

## DUNDEE CITY COUNCIL

**REPORT TO:** Leisure, Arts and Communities Committee - 27 October 2008  
Policy and Resources Committee - 27 October 2008

**REPORT ON:** McManus Galleries Redevelopment

**REPORT BY:** Director of Leisure and Communities and  
Depute Chief Executive (Finance)

**REPORT NO:** 525-2008

### 1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to seek approval of tenders received for the Display Project, update the Committee on the latest projected Capital Cost of the McManus Galleries Redevelopment Project and to seek approval to incur additional expenditure referred to in this report. The Committee is also asked to note the additional external funding from Historic Scotland of £267,525 and the Lethendy Trust of £100,000.

### 2.0 RECOMMENDATIONS

The Committee is asked to:

- 2.1 approve acceptance of the tender for the Shopfitting works from Elmwoods, Glasgow in the amount of £1,073,457.
- 2.2 note the overspend of £263,000 on the Display Fit-out Project as referred to in paragraph 4.3.
- 2.3 note the overspend of £789,000 on the current construction contracts as referred to in paragraph 4.4 and
- 2.4 note the award of additional external funding from Historic Scotland of £267,525 and The Lethendy Trust of £100,000 as referred to in paragraph 4.5.
- 2.5 approve that the Capital Expenditure budget for McManus Galleries Redevelopment be increased by £1,056,000 as detailed in paragraph 4.6.

### 3.0 FINANCIAL IMPLICATIONS

- 3.1 The costs arising from the above recommendations can be contained within the additional funding detailed in 4.5, the Leisure and Communities Capital Plan 2008 - 2011 as detailed in paragraph 4.6.
- 3.2 The design and project team have continuously monitored the proposed works and have already agreed a number of cost savings within the contract framework. It is not considered that any further savings can be found within the contract without compromising the standard of finish.

#### 4.0 MAIN TEXT

##### 4.1 Projected Total Expenditure

Reference is made to Article V of the meeting of the Leisure and Arts Services Committee of 26th June 2007, Article XI of the meeting of the Leisure and Arts Services Committee of 19 March 2007 and Article V and VIII of the meeting of the Policy and Resources Committee of 27 August 2007 and Article VIII of the Leisure, Arts and Communities Committee of 10 December 2007.

##### 4.2 Tender Report - Shopfitting Works

The works comprise the design, manufacture and installation of all plinths, carcassing and associated component works associated with the redisplay of the McManus collection along with the fit out of the main reception area, cafe and visitor reception areas. The shopfitting contractor will also be responsible for the management of the nominated sub-contractors for the display case package and the graphics package as previously reported, and the amounts for these works are contained in the tender reported here.

Four specialist contractors were invited to tender and three offers were received:

	Contractor	Received	Checked
1	Elmwoods, Glasgow	£1,067,722.98	£1,066,930.98
2	Thomas Johnstone Shopfitters Ltd Inchinnan	£1,158,188.41	£1,158,262.90
3	Edwin Dyson & Sons Ltd Bradford	£1,250,900.53	£1,250,990.60

The amount of the lowest tender after checking has been reduced by £32,831 for the deletion of items after discussion with client regarding final requirements. The lowest tenderer has agreed in principle to this reduction. The amount recommended for acceptance is therefore £1,034,100 and the estimated total cost is calculated as:

Tender amount after reduction		£ 1,034,100
Adjustments to Prime Cost Sums in tenders for display case costs and Cafe /Serving	add	£ 39,357
Revised Tender Total		<u>£ 1,073,457</u>
Allowances for		
CDM Co-Ordinator	£ 2,000	
Professional Fees	<u>£ 26,837</u>	<u>£ 28,837</u>
Estimated Total Cost		£ 1,102,294

Acceptance of this tender represents the relative best value for money in a highly specialised and very limited market. Acceptance will ensure that the display cases, etc. will be available for the official re-opening. Any delay will have a serious impact on the timescale for re-opening.

##### 4.3 McManus Display Project

Since the budget for the fit out of the galleries was compiled in 2002 a number of factors have contributed to increased costs for the three main elements of the project namely the Display Cases, the Shopfitting and the Cafe Serving. As a result of the fit out contracts commencing 18 months later than originally programmed there have been inflationary increases in both labour and material costs. In addition

on going development of the gallery layouts and displays has resulted in an increase in the volume of display case space required beyond that allowed to house the exhibits when the budget was compiled. The above increases have been compounded by an adverse exchange rate movement that has affected the display case package. Following receipt of tenders for the Shopfitting package and increase in the Display Case package costs there is a projected overspend on the fit out budget of £263,000.

#### 4.4 **McManus Construction Project**

In the period February 2008 to October 2008, the design team identified additional costs required to deliver this complex heritage project. These costs include the following;

- Specialist street lighting to provide safe pedestrian access between Meadowside and the Cafe Terrace.
- Additional Drainage works to replace the existing defective drainage system at the east side of the galleries.
- Increased mechanical costs caused by inflation resulting from delays to the construction contract.
- Increased cost of the external terrace arising from the enhanced specification required to provide a standard of finish compatible with the original building and the external works being progressed under a separate contract by Planning & Transportation.
- Costs arising out of the further 9 week prolongation of the contract period due to unforeseen circumstances.
- Increased electrical costs arising from delays in the construction contract and changes to specification due to many of the fittings selected no longer being available.
- Additional CCTV cameras required to provide enhanced security in gallery spaces where coverage is impaired by the display system.

The cost of these additional works total £789,000.

4.5 Since August 2007 strenuous efforts have been made to access additional external funding as per Report No 385-2007. An additional £67,525 was awarded by Historic Scotland in November 2007 to fund specific works on the Fleches, this has previously been incorporated in the cost statements and does not form part of the current overspend. In addition a further £200,000 has been awarded by Historic Scotland and £100,000 from the Lethendy Trust. Efforts to seek additional external funding are ongoing. The total additional external funding available to meet the projected overspend is £300,000.

4.6 The total projected overspend on the McManus Galleries Redevelopment - Display and Construction Projects as referred to in paragraphs 4.3 and 4.4 now stands at £1,052,000. The following is proposed to fund this additional expenditure.

▪ utilise the additional external funding (referred to 4.5)	£	300,000
▪ prudential borrowing from saving in L&C establishment	£	350,000
▪ vire funds from within L&C Capital Plan 2008-09	£	81,000
▪ allocation from Planning & Transportation to Terrace	£	50,000
▪ contribution from Risk Management	£	15,000
▪ Public Fundraising Appeal	£	30,000
▪ vire funds from within the L&C Capital 2009-2010	£	<u>230,000</u>
Sub total	£	<u>1,056,000</u>

The above funding totalling £1,056,000 would leave a very small contingency of £4,000.

4.7 On 27 August 2007 the Policy and Resources Committee approved Report No 387-2007 bringing the total funding for the McManus Galleries Redevelopment Project to £10,730,000. The figure increased with the additional grant from Historic Scotland of £67,525 - received in November 2007 (referred to in paragraph 45) giving a revised funding total of £10,797,525. The additional funding of £1,056,000 detailed in paragraph 4.6 would bring the total funding for the project to £11,853,525. A breakdown of this funding detailed below:

4.8 The project with the above allocations would be funded as follows:

Heritage Lottery Funding	£ 4,906,000
ERDF	£ 700,000
Historic Scotland	£ 787,525
Dundee City Council- capital	£ 5,330,000
Lethendy Trust	£ 100,000
Public Fundraising	<u>£ 30,000</u>
	<u>£ 11,853,525</u>

## 5.0 POLICY IMPLICATIONS

5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management.

### **Strategic Environment Assessment**

The redevelopment of the McManus Galleries will help to protect the quality and diversity of the City's built heritage and enhance the City Centre and local environments. Sustainable practices have been adopted in the design construction and maintenance of the building.

### **Equality Impact Assessment**

A Major element of the development proposals is to address equal opportunities implications. The development will be accessible for all sectors of the Community, including visitors with disabilities, the elderly and those with young children.

## 6.0 CONSULTATION

6.1 The Chief Executive, Depute Chief Executive (Support Services), Head of Finance, City Architectural Services Officer and City Engineer have been consulted on this report and are in agreement with its contents.

## 7.0 BACKGROUND PAPERS

7.1 None.

**STEWART MURDOCH**  
**DIRECTOR OF LEISURE AND COMMUNITIES**

**DAVID DORWARD**  
**DEPUTE CHIEF EXECUTIVE (FINANCE)**  
**16 OCTOBER 2008**