

SERVICE ANNUAL PERFORMANCE REVIEW

NAME OF SERVICE: COMMERCIAL SERVICES	PERIOD: FINANCIAL YEAR 2020/21
1. DELIVERING OUR OUTCOMES Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.	
Corporate Outcome - Children and Young People have the Best Possible Start Business Outcome BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met <u>CATERING AND CLEANING</u> a) The Council has once again been recognised for offering fresh, healthy and sustainable school lunches, and were awarded the Soil Association Scotland's Bronze Food For Life Served Here award. This award is a widely respected and independently assessed scheme, supported by the Scottish Government, which helps local authorities to source food from the local area for school meals so that children benefit from freshly prepared, sustainable meals. It recognises councils that serve food made from fresh ingredients, free from genetically modified ingredients and undesirable additives, using free-range eggs and high-welfare meat. The catering service serves 4,300 Food for Life accredited meals a day. b) The Catering Department has implemented a new menu compliant with the requirements of the Food and Drink in Schools (Scotland) Regulations 2020. This means our pupils are receiving a nutritious meal, lower in sugar, a decrease in red meat and an increase in fruit and vegetables. There are also changes to the permitted products in secondary schools and a change to how the secondary meals are analysed. c) Delivery of support to pupils entitled to free school meals when they were undertaking at home learning throughout the pandemic. The service was able to offer a flexible response that evolved over time, moving from directly delivered hot meals to doorsteps to food parcels as part of the Community Food work through to cash payments for entitled families.	

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Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113: Our Infrastructure Is Safe And Fit For The Future

MAJOR PROJECTS

Success Measure: COM113_03-The Council's Capital Plan is delivered within the approved budget tolerances as at the investment decision stage(Major Projects Team)

- a) In the Reporting Year, 6 projects from the Council's Capital Plan were being delivered by the Programme and Project Management Services Team within Commercial Services:
- Oban Transit Berthing Facility (OTBF) – Practical Completion Achieved and Facility Operational. Closing out remaining defects
 - Oban Maritime Visitor Facility (OMVF) – Practical Completion Achieved and Facility Operational
 - Rothesay Pavilion Adaptive Restoration (RPN) – Main Contractor in Administration, with works nominally 70% Complete
 - Dunoon Queens Hall Refurbishment (DQH) – Practical Completion Achieved and Facility Operational. All remaining defects closed out by 23 March following delays experienced due to COVID-19 pandemic and Government implemented restrictions
 - Helensburgh Waterfront Development (HWD) – Main Contract Awarded to Heron Bros Ltd on 14 July 2020 with works commencing on site in August 2020. Currently 30 weeks into a 94 week construction programme, with the project on programme and within budget.
- b) The Approved Programme Budget at 31 March 2021 was £62.204M
- c) The Anticipated Final Cost for the programme at 31 March 2021 was £62.233M
- d) The Budget to Cost Variance at 31 March 2021 was +£0.029M Overspend (+0.05%)

Success Measure: COM113_04-The Council's Capital Plan is delivered on time (for projects managed by the Programme and Project Management Services Team)

- a) In the Reporting Year, 6 projects from the Council's Capital Plan were being delivered by the Programme and Project Management Services Team within Commercial Services.
- b) Rothesay Pavilion Adaptive Restoration (RPN): Main Contractor in Administration, with works 70% Complete. Replacement Contractor to be procured for works required to achieve Practical Completion.
- Original Forecast Completion – FQ2 FY19/20

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- Revised Forecast Completion – FQ3 FY21/22
- c) Dunoon Queens Hall Refurbishment (DQH) – Project Complete:
 - Original Forecast Completion – FQ2 FY17/18
 - Practical Completion Achieved – FQ1 FY18/19
 - Works Contract Closed Out – FQ4 FY20/21
- d) Helensburgh Waterfront Development (HWD) – Main Contract Awarded on 14 July 2020 to Heron Bros Ltd, construction works have commenced on site.
 - Original Forecast Completion – FQ4 FY22/23
 - Revised Forecast Completion – FQ4 FY22/23

Success Measure: COM113_09-Implement project plans for Priority Commercial Development Projects delivered by Commercial Services

The following Commercial Property Development Projects (CPDP) are considered to represent the priorities for initial assessment and development. They have been prioritised into three phases, and being managed by the Programme and Project Management Services team (PPMS):

Commercial Property Development Projects - Phase 1

- a) Helensburgh Waterfront Retail / Commercial Development

Objective: to develop retail/commercial development opportunities within the Helensburgh Waterfront Development site and which result in an outright Capital Receipt; a Capital Receipt plus reduction in Revenue Expenditure; and/or Revenue Generation.

Status: Initial development of options/proposals being explored by Estates and PPMS

- b) Kilmory Park, Lochgilphead, Business Site

Objective: Working in partnership with private sector partner to deliver Kilmory Business Park Phase 2. The initial works to be delivered in FY21/22 will provide the necessary site infrastructure for the overall development, including:

- The construction of a new access road from the A83
- Internal access roads delivering access to and within Zone 1, 2 and 4 to allow new business/industrial space to be created
- Ground preparation to form construction platforms
- Surface and foul water drainage
- Infrastructure to support electrical and telecommunication services.

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Status: Scottish Government Regeneration Capital Grant Fund (RCGF) have approved £650K funding in principal, subject to confirmation of Governance arrangements and compliance with Public Sector Subsidy obligations. Project Team working with Private Sector partner to draft and agree Memorandum of Understanding between the parties.

c) Lorn House, Oban, conversion

Objective: to investigate redevelopment opportunities for Lorn House, including turning the building into a mixture of self-contained holiday lets and accommodation for essential workers.

Status: Engagement with Planning Authority, Building Control and Local Roads Team to get initial views on outline proposals and any known constraints or issues that will need to be resolved.

d) Kilarrow, Bowmore Isle of Islay, office conversion

Objective: to investigate redevelopment opportunities for Council property at Kilarrow House, including redeveloping the existing building and/or surrounding land in council ownership, to provide mixed use holiday lets and accommodation for local community/essential workers

Status: Developing 3 options for further consideration:

Option 1 - would create two flats comprising a ground floor flat and a first floor flat. Two sizable flats with the ground floor accessible flat accommodating up to 6no people and the first floor flat accommodating up to 8no people, total occupancy 14no people.

Option 2 - would create four flats comprising 2no ground floor flats and 2no first floor flats. The smaller flats would be more suited to holiday accommodation. The ground floor flats, one of which is accessible, would accommodate 2 and 4no people and the first floor flats would also accommodate 2 and 4no people, total occupancy would be 12no people.

Option 3 – total redevelopment of the entire site

The next step would be to seek initial advice from the Planning Authority and Building Control in respect of constraints and issues.

e) Hill Street, Dunoon, development of a Science, Technology, Engineering, Mathematics (STEM)Centre

Objective: This is a new project, with funding having been secured in December 2020. The Client Service is to confirm the specific objectives and forecast benefits of the intervention.

Status: about to commence, with funding committed from the Scottish Crown Estate fund.

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Commercial Property Development Projects - Phase 2

- Tobermory, office conversion
- Colgrain, Helensburgh, Business Park
- Oban Airport Business Park
- Loch Lomond, Duck Bay
- Oban Car Parks Phase 1
- Renewables Investment

Commercial Property Development Projects - Phase 3

- Baliscate, Tobermory – car park / commercial development
- Corran Halls, Oban, Car Park
- Russell Street, Rothesay

Commercial Property Development Projects - Disposal Category

- Witchburn Road, Campbeltown – residential or commercial
- Ganavan, Oban – commercial site / water sports hub
- McCall Terrace, Oban – Care home / Police office
- Hermitage Primary annex, Helensburgh
- Properties flowing from 'PROPERTY' THEME

PROPERTY SERVICES

- a) As a result of Covid restrictions many of the council buildings had to close at short notice. Given the limited experience of such wide ranging closure, guidance on the inspection of buildings and the testing of utilities had to be created quickly. This related particularly to tasks associated with water quality. As a result of following that guidance and taking more than 800 bacterial samples throughout the council estate, the water quality of our buildings was shown to be acceptable. This resulted in the efficient re-opening of our buildings which was of benefit to our in-house teams, our communities and the users of our facilities.

ESTATES

- a) During 2020/21 the Estates Section met its targets both for marketing properties identified as 'held for sale' and disposing of properties to meet the longer term capital targets. This totalled £5.5m over the preceding three year capital target period. This not only generates income to be reinvested in

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the wider priorities of the council but also reduces ongoing running costs, maintenance and insurance risk in addition to providing accommodation for new enterprises to develop.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO114: Our Communities Are Cleaner And Greener

PROPERTY SERVICES

- a) Commercial Services was a major contributor to the Council's Decarbonisation that was produced during 2020/21. Its publication is a new reference point on the Council's journey towards being a 'net zero' organisation by 2045 and makes a clear commitment that as our businesses, communities and services recover from the pandemic in a low carbon and environmentally responsible manner by making the most sustainable use of our assets and existing core industries such as renewable energy, food and drink, aquaculture, agriculture, forestry and tourism.

Corporate Outcome – Getting It Right

Business Outcome BO116: We engage and work with our customers, staff and partners

ESTATES

- a) During 2020/21 the Estates Team worked with The Ardchattan Centre to support the group in acquiring the former Ardchattan Primary School and School house in Bonawe. The group were successful in an application for funding from the Land Fund and wished to develop the property as a community centre. As part of the Community Asset Transfer process the Estates Team were able to direct the group through the Expression of Interest process which was a simpler and more easily understood method to achieve their aims. This also accords with the Best Value Improvement Plan (BV5.6) under which the action was to review and simplify the community asset transfer process.

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2. SIGNIFICANT CHALLENGES

The significant challenges faced by the Service during 2020/21. These challenges either created specific pressures on the Success Measures or impacted on delivery. Specific additional activity or mitigating actions were carried out to reduce the negative impact on service delivery.

Corporate Outcome - Children and Young People Have the Best Possible Start

Business Outcome BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met

CATERING AND CLEANING

- a) The closure of schools due to the pandemic resulted in significant challenges for the Catering and Cleaning team. Changes were implemented to ensure safe service of meals. This included reviewing and updating our Safe Food System and implementing class room service where required.
- b) Delivering an enhanced cleaning service has been challenging as prior to the pandemic the cleaning standards in schools and offices was already at the lower end of acceptable. Limited logistics funding has enabled some enhanced cleaning to be delivered in schools however this is not sustainable in the long term without committed funding and permanently increased hours.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113: Our Infrastructure Is Safe And Fit For The Future

MAJOR PROJECTS

Success Measure: COM113_03-The Council's Capital Plan is delivered within the approved budget tolerances as at the investment decision stage (Major Projects Team)

Success Measure: COM113_04-The Council's Capital Plan is delivered on time (for projects managed by the Programme and Project Management Services Team)

- a) Following the insolvency of the Main Contractor Central Building Contractors (CBC) in Mar-20 the Project Manager, assisted by the Design Team, developed initial estimates of the works and timescales for the various activities to take the Rothesay Pavilion project through to completion.

However these estimates were developed prior to the implementation of the Covid Lockdown and before we had a full understanding of the issues left in the wake of CBC's demise. This included challenging dialogue and site visits with previous subcontractors of CBC (a significant number of whom were victim to varying degrees of non-payment by CBC).

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Whilst we have worked expeditiously within the prevailing Covid restrictions to repatriate plant, equipment and tools to these sub-contractors, their financial losses are in some instances significant, and it is to be hoped that they are able to recoup some of this from the Administrators.

It is only since the Construction Sector in Scotland has moved through its' restart model, that the Project Manager and Design Team have been able to establish a detailed understanding of the true status of the works, and the engineering and logistical interdependencies between the various works packages/disciplines.

The associated Plan Stages of: Contract 1 – CBC Original Contract (C1); Contract 2 – Argyll & Bute Council Wind and Watertight Works (C2) and, Contract 3 - Works to Completion (C3) continue to overlap and, with the constant administration of: keeping the building secure, wind & weathertight and legally compliant; and the on-going and challenging dialogue and site visits with previous subcontractors we have had to revise our original estimates as to how long it will take to complete the project i.e. Practical Completion being achieved late 2021.

In FQ4 we secured additional capital funding from the Council for the Costs to Completion as part of the Budget Setting process for FY21/22. The Project Team has been undertaking further research and analysis in respect of the 'route to market' and has engaged with both the SCAPE* National Construction Framework and Hub North Scotland** as two options for securing the services of a suitably experienced and competent works contractor, as compared to a standard procurement exercise via the open market, as interest thus far via this route has been negligible.

** a public sector procurement organisation that offers construction procurement frameworks*

*** Hub North Scotland is the strategic development partner of choice for the planning, procurement and delivery of community-based infrastructure projects across the north of Scotland.*

PROPERTY SERVICES

- b) The Covid-19 pandemic resulted in the closure of all non-essential construction works and as a result the capital programme in general and the Early Years programme in particular was de-prioritised. While the construction industry is still returning in line with the Scottish Government's Routemap, the Scottish Government extended the completion deadline for Early Years projects to August 2021. The challenge is that during summer 2021, the Council will be looking to deliver the 20/21 and 21/22 school summer holiday projects and there may be insufficient contractor capacity. To minimise the risk, ongoing dialogue continues with Contractors and the Council is currently trying to increase the pool of contractors prepared to work in Argyll & Bute.

ESTATES

- c) During the last 12 months the economy has suffered from unprecedented challenges and this has in turn put pressure on local and national businesses. It is anticipated that this will remain a challenge for some time and this will have an ongoing impact on the ability of businesses to meet

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ongoing commitments such as rental payments. This has been demonstrated by an increase in rental arrears during 2020/21. In addition the pressure on finances has led to less investment and developers looking to progress with projects which has impacted on capital receipts and the progress of development schemes.

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COMMERCIAL SERVICES – ANNUAL SCORECARD 2020/21

Commercial Services Scorecard 2019-22

Scorecard owned by: **Ross McLaughlin** FY 20/21

Catering & Cleaning Team Scorecard

Property Services Team Scorecard

Programme & Project Team Scorecard

Estate Services Team Scorecard

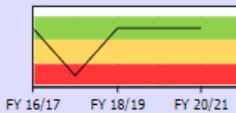
[Click here for all Business Outcomes and Success Measures](#)

[Click here for Ex. Director Douglas Hendry Scorecard](#)

Management Information

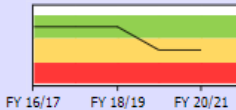
BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met [COM]

Success Measures



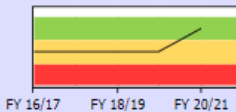
BO113: Our Infrastructure Is Safe And Fit For The Future [COM]

Success Measures



BO116: We Engage And Work With Our Customers, Staff And Partners [COM]

Success Measures



RESOURCES

People	Benchmark	Target	Actual	Status	Trend
Sickness absence COM		9.1 Days	11.2 Days	R	↑
PDRs COM		90 %	5 %	R	↓

Financial

	Adjusted Budget	Actual	Status	Trend
Finance Revenue totals COM	£9,380,856	£9,361,303	R	↓

IMPROVEMENT

	Total No	Off track	On track	Complete	Status	Trend
COM Service Improvements 2017-21	4	1	3	0		
Commercial Services Audit Recommendations	4	1	1	0	R	→
Health & Safety Service H&S Plan Actions	0	0	0	0		
H&S Investigation Actions	0	0	0	0		
Customer Service COM						
Customer Charter		Customer satisfaction	84 %			↓
		Stage 1 Complaints	100 %		C	→
		Stage 2 Complaints	100 %		C	→

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Commercial Services Scorecard 2019-22

Scorecard owned by: **Ross McLaughlin** FY 20/21

[Click here for Full Scorecard](#)

BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met [COM]

Success Measure **G** →

COM107_01-Provide quality meals within cost margins to all pupils	Actual	-10.31 %	G
	Target	5.00 %	↑
	Benchmark	-10.31 %	

COM107_02-Achieve acceptable nutrition levels for all measureable micronutrients when providing two	Actual	2	G
	Target	2	→
	Benchmark	2	Covid Impact

BO116: We Engage And Work With Our Customers, Staff And Partners [COM]

Success Measure **G** ↑

COM116_01-Live Argyll and the Community Pools licences and contracts are actively managed	Actual	On track	G
	Target	On track	
	Benchmark	On track	

COM116_02-All non-disputed payments to Live Argyll are processed within 20 working days	Actual	100 %	G
	Target	100 %	
	Benchmark	100 %	

BO113: Our Infrastructure Is Safe And Fit For The Future [COM]

Success Measure **A** →

COM113_01-Implement and deliver a rent review programme and provide timely notification of reviews to tenants	Actual	64 %	R
	Target	90 %	
	Benchmark	64 %	Covid Impact

COM113_02-Market all property identified as "Held for Sale" within the financial year	Actual	91 %	G
	Target	90 %	
	Benchmark	91 %	

COM113_03-The Council's Capital Plan is delivered within the approved budget tolerances as at the investment decision stage[Major Projects Team]	Actual	£K 62,204	G
	Target	£K 62,233	↓
	Benchmark		

COM113_04-The Council's Capital Plan is delivered on time [for projects managed by the Major Projects Client Management Team]	Actual	On track to revised plan	G
	Target	On track	
	Benchmark	On track to revised plan	

COM113_05-The Council's Property Capital Plan is delivered on time [for projects managed by Property]	Actual	On track to revised plan	G
	Target	On track	→
	Benchmark	On track to revised plan	

COM113_06-All statutory tests, inspections and maintenance for Council Properties are carried out.	Actual	On track	G
	Target	On track	↓
	Benchmark	On track	

COM113_07-The percentage of internal floor area of operational buildings in a satisfactory condition.	Actual	98.2 %	G
	Target	80.0 %	→
	Benchmark	98.2 %	

COM113_08-The percentage of operational buildings that are suitable for their current use	Actual	78.5 %	G
	Target	70.0 %	→
	Benchmark	78.5 %	

COM113_09-Implement project plans for Priority Commercial Development Projects delivered by Commercial Services	Actual	5 %	R
	Target	10 %	
	Benchmark	5 %	

COM113_10-Our customer satisfaction shows cleaning standards that are rated good or above within Council buildings	Actual	100 %	G
	Target	90 %	Covid Impact
	Benchmark	100 %	