

Project Close Out Report

1.0 EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to present members with the Project Close Out 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.

5.0 DETAIL

5.1. All of the Project Outcomes stated in the Full Business Case have been

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, Liv 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 -6(y)63()-c8me (n

7.0 IMPLICATIONS

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

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APPENDICES

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

End Project Report

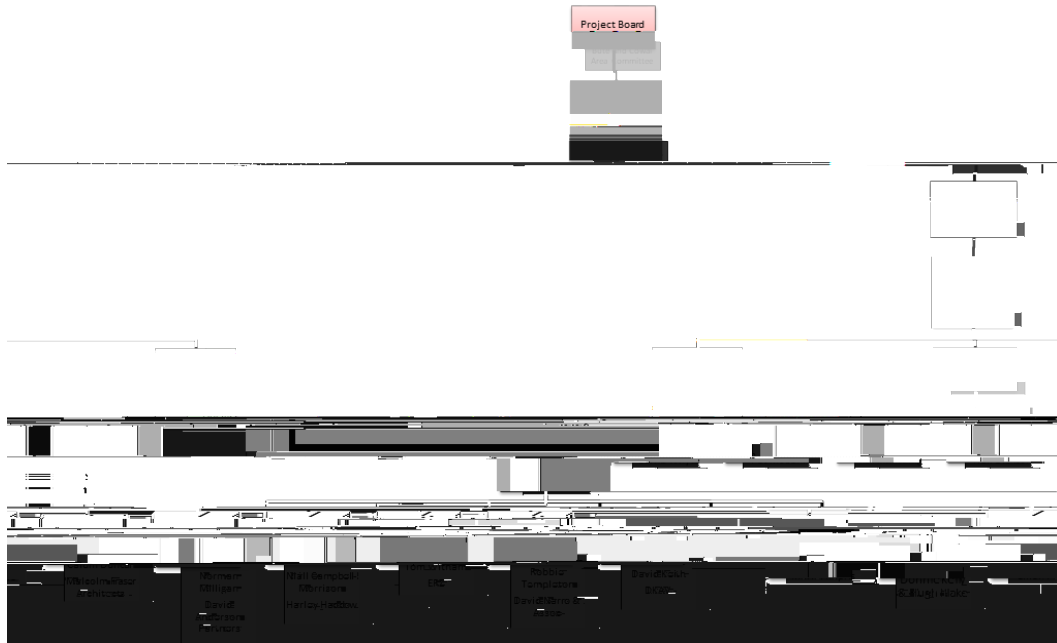
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- New members 35 (n) mber 1 0 0 1 252.33 605.8 Tm 7.5

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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:

- o Project Brief
- o Benefits Management Approach

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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.

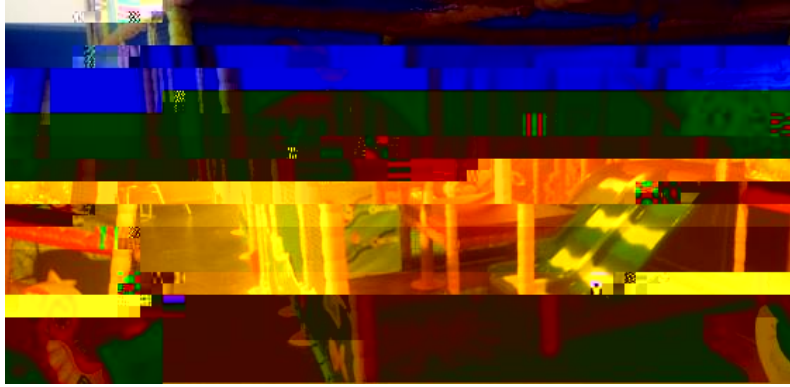
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2.2 Achievement of Objectives against Business Case and PID

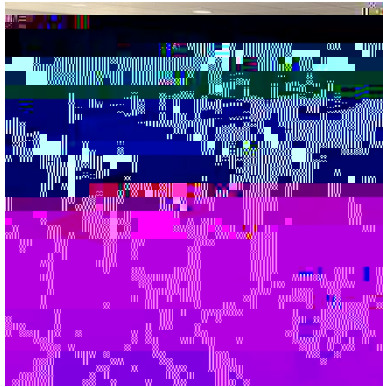
2.2.1 The original objectives, as set out in the

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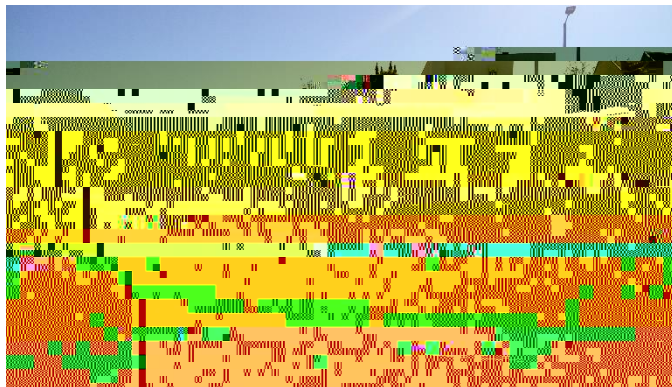
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- o the provision of a new purpose built cafeteria and bar, along with the associated catering facilities capable of servicing the various uses envisaged for the building e.g. meetings, weddings, exhibitions etc.



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

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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.

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 the project.

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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 () Stage, M

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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

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

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

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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 () THE 'Client' has a number of statutory duties, including:

Make suitable arrangements for managing a project.

This includes making sure:

- o other dutyholders are appointed;
- o sufficient time and resources are allocated.

Make sure:

- o relevant information is prepared and provided to other dutyholders;
- o the principal designer and principal contractor carry out their duties;
- o 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| a æ

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3.1.1 The building was handed back to Argyll and Bute Council on 4 July 2018, follo

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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:

³ Work Placements –

3.3