



REPORT TO BUSINESS SERVICES COMMITTEE - 12 SEPTEMBER 2019

BALLATER STATION PROJECT REVIEW - ACTION PLAN

1 Recommendations

The Committee is recommended to:

- 1.1 Endorse the progress being made on the Action Plan provided at Appendix A; and**
- 1.2 Instruct the Head of Property and Facilities Management to provide an update on the Action Plan to a future Business Services Committee meeting.**

2. Discussion

- 2.1 Aberdeenshire Council, at the meeting of 25 April, 2019, considered a report by the Head of Roads, Landscape and Waste Services on the review of the Ballater Station project. The project review had been commissioned by the Chief Executive.
- 2.2 The Council, at that meeting, agreed:
 - (1) that the Business Services Committee oversee the creation of an action plan, based on the recommendations contained in the review report, and to delegate authority to the Business Services Committee to take on responsibility for the monitoring and scrutiny of future projects as and when required;
 - (2) that the report to the Business Services Committee on the action plan include an executive summary of the review report which could be made available to the public; and
 - (3) that a briefing note be issued to elected members confirming fire prevention measures installed as part of the project work undertaken.
- 2.3 The Project Review had been sought as the outturn project costs had increased and the project had been delayed. Whilst the review concluded that the finished product had met expectations, as part of the Council decision, there was a need for an action plan to be developed. The Project Review included a number of recommendations which highlighted areas for further investigation, which may be helpful in the management of future significant projects, particularly those that sit outside the definition of a

'normal' building project. The action plan is provided at **Appendix A**, providing a response to the eight recommendations (detailed in para 2.6 below) and the further three agreed actions from the Council.

- 2.4 The Project Review Executive Summary is in **Appendix B**.
- 2.5 The briefing note on fire preventative measures, which was requested by Full Council, has now been issued to elected members and is provided at **Appendix C**.
- 2.6. The Council report contained eight recommendations: namely
 - 2.6.1 Review of Construction Project Management Procedures
 - 2.6.2 Review of Project Reporting Procedures
 - 2.6.3 Use of Frameworks
 - 2.6.4 Use of Optimism Bias
 - 2.6.5 Value Engineering Exercises
 - 2.6.6 Pre-tender Design Review
 - 2.6.7 Variance Controls
 - 2.6.8 Consultancy Support Performance Review
- 2.7 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report. Their comments are incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3. Scheme of Governance

- 3.1 The Committee is able to take a decision on this item in terms of Section C.1.1.j of the List of Committee Powers in Part 2A of the Scheme of Governance, as it relates to Property & Facilities Management.

4. Implications and Risk

- 4.1 An equality impact assessment is not required because this report is concerned with the review of the delivery of a project and does not have a differential impact on any of the protected characteristics. However, an equality impact assessment for the project was presented as part of the Gateway Stage 1 report.
- 4.2 There are no direct staffing and financial implications as a result of this report.
- 4.3 The following Risks have been identified as relevant to this matter on a Corporate level; [Corporate](#)

ACORP001 – Budget Pressures: costs may overrun.

ACORP002 – Changes in policy and legislation: may require additional measures to complete the works.

ACORP006 – ACORP 006 Reputation Management; the project was both high profile and important for the Ballater and wider community. It is acknowledged that any project exceeding the approved figure is

disappointing, but the Council has a good record of projects being contained within the approved sum.

No Risks have been identified as relevant to this matter on a Strategic Level.
[Directorate Risk Registers](#)

Ritchie Johnson,
Director of Business Services

Report prepared by Allan Whyte, Head of Property & Facilities Management
19 August, 2019
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Appendices

Appendix A - Action Plan

Appendix B - Project Review Executive Summary

Appendix C - Briefing Note - Fire Preventative Measures

BALLATER STATION REVIEW - ACTION PLAN

No.	Recommendation	Responsible Officer	Target Date for Completion	Update	Status
1	<p>Governance - Review of Construction Management Procedures The review of the Construction Management Procedures should provide clarification of the governance, roles and responsibilities are reflected in the procedures and that particularly there is clarity around the role of the Board with regard to major construction projects.</p>	Allan Whyte Head of Property & Facilities Management	14-Nov-19	The updated Construction Management procedures were issued on 1 May 2019 (via Sharepoint). They are further being refined to meet recommendations set out in the Ballater Station Project Review eg the role of the Project Board is defined within Project Governance under Section 3.7 of the Construction Project Management Procedures	In progress
2	<p>Financial Monitoring and Reporting - Review of Project Reporting Procedures It is therefore recommended that the Scheme of Governance is reviewed to consider ways in which the decision making process could be tailored to balance the good governance requirements with the practicalities of construction project timelines.</p>	Ann Overton, Senior Solicitor	14-Nov-19	Changes to the Scheme of Governance to reflect Business Service Committee's role for financial monitoring and scrutiny of capital projects were reported to the Procedures Committee on 24th May 2019 and will be reported to Full Council meetings in September (for notification) and November (for approval with implementation on November 22 2019). The Gateway process and resulting construction procedures are being reviewed to ensure they provide sufficient clarity on when reporting of financial monitoring should take place.	In progress

No.	Recommendation	Responsible Officer	Target Date for Completion	Update	Status
3	<p>Design Phase - Use of Frameworks It is therefore recommended that the process used to determine the appropriateness of Framework Contracts is reviewed to ensure that they are only used for project which meet the assumptions set out in the original contract brief.</p>	Neil Reid, Architect Manager	14-Nov-19	<p>There has always been a qualitative assessment for consultancy selection. The process used to determine the appropriateness of Framework Contracts will be reviewed to ensure they are only used where meeting the assumptions set out in the contract brief. The recording of this assessment will be included in the agreed implementation of the updated Consultant Framework, which will be tendered later this Autumn.</p>	In progress
4	<p>Design Phase Project Cost Control - Use of Optimism Bias The review of the Construction Management Procedure should include a review of how Optimism bias is reflected in the Gateway Process. It is recommended that the guidance including in the Supplementary Green Book Guidance - Optimism Bias is the used as the basis for the review.</p>	Ken Abel, Quantity Surveying Manager	14-Nov-19	<p>Each construction project undertaken by the Council has an officer assigned to control the construction expenditure. In most instances this responsibility will fall to the project quantity surveyor who provides advice in accordance with the professional standards of the Royal Institution of Chartered Surveyors (RICS). The Green Book guidance on Optimism Bias will be utilised along with other cost estimate guidelines set out by the regulatory body. This will be reflected in the Gateway process and proportionate to the project's type, complexity and uncertainty. In addition a training workshop is being arranged for Property & Facilities Management design professionals</p>	In progress

No.	Recommendation	Responsible Officer	Target Date for Completion	Update	Status
5	<p>Value Engineering Process - Value Engineering Exercises</p> <p>The Service should consider potential approaches to include a risk rating on the individual savings identified during a VE exercise. The evaluation of risk should be carried out by the Contractor and reviewed by the Service. Consideration should also be given to developing a mechanism to reflect the risks associated with such savings in formal reporting.</p>	Ken Abel, Quantity Surveying Manager	14-Nov-19	<p>Value Engineering (VE) is a method to eliminate any unnecessary cost in order to achieve value for money in a project.</p> <p>VE methods and techniques are utilised throughout the lifecycle of a project, from inception to completion. Its most significant impact is identified at a pre-contract stage. VE is best utilised as a team approach on a project and can also be associated with maximising value - not just reducing cost. In addition a training workshop is being arranged for Property & Facilities Management design professionals</p> <p>The Construction Project Manual is being updated to reflect the contractor's assessment of risk when assessed post-contract, and to ensure value management techniques are recorded.</p>	In progress
6	<p>Design Quality - Pre-Tender Design Review</p> <p>It is recommended that the Service review the information considered as part of the Pre Tender Design Review process. It is important that any significant design elements that require further work are identified, recorded and potential resources requirements allocated to the Design Team to ensure they are resolved without impact on the project critical path.</p>	Neil Reid, Architect Manager	14-Nov-19	<p>It is acknowledged that pre-tender design reviews will now include specific reference to recording project resource requirements through to completion. The early assessment of resource demand has been amended and updated, which will provide an opportunity to review input and quantify gaps.</p>	In progress

No.	Recommendation	Responsible Officer	Target Date for Completion	Update	Status
7	<p>Site Phase - Variance Controls</p> <p>It is therefore suggested that the project management documentation is reviewed to ensure that variance limits, financial and programme, are explicitly stated. For each variance level it is the escalation route should be explicit. this will require to be aligned to the requirements of the Scheme of Governance, which already provides financial thresholds for reporting to Committee.</p>	Ken Abel/ Ann Overton	14-Nov-19	The appropriate linkages within the Construction Management Procedures are currently being reviewed to ensure they fully align with the Scheme of Governance.	In progress
8	<p>Design Support - Consultancy Support Performance Review</p> <p>The Service's internal processes already include a mechanism for reviewing the performance of external consultancy support to be assess. This involves a self evaluation by the Consultant alongside an evaluation from the internal Project Team members.</p> <p>While there is no doubt that this is useful, consideration should be given to strengthening the process and providing additional clarity as to how this information is used to improve future performance.</p>	Neil Reid, Architect Manager	14-Nov-19	The reference to this requirement will be included in the updated Framework tender, which will be issued later this Autumn. KPI's are included in proposals and will be linked to the resulting evaluation while providing clarity regarding its use.	In progress

No.	Recommendation	Responsible Officer	Target Date for Completion	Update	Status
9	Action Plan That the Business Services Committee oversee the creation of an action plan, based on the recommendations contained in the review report, and to delegate authority to the Business Services Committee to take on monitoring and scrutiny of future projects as and when required.	Allan Whyte Head of Property & Facilities Management	14-Nov-19	A report being provided to Business Services Committee on 12 September 2019, which contains the Action Plan at Appendix A. A further report will be provided to a future cycle of the Committee.	In progress
10	Ballater Station Project Review - Executive Summary That the report to Business Services Committee on the action plan include an executive summary of the Review report which can be made available to the public.	Philip McKay, Head of Roads, Landscapae Services and Waste	12-Sep-19	The Executive Summary is provided as Appended B to the report of the Business Services Committee of 12 September 2019.	Completed
11	Briefing Note - Fire Preventative Measures That a briefing note be issued to elected members confirming fire prevention measures incorporated as part of project work undertaken.	Craig Matheson, Principal Architect	12-Sep-19	Previous guidance has been provided. this will be collated into a single briefing note for issue, which is provided at Appendix C of the Ballater Station report to Business Services Committee of 12 September 2019	Completed



From mountain to sea

Ballater Station Restoration – Project Review

Executive Summary



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1 Background

1.1 Pre Fire Event

The entire Ballater Station building is owned by Aberdeenshire Council.

Due to its historic importance the building was a Category B listed building.

In 2001 the building underwent a complete refurbishment.

At the beginning of 2015 the entire building was leased to Visit Scotland who in turn sublet space within the building for other purposes. At that time the building provided the home for a number of visitor related offerings, namely:

- Visitor Information Centre – Operated by Visit Scotland
- Heritage Attraction – Including the Royal Station, Victorian display and the Heritage Trust
- Various Retail Units
- Restaurant

There was also a small separate building which housed a cycle hire operator.

1.2 Post Fire Event

On the evening of 11/12 May 2015 a catastrophic fire spread throughout the main Station building. The fire was first noticed at around 02:00am and was brought under control by around 05:20am.

The fire started in the west part of the building and quickly spread, through the roof void, over the Royal Waiting Room and into the east side of the building.

In the immediate period after the fire Aberdeenshire Council worked with Historic Environment Scotland to secure the safety of the building. This included the erection of a temporary structure over the remaining sections of the Station building in an attempt to protect it from further damage.

Of particular importance was the desire to safeguard the Royal Waiting Room and the replica Royal Train Carriage.

A joint report from the Director of Business Services and the Director of Infrastructure Services was put before the Marr Area Committee on 18 August 2015 seeking permission, through reason of special urgency, for officers to use delegated powers to appoint suitable contractors without the need for formal tender process.

This request was approved.

At that point in time the works required to secure and protect the Station building were estimated at £150,800.

2 Restoration Project

2.1 Project Initiation

A report was put before the Marr Area Committee on 18 August 2015. A recommendation of that report was for the Committee to comment on the proposal to establish a project management structure to move a restoration project forward.

Within the Marr Area Committee report of 18 August 2015 there is a description of the condition of the building, split into five distinct areas:

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Area A: Western end of original station previously accommodating retail unit, restaurant and kitchen area is generally completely destroyed by fire with only part of restaurant vestibule and chimneys/fireplaces remaining.

Area B: Central retail unit and toilets/store to restaurant – area is generally destroyed internally along with total loss of roof structure, generally only external walls remain to front elevation.

Area C: Western end of platform canopy and display/exhibit area (including extension for royal carriage) – area is generally destroyed by fire with loss of original timber wall between platform and station building. Further, damage is evident to kingpost trusses, canopy roof lights and enclosing platform patent glazing. Trusses have deflected resulting to some instability for the roof structure with some temporary propping in place meantime.

Area D: Eastern end of platform canopy and display/exhibit area trusses have suffered fire damage and charring at node points to original station structure with kingpost trusses deflecting. In addition, there are a number of damaged panels to enclosing patent glazing along with fire damage to linings to underside of roof structure.

Area E: Eastern end of original station accommodating royal waiting room and Visitor Information Centre – roof structure over these areas is totally destroyed with collapse into remaining areas. Waiting room has suffered extensive damage to decorative panelling and linings along with original stained glass windows. Remaining external wall structure generally appears intact, however fire damage is evident to wall heads and local areas of vertical linings. Partial damage to external horizontal linings is also evident either side of Porte Cochere.

At this stage the scope of the project was set out as:

Officers preferred option is to clear of all areas destroyed by fire along with remaining elements of platform canopy forming display area which formed part of an extension in 2000/2001. This option would result in only area E, comprising Waiting Room and Visitor Information Centre, being retained with this being the only part of original station building remaining which dates back to its construction in 1866/1886.

2.2 Project Delivery

The development and delivery of the restoration project followed the standard Gateway approach used for all major Capital Plan building projects. This included the formation of a robust governance structure, including a Steering Group, Project Team and Stakeholder Group. These various Groups led the project through the design and construction stages.

2.2.1 Project Initiation

On 21 April 2016, Policy and Resources Committee approved an initial project budget of £2,907,000.

An initial project timeline was also set with the following key Milestone Dates:

- Planning Application – May 2016
 - Commence on Site - December 2016
 - Project Completion - November 2017
 - Official Opening - December 2017
-

2.2.2 Project Delivery

On 22 November 2016, the Marr Area Committee approved the tender report. The report confirmed that a tender exercise had been carried out, with four returns received. As all tenders were above the budget allowance, a Value Engineering Exercise was carried out with the four tenderers.

This exercise resulted in a significant reduction in the tender values. The report confirmed that accepting the lowest tender would result in an estimated project cost of £3,167,709, an increase of around 9%.

The report confirmed that funds to this value were available, albeit a funding application to Historic Environment Scotland had not been approved at that time. The value of that bid was £213,000.

Unfortunately, by early 2017 it was clear that two external funding applications were not going to be forthcoming, resulting in an overall funding shortfall of £735,650.

A report to Full Council on 9 March 2017 set out a funding strategy to meet the revised project outturn cost of £3,191,710.

That report also confirmed that the project Milestones were now:

- Completion of Building Contract - 8 December 2017
- Post contract fit out - January 2018

By August 2017 the project was running around 12 weeks behind programme. At their meeting on 16 August 2017, the Steering Group were advised of this and that every effort was being made to ensure the building was ready for opening at Easter 2018.

For various reasons, the project continued to slip behind programme and at the end of 2017 the anticipated completion date had been moved back to 25 May 2018.

After submission of the eleventh cost report, submitted in February 2018, the Project Manager met with the internal Project Team to consider emerging cost overrun issues. At that point the project overrun was in the region of £300,000. It was agreed that additional monitoring would be undertaken to determine the definitive position.

By March 2018 the projected cost overrun had increased to £610,000 and the matter was escalated within the Property Team in line with internal procedures. Following review, the matter was referred to the Strategic Leadership Team, on 9 May 2018.

On 28 June 2018 a report was presented to Full Council which confirmed that the projected outturn cost of the project had risen to £4,162,698, resulting in a budget shortfall of £757,540. The report also confirmed that this shortfall would be met from the Development of Industrial and Factory Units line within the Capital Plan.

The report also confirmed that the revised completion date for the main contract was now 29 June 2018, with the fit out programme thereafter, resulting in an opening date of 20 August 2018.

3 Conclusions

3.1 Overview

It is clear from the documentation examined during this review, that there was a desire from all those involved to deliver a high quality restoration of the building, incorporating improvements to general environs. The “can do” attitude displayed by those involved was clear from the start of the project.

This was seen as particularly important given the recent negative impacts on the community in the aftermath of Storm Frank and there was a tangible desire to remedy the situation with the Station building.

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A high importance was placed on delivering a renovation project that would meet the expectations of the community and the wide stakeholder base. The membership of the Project Steering Group, combined with the extensive public engagement throughout the project development, reflected the importance placed on this particular aspect.

Now that the project is complete, it is clear to see that the renovation was carried out to an extremely high standard, a view which seems to be shared by stakeholders.

If the focus is on the end result, it is difficult to see how the project can be considered as anything other than a success.

When the project information is considered holistically, particularly the detailed information from the Quantity Surveyors, the time taken, and the final costs are a fair reflection of the high quality product that was delivered.

While the outcome meets, or perhaps exceeds, initial expectations it is clear that the route to that successful end point was not without difficulty.

In simple terms the project cost more, and took longer to complete, than was initially envisaged.

However, this was anything but a “normal” project, and to consider it through that lens is perhaps unhelpful in understanding the reasons why original target were not met. With the benefit of perfect hindsight and given the novel, historic, nature of the building, the damage caused by the fire, and the broad range of interested stakeholders, it is perhaps not entirely surprising that the initial programme and budget was ultimately over optimistic.

What is clear from this review is that the extra time and additional costs incurred were justified and the conclusion that can be drawn from that is that a cost of the project was a fair reflection of the quality product achieved.

The remainder of this section sets out recommendations to learn lessons for the management of future significant projects, particularly those that sit outside the definition of a “normal” building project.

3.2 Recommendation 1: Review of Construction Management Procedures

The role of the Senior Responsible Officer and the Project Sponsor are critical to the successful delivery of a major construction project. It is therefore essential that there is absolute clarity around their appointment. The Construction Management Procedure provides advice and guidance on the purpose of these roles and the support structures that should be put in place to aid effective delivery, such as the Project Board.

This review should explicitly consider the membership of the Project Board, to ensure that it includes individuals with the appropriate delegated authorities to make active decisions as the project progresses. Consideration should be given to the development of a scheme specific document setting out the delegated authority of the Board as a collective as well as the individuals sitting on it. This document should be clearly linked back to the Scheme of Governance so that authority exercised is auditable.

The overall responsibility for the delivery of a particular project rests with the Senior Responsible Officer, as the Budget Holder, and that is quite correct. Successful delivery of complex building projects does however rely on sound professional advice and support being provided to the SRO. That professional skill set sits within the Head of Property and Facilities Management’s team and it is therefore important that the responsibilities of the SRO and the Head of Property and Facilities

Management are clearly set out in the Construction Management Procedures. The recommended review should aim to provide additional clarity.

Careful consideration should be given in the review of the current procedures to ensure that the benefits of stakeholder involvement can be maintained.

The review of the Construction Management Procedures should ensure that the requirements of the Strategic Change, Capital Plan and HRA Capital Board are reflected in the procedures.

3.3 Recommendation 2 – Review of Project Reporting Procedures

The process followed in seeking formal approval for the cost overrun in this project followed the Scheme of Governance requirements. This process took around three months to complete. During that time works on site progressed as normal.

As ultimately additional funding was approved for the project it was clearly the right decision for the site works to progress as planned.

However, if the funding decision had been different, then during that three month period additional costs would have been incurred that may not have been the will of Full Council.

Delays in construction projects cost money, and on large projects time delays instructed by the Client can quickly accumulate into large sums. It would therefore not be practical, or value for money, for a construction project to be suspended for three months every time the projected outturn cost was expected to exceed the threshold set out in the Scheme of Governance.

Appropriate governance of public money is obviously essential and therefore a balance has to be struck. While it is not within the remit of this Review to develop solutions, there would appear to be an opportunity for the current approach to be refined to be more reflective of the risk profile of an individual project. Applying this “risk based” approach could afford the appropriate Committee the opportunity to vary the “standard” level of delegation to better reflect the needs of that project, or programme of work.

It is therefore recommended that the Scheme of Governance is reviewed to consider ways in which the decision making process could be tailored to balance the good governance requirements with the practicalities of construction project timelines.

3.4 Recommendation 3 – Use of Framework Contracts

There is no doubt that the use of Framework contracts can be helpful in reducing the overhead costs associated with repeat stand-alone tendering for similar work types. This is true for both the Client (the Council) and the Consultant. This should therefore lead to an overall reduction in the cost of delivering programmes of work.

There are also benefits in relation to the timescale, as call offs can be placed with Consultants quickly, providing flexibility to adapt to changing workload pressures on internal staff resources.

However, it is also the case that there are potential pitfalls in this approach if the particular scope of a commission is significantly different to the assumptions contained within the original Framework Contract brief. From the information gathered during this review, it would appear to be the case that this project may have been too “different” from the norm for the Framework Contract Fee Level percentages to realistically reflect the inputs required.

It is therefore recommended that the process used to determine the appropriateness of Framework Contracts is reviewed to ensure that they are only used for projects which meet the assumptions set out in the original contract brief.

3.5 Recommendation 4 – Use of Optimism Bias

Cost control at the design stage is important in any project, and perhaps more so in a historic building renovation where there are likely to be many unknowns.

The estimated cost for this project was regularly reported to Committee as the project moved through the Gateway Stages. This process provides the opportunity for the project estimate to be refined as the detailed project design progresses and the level of unknowns reduce.

To account for the level of unknowns at certain design stages it is common practice to apply varying level so risk allocation and contingencies. As the detailed design progresses it is normal practice for the costs attributed to the risk pot and the contingencies to reduce.

In line with current internal practice the Service applied the standard risk allocation and contingencies to the project estimate as it progressed through the design phases.

With the benefit of hindsight and the actual Tender Values returned it does suggest that this approach did not sufficiently reflect the risks associated with this project.

There is no doubt that this project was not “normal” in terms of technical complexity, pressure on delivery programme, public profile, restriction on specifications to meet funding partners requirements, and breadth of stakeholders. These were all factors that elevated the risks associated with the delivery of the project and all had the potential to impact negatively on the eventual out turn costs.

The review of the Construction Management Procedure should include a review of how Optimism Bias is reflected in the Gateway Process. It is recommended that the guidance including in the Supplementary Green Book Guidance – Optimism Bias is the used as the basis for that review.

3.6 Recommendation 5 – Value Engineering Exercises

At an early stage the Service decided to undertake a Value Engineering (VE) process. This was carried out following submission of the tenders.

A review of the VE documents confirms that this was a well-designed process and provided a valuable opportunity for robust contractor involvement in reviewing all aspects of the design, with a view to reducing costs.

It was however recognised by those involved that as the quality elements of the project were not to be significantly compromised the opportunity for significant savings was going to be limited.

While VE can have considerable benefits, in a novel project such as this it does come with some additional risk. As historic renovation projects have a higher than normal level of uncertainty, they require a greater level of assumptions to be made. These assumptions will normally have been “priced in” to that Tender Values and during the VE exercise it can be tempting for Contractors to trim back the cost associated with those assumptions. While there can be robust justification for such an approach, it can also lead to an increased level of risk.

The output from the VE exercise indicates a wide variation on the level of savings that each Contractor thought they could deliver as a result of the process. It is also worthy of note that the Contractor with the lowest original tender was also the one the highest VE reduction.

It does appear that there was little evaluation of the risk rating of each VE proposal carried out by the Service. This may have led to an over stating of the potential for VE to delivery savings.

Given the unique nature of the project, it may have been prudent for a more cautious approach to be taken, such as “banking” the average VE savings and quoting the remainder as “high risk” potential savings.

The Service should consider potential approaches to include a risk rating on the individual savings identified during a VE exercise. The evaluation of risk should be carried out by the Contractor and reviewed by the Service. Consideration should also be given to developing a mechanism to reflect the risks associated with such savings in formal reporting.

3.7 Recommendation 6 – Pre Tender Design Review

During the construction phase of this project there was a requirement for the Contractor to create a significant number of Requests for Information (RFIs). There was also the need for the Project Manager to issue a significant number of Architect’s Instructions (AI).

While it is not unusual for RFI to be submitted by the Contractor, or for the Project Manager to issue clarification or instruct changes through AIs, the number of each generated on this project does seem to be high, even allowing for the complex nature of this project. It does appear that there was a substantial amount of work required to develop project critical details once the project was on site

A conclusion that can be drawn is that the overall design package was not fully developed at the time of tender. Therefore, the information provided was not sufficient to permit the project to be constructed without the provision of additional information and clarification.

It is common practice for projects to proceed to tender without every detail being fully resolved. There is nothing fundamentally wrong with that approach. However, there is a need for the consequences to be explicitly recognised and accounted for as the project progresses. The impact of Post Tender design changes requires to be allowed for in the work programme of the Design Team and sufficient resources are required to ensure that this does not impact on the project’s Critical Path, or project delivery timescales are likely to be compromised.

It is recommended that the Service review the information considered as part of the Pre Tender Design Review process. It is important that any significant design elements that require further work are identified, recorded and potential resources requirements allocated to the Design Team to ensure they are resolved without impact on the project critical path.

3.8 Recommendation 7 – Variance Controls

Once on-site cost reporting appears to have been carried out in a robust manner. Monthly statements were comprehensive, and the verification of all Contractor Claims were appropriately detailed. Confidence can therefore be taken that all payments made were justified and correctly valued.

While the reporting of cost was good, ultimately there appeared to be very little opportunity to reduce the scope of work, or amend specifications, partially as a result of the restrictions placed by funding partners and the expectations of a wide range of Stakeholders.

More detailed reporting would have provided an opportunity for the Steering Group to take proactive action or escalate these issues to a higher governance level. However, the mechanism to achieve this is not clear within the current project management documentation.

It is therefore suggested that the project management documentation is reviewed to ensure that variance limits, and financial and programme thresholds, are explicitly stated. For each variance level the escalation route should be explicit. This will require to be aligned to the requirements of the Scheme of Governance, which already provides financial thresholds for reporting to Committee.

3.9 Recommendation 8 – Consultancy Support Performance Review

As outlined above there were a large number of Requests For Information (RFIs) raised by the contractor during the construction phase. These required input from the Project Team to provide the necessary information to resolve the issue.

It is clear from review of the site progress meetings that the information flow to the between the Design Team and the Site Team was not always as efficient as it could have been. This was of particular concern when it impacted on delivery critical RFIs.

The Project Manager did raise these concerns at Project Team meetings, but this did not seem to lead to improved performance. In line with internal Service processes the issue was escalated to the Head of Property and Facilities Management who sought assurances that performance would improve.

In addition, the Service also allocated additional resources to the Project Team to support the Project Manager. This was appropriate action and did improve matters.

The Service's internal processes already includes a mechanism for reviewing the performance of external consultancy support.

While there is no doubt that this is useful, consideration should be given to strengthening the process and providing additional clarity as to how this information is used to improve future performance.

APPENDIX C

18031 BALLATER STATION MEMBERS BRIEFING NOTE

29 AUGUST 2019

1 Background

- 1.1 The following briefing note has been prepared following an action raised by Full Council. The **Ballater Station Review – Action Plan** requested that a briefing note be issued to elected members confirming fire prevention measures incorporated as part of the project work undertaken.

2 Fire Protection Measures

- 2.1 The building has a number of improvements from a fire protection perspective. The building has been classified as a 'new build' so all areas of the building have been treated as such. This ensures there is not a historic legacy of old services, materials, etc. which are often a fire risk.
- 2.2 The building was submitted for, and received approval for, a Building Warrant so although the building is 'historic' in appearance it is compliant with current Building Standards.
- 2.3 Actual measures incorporated are as follows:
- 2.3.1 Places of special fire risk are protected from fire by a 1hr enclosure – this includes the commercial kitchen (within the restaurant) and the boiler room (serving all areas).
- 2.3.2 Internally and externally timber linings have been impregnated with a fire retardant coating to ensure the potential for spread of fire is minimised.
- 2.3.3 The fire detection system has been designed to an "L1" category which is the highest level of fire detection category with the aim of protecting life. This is an extracted definition of the category:

*L1 – **Earliest possible fire detection.** Fire alarms should be installed throughout a building to provide the earliest possible warning. This is critical in commercial premises where there are many people present on site.*

In simple terms, the facility has fire detection in every room to ensure that any fire is captured at the earliest opportunity. The alarm is also configured to alert Aberdeenshire Council's central room so that action can be taken immediately.

- 2.3.4 There is a “P” category for fire detection which is aimed at protecting buildings. The highest category of this is “P1” which has the requirement for detection to be in all areas of the building and have the fire service alerted to minimise the damage to property.
- 2.4 The building does not have a fire suppression system installed (ie sprinklers) and was not part of the scope of work costed for. A suppression system is not a requirement for Building Standard compliance – some guidance on fire suppression is given under item 3.
- 2.5 Beyond on the construction of the building, there is the requirement for the users to have fire-fighting equipment at designated locations within the building. The on-site fire-fighting equipment is in place and is regularly checked by the building users.

3 Fire Suppression

- 3.1 Fire suppression is generally used for either the protection of life and / or saving the building fabric.
- 3.2 Fire suppression was considered by the project team early in the project ‘scoping’. The decision was taken not to proceed with fire suppression due to the following reasons:
- 3.2.1 There was no identified requirement for Building Standards
 - 3.2.2 There was no identified requirement for insurance purposes
 - 3.2.3 Water storage for a sprinkler system provided a space issue due to the tight constraints of the site
 - 3.2.3 on-going challenge to deliver the scope of the project to budget
- 3.3 In addition to the cost of installation, there is a revenue implication with a suppression system in that it requires maintenance on a regular basis to ensure it is in safe working order.

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