

ITEM No ...11.....

REPORT TO: POLICY & RESOURCES COMMITTEE – 9 NOVEMBER 2015

REPORT ON: V&A MUSEUM OF DESIGN - PROGRESS REPORT

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 400-2015

1 PURPOSE OF REPORT

1.1 To update the Committee on progress towards the delivery of the V&A Museum of Design project.

2 RECOMMENDATION

2.1 It is recommended that the Committee notes the progress being made and remits officers to continue to closely manage and monitor its delivery to ensure a successful outcome.

3 FINANCIAL IMPLICATIONS

3.1 The expenditure to date on the construction contract is in general accordance with the proposed spend profile at month 6 of the project. There is in place a robust and tested Change Control Procedure that ensures, through a number of gateway check points that any potential request for change to the tender design, emanating from any party, is clearly identified and analysed and challenged against requirement, cost and programme. Three minor Construction Contract Change Orders have been issued to date with only a minimal impact on cost and no impact on programme.

3.2 To date the level of spend on the Construction Contingency is well within any anticipated commitment of these contingencies at this stage of the project.

3.3 Significant progress has been made with the Scottish Government and Scottish Futures Trust on the proposed Growth Accelerator Model (GAM) Fund for the Dundee Waterfront Project. A draft business case has been submitted and further discussions continue on clarifying and refining how the GAM would operate. Regular feedback and liaison is being provided to existing funders such as the Infrastructure investment Board in Scottish Government and the Heritage Lottery Fund.

4 CONSTRUCTION PROGRESS ON SITE

4.1 The Committee at its meeting on 26 January 2015 (Article IV of the Minute of Meeting and Report No 21-2015 refer) agreed to proceed with the construction contract for the V&A Museum building, landscaping and associated works and the formal contract with BAM Construction Ltd was signed on 23 February 2015. The construction site was fully mobilised by end March 2015. The construction works are on programme overall. A number of non-critical works are slightly behind. However, other activities such as piling have been completed ahead of programme. BAM are focussing all efforts on ensuring critical works such as the external structure walls and core walls commence on time; non-critical activities will be re-sequenced accordingly.

4.2 Completed works include the coffer dam (enabling the foundation construction for that part of the building reaching out into the Tay, all piling (land and river), geothermal energy bore holes for the ground sourced heat pump, and ground floor beams on Block B. On Block B, work has begun on casting of floor slabs, starter bars for the steel works for the external walls are in place, and shuttering is under construction for the core structure. A sample panel for the

external walls has been successfully constructed and will inform the impending first concrete pours for the main walls.

- 4.3 A number of sub-contractors have been appointed and have been, or are on, site for the coffer dam works, on-shore piling works, drainage works, contiguous piled river wall, ground sourced heat system, steel pile cutting and temporary steel piles enabling the external wall construction. Sub-contractors have been appointed for the Mechanical and Electrical Services, siphonic drainage, access systems, structural steelwork, lifts, precast cladding, water and gas and HV connections and soft landscaping. Final negotiations are being held with the roofing and metalwork sub-contractors, for the internal joinery and for the glazing.
- 4.4 The Design Team and Main Contractors meet with the Project Manager every two weeks to review Progress and current/future design and construction issues. Formal progress meetings are held on a monthly basis. Specific Technical/Design workshops are held weekly with a focus on identifying future issues and ensure these are mitigated well in advance of programme and/or cost impact.

Key construction milestones

- Cofferdam to be complete by June 2015; completed last week in May 2015.
- Building piles to be completed September 2015; completed August 2015.
- Contiguous River Wall piling to be completed September 2015; completed August 2015.
- Tower crane erection (3no) end of August 2015; completed on programme.
- Core Wall construction to commence end of August 2015; slightly behind programme but commenced.
- External wall construction to commence start of October 2015; slightly behind programme but commenced.

5 RISK MANAGEMENT

- 5.1 A risk register is maintained by the Project Manager and reviewed with the Contractor and Design Team every two weeks to ensure all mitigating measures are being actively progressed. The Risk Register has been significantly overhauled following progress on reducing key risks over the first months of the project, such as the coffer dam installation, the piling of foundations and the progress made on contractor designed elements.
- 5.2 The risk status is reviewed monthly with Council Officers, Project QS, Project Manager and DDL representation every month; this is then reported to the DCC Project Board. There are currently no issues or concerns to report on at this time, but any risks will be rigorously maintained and managed as the project progresses.

6 COMMUNITY BENEFITS

- 6.1 To date overall approximately 50% of the labour on site has been from the defined local area and this has recently increased to 61%. There are 16 new start employment opportunities which have been created and filled with previously unemployed candidates, young people from training programmes or those experiencing redundancy. These include a Site Secretary, Project Engineer and Project Surveyor from Muirfield. There are 8 apprentices on site plus 2 work experience placements from local employability programmes.
- 6.2 A full programme of both onsite and offsite awareness raising activity is underway. Of particular interest is the onsite training centre which will allow candidates who are more distant from the labour market to participate in practical construction 'taster sessions' in a safe environment.

- 6.3 Three Supplier Development Events have been held locally and to date 12% of the overall contract spend has been with local suppliers. Further sub contracts will be awarded over the coming months which are anticipated to significantly increase the level of local sub contractor involvement.

7 MCCLELLAND REPORT RECOMMENDATIONS

- 7.1 The Review into the Construction Project for the V&A commissioned by the Council from John McClelland has examined the reasons for the significant increase in the estimated construction cost, identified lessons learned from the initial concept through to the letting of the building contract, and has made recommendations to ensure the delivery of this project and the management of other future capital projects.
- 7.2 Following consideration by Committee on 24 August 2015 (Article VIII of the Minute of Meeting and Report No 296-2015 refer) of the McClelland Review, those remaining recommendations which had not already been acted upon at that time have now been implemented as follows;
- a Work is well underway to conduct a comprehensive review of the budget for Fixtures, Furniture & Equipment (FF&E) and this will be reported to members and the V&A Project Board when complete;
 - b The Project Manager for the build contract has been seconded on a full time basis into the Council and his remit has been extended to include the FF&E;
 - c Clear joint working arrangements have been formed with Design Dundee Ltd and members have been briefed on the project and will receive regular updates;
 - d The issue of record keeping has been addressed and a master project file created; and
 - e Options are being pursued for the provision of a Cost Manager for the project within the Council.
- 7.3 Mr McClelland has now been reimbursed for his services at a total cost of £34,000 and he has been thanked for his advice and recommendations which will greatly assist in the delivery of this and other future projects.

8 MACKINTOSH OAK ROOM

- 8.1 The interior of the former Ingram Street Tea Room designed by Charles Rennie Mackintosh will be installed as a long term exhibit within the Museum following an agreement to loan the exhibit from Glasgow City Council. An additional grant of £400,000 has been secured from the Heritage Lottery Fund to cover the full cost of its restoration and installation and no further funding will be available from Dundee City Council.

9 POLICY IMPLICATIONS

- 9.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

10 CONSULTATIONS

- 10.1 The Chief Executive, the Executive Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

11 BACKGROUND PAPERS

11.1 None.

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MPG/EC
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29 October 2015