence of the COVID-19 Pandemic has had an impact on a number of the CHORD Projects in terms of: completing the physical works e.g. the Adaptive Restoration of the Rothesay Pavilion, where the Contractor went into Administration in April 2020; closing

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out the defects rectification e.g. Dunoon Queen's Hall; and/or having a sustained period of operations against which to assess their economic impact upon their local communities. Once there is greater clarity around the roadmap for the economic recovery post-COVID, a decision can be taken in respect of commissioning the Programme level Economic Assessment.

Community Benefits

3.2.2 The following Community Benefits were delivered by the Principal Contractor, McLaughlin and Harvey Ltd during the implementation of the works contract:

3.2.3 The contract adopted the Client-Based Approach to Community Benefits (Retail, Leisure, Sports and Entertainment – Band 3), as well as an additional clause in relation to work experience placements with the local secondary school and achieved the following outcomes:

Employment and Skills Areas		Summary – No.	Completed RAG
1	Work Placement (16-19yr olds) - persons	4	2 ³
2	Work Placement (14-16yr olds) - persons	1	0 (CSCS)
3	Curriculum Support Activities – individual engagement	3	3
4	Graduates - persons	0	1
5	Apprentice Starts - persons	3	3
6	Existing apprentices - persons	1	1
7	Apprentice completion - persons	1	1
8	Job advertised through local employment vehicles - number	1	2
9	N/SVQ start for subcontractors - persons	2	2
10	N/SVQ completion for subcontractors - persons	2	2
11	Training plans for subcontractors - number	3	3
12	Supervisor training for subcontractors - persons	3	3

³ Work Placements – whilst MCLH were able to provide 2 of the planned 5 placements, the other 3 placements were either not taken up (14-16yr olds) and/or there were issues with those nominated for the placements either not having the necessary H&S certification and/or Personal Protective Equipment (16-19yr olds).

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13	Leadership and management training for subcontractors - persons	2	2
14	Advanced health and safety training for subcontractors - persons	3	>5

- A local groundwork contractor, Storie Argyll Ltd, was appointed (contract value circa £1.2m);
- A local joinery company was appointed to complete renovation works in the offices at 24 Argyll Street to enable McLaughlin and Harvey Ltd to utilise them as site offices/accommodation for the initial phase of the project (contract value circa £3,500);
- The demolition sub-contractor provided jobs for four local residents of Dunoon, and sent one of their employees on a site supervisor course;
- The main contractor provided banksman training for 5 employees of the demolition sub-contractor;
- The M&E sub-contractor had one local apprentice working on the site; and provided employment for two local residents that worked as labourers on the project;
- Visits to Castle Tennis Club and Dunoon Men's Shed group took place;
- The main contractor donated materials for shelving/storage to Dunoon Youth Football Club and outdoor bowling equipment to St Muns Primary School. A donation was given to a local organisation to install flower beds in a planter located adjacent to the pier in advance of the Cowal Games. They also arranged with Dunoon Grammar School to deliver a significant quantity of reclaimed timber to them. This provided high quality Canadian maple that the school and its' pupils have subsequently used on a number of practical projects.

3.3 Project Closure Recommendation

As: all project outcomes have been delivered, with respect to the physical assets making up the project; all previously notified defects have been closed out by the Works Contractor, McLaughlin and Harvey Ltd, and to the satisfaction of the Client, Argyll and Bute Council; the Certificate of Making Good Defects having been issued to McLaughlin and Harvey Ltd on 23 March 2021; the Final Account has been agreed as between Argyll and Bute Council and McLaughlin and Harvey Ltd; and the Final Valuation, Payment Certificate and Invoice have been processed for payment, thereby releasing the remainder of the Contract Retentions; **we therefore recommend to the Project Board that the Queens Hall Refurbishment and Public Realm Improvements Project be formally closed out.**

Name: John Gordon



Signature:

Designation: Programme Manager, Programme and Project Management Services Team

Date: 30 April 2021