

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme Committee
DATE	12 September 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen Art Gallery Progress Report
REPORT NUMBER	RES/19/274
DIRECTOR	Steve Whyte
CHIEF OFFICER	John Wilson
REPORT AUTHOR	John Wilson
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

The purpose of this report is to update the committee on progress of the delivery of the transformed Aberdeen Art Gallery leading up to its expected opening.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Note the current progress and on-going works leading to an opening of the Art Gallery on 2 November 2019.
- 2.2 Instruct the Chief Officer Corporate Landlord in consultation with the Chief Officer Capital and Chief Officer City Growth to provide a post evaluation report to this committee a minimum of 12 months post opening. This report will report on the delivery of the desired outcomes identified within the approved business case.

3. BACKGROUND

- 3.1 Reference is made to report RES/19/274 which was submitted to the Capital Programme Committee on 3 June 2019, which considered the project's construction progress.
- 3.2 This report provides an update on the progress made with the project's delivery since that committee meeting.

Main Works

- 3.3 The principal contractor for the main works McLaughlin & Harvey (MCLH) are continuing to close out outstanding snagging works. As reported previously there is a high level of confidence that these will be completed prior to the 2 November 2019 opening date.

Fit-Out Works

- 3.4 The fit-out works are now well advanced including some re-programming to align around on-going delivery of main works. These issues have been contained within the overall delivery and the fit-out works are now expected to be complete by the end of September 2019.

Art Works Installation

- 3.6 The installation of the collections of artworks and artefacts by the Aberdeen City Council museums team continues as space and galleries become available. This work is expected to be complete by the end of September 2019.
- 3.7 The Council museums team plan to use the month of October 2019 for training purposes to enable the staff to get familiar with the operation requirements of the building, and it will allow the closing out of any outstanding issues.

Schoolhill, Public Realm Phase 1

- 3.8 The external paving works at the main entrance to the Art Gallery are being taken forward in a separate contract. These works extend from Blackfriars Street to the Robert Gordon College (RGC) main entrance.
- 3.9 The works commenced in early June 2019 and were complete at the end of August/early September 2019.

Summary

- 3.11 In summary, working in close collaboration, both the main contract snagging works and fit-out works continue to be taken together in tandem and are planned to be complete by the end of September 2019. Aligning with these works the majority of the artworks and artefacts are now installed within the art gallery.

4. FINANCIAL IMPLICATIONS

- 4.1 The capital budget for the Art Gallery project was updated by Council in March 2019.
- 4.2 The capital budget for the Art Gallery project is £34.632m. This has 3 distinct funding sources; Aberdeen City Council, Heritage Lottery Funding and Private donations.

Gross Budget	Spend to date
£34.6m	£28.8m

- 4.3 The overall philanthropic fundraising target is £20M of which £4,828,500.72 has been pledged to date. This comprises £10M from the Heritage Lottery Fund (referred to above) and £4,828,500.72 from other trusts and grant-awarding organisations and public donations.
- 4.4 The remaining funds will be raised through a combination of working with corporate prospects, high net worth individuals, trusts and foundations and visitor donations, including opportunities for the public to be involved in supporting the Art Gallery Redevelopment by becoming a Founder Patron or purchasing one of the other fundraising offer such as sponsoring a Cowdray Hall chair.
- 4.5 The final expenditure can only be confirmed once all the project works are complete. A key element in achieving this will be reaching an agreed financial settlement with the main works contractor. This is related to their claims for delays. Further details are contained in section 5.

5. LEGAL IMPLICATIONS

- 5.1 Following a successful adjudication which found in favour of the Employer (ACC) the main works contractor (MCLH) raised an action at the Court of Session in April 2018 regarding on-going contractual claims for delays. This action is currently sisted (on hold) for six months. Officers from legal services will continue to monitor matters in order to protect ACC's position.
- 5.2 MCLH have since submitted further additional claims to the Council's contract administrator (Hoskins Architects) for their consideration. Both contractual parties have shared 'without prejudice' information to try reach a financial agreement to resolve the outstanding issues, without the need for any court action.
- 5.3 To-date these talks have been unsuccessful and it is now highly likely that a court action will ensue.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Inability to agree financial settlement with the main works contractor	H	Continue to update spend profile based on construction programme and monitor. Conduct negotiation with Contractor to substantiate all additional costs.
Legal	Legal challenge	H	The valuation for claims for additional costs has been undertaken with procurement and legal support. Informal meetings have been held being held with the Contractor to agree a final figure which will incorporate a review of their supporting information. Officers from legal services are monitoring matters in order to protect ACC's position. Officers have access to expert legal advice from construction law specialist lawyers should that be required.
Employee	None	L	Not applicable.
Customer	Poor communications with stakeholders and users of the art gallery.	L	Close collaboration is being maintained with media colleagues and other Chief Officers who have a direct interest in the project as well as Robert Gordon's College.
Environment	None	L	Not applicable.
Technology	Steady State	L	Contract parties are working together to close out the

			small number of galleries which still exhibit steady state issues.
Reputational	Failure to open the art gallery on 2 November 2019 will further damage the reputation of the Council	L	This is being managed through external construction project management as well as contract management structures within the Council's capital cluster.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	<p>The delivery of the art gallery will help to grow Aberdeen as a city of learning that empowers people and communities to put lifelong learning at the heart of their civic and cultural identities. It will be a major tourist attraction in the heart of the city centre.</p> <p>This will be developed in the coming weeks to align with the launch event.</p>
Prosperous People	<p>The Council is committed to improving the key life outcomes of all people in Aberdeen City. The access to the art gallery will provide opportunities to understand and appreciate the culture and history of the city as well as appreciating other art artefacts from across the world. There are rooms allocated within the building to offer the opportunity for schools and groups to use as workshops and learning opportunities.</p>
Prosperous Place	<p>The Council is committed to ensuring that Aberdeen is a welcoming place to invest, live and visit and operate to the highest environmental standards. The art gallery contributes to this objective.</p>
Enabling Technology	<p>The art gallery will provide the potential for enabling people to learn and develop themselves in ways that meet their needs, interests and ambitions.</p>

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	None.
Organisational Design	None.
Governance	None.
Workforce	There will be new staff opportunities within the transformed art gallery regarding catering/shop facilities.
Process Design	None.
Technology	None.
Partnerships and Alliances	The funding for the project is part funded by donations from the Heritage Lottery Fund and the wider public. The support to date has been positive and all funders look forward to the opening event.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required.
Data Protection Impact Assessment	Not required.
Duty of Due Regard / Fairer Scotland Duty	Not applicable.

9. BACKGROUND PAPERS

None.

10. APPENDICES (if applicable)

None

11. REPORT AUTHOR CONTACT DETAILS

Name John Wilson
Title Chief Officer Capital
Email Address JohnW@aberdeencity.gov.uk
Tel 01224 523629