

In confidence

## PROJECT APPRAISAL

Name of Applicant/Project: **Arnish Phase 1 – Extension of Project Director Role**

♦ Ref: BFB/13/29

### 1. Applicant's Rationale for Development

The HIE Network commenced re-development of the former Arnish Yard in December 2002. In May 2003, the Network appointed additional resources in the form of an external Project Director, to support the Network in the directing and management of the project. The initial appointment was for a 12 month contract with the option to extend further if required.

Halcrow were the appointed Project Directors and their representative worked alongside HIE Network staff based in the Western Isles on a near full-time basis for the initial period of the appointment. The Project Director's role has been to assist with the implementation of the phases of work on-going and the early planning stages for future phased developments.

The scale and complexity of the project has resulted in an extended programme and continuing high demands on WIE staff time. The Project Director input (initially contracted to May 2004) has been augmented by the appointment of various additional short-term resources e.g. health & safety consultants to ensure the necessary technical input was maintained. While the requirement for this role will diminish as the works move towards final completion, some technical input will nevertheless be necessary to finalise matters up to the end of the various contractual obligations and it is therefore proposed to continue the Project Director role on a reducing input, commensurate with these activities.

The Project Director will maintain the range of responsibilities set out in the original commission but it is expected that the main focus of the post in the next period will be in

- Supporting WIE staff in overseeing the various design teams management of final items of construction works including liaison with consultants on snagging, end of defects liability, certifications, commissioning, adoption of services etc.
- Continuation of financial management duties, including overseeing consultant finalisation of accounts, release of retentions, conclusion of scheme budgets and updating of master cost plan.
- Provision of advice on and monitor health and safety standards/practices.
- Provision of advice on necessity and implications of various applicable statutory consents and monitor requirements and securing of any amendments to existing consents.
- Procuring "as-built/installed" and operational documentation and inputting to the establishment of a system to manage same

### 2. Additionality

N/A

### 3. Displacement

N/A

### 4. Reason for assisting project per 'A Smart Successful Scotland – the Highlands and Islands dimension'.

In terms of the HIE Network strategic objectives, the investment at Arnish Point accords with Smart Successful Scotland : the Highlands & Islands Dimension through:

Priorities For Making Global Connections : The Highlands & Islands as a Globally Attractive Location

Priorities For Growing Businesses : Global Success in Key Sectors

The development of Arnish Point forms a core part of WIE's one year and three year Business Plans and additionally makes significant progress towards achieving the aims of "Creating Communities of the Future" a joint HIE, WIE and Comhairle nan Eilean Siar strategy which identifies 6 key inter-related drivers aimed at tackling the economic regeneration of the Western Isles. The extension of the Project Director role is essential to ensuring the successful delivery and completion of Phase 1 of the project.

#### 5. State Aids

N/A

#### 6. Project costs and funding

It is proposed that the Project Director input be extended to cover the period from June 2004 until the end of March 2005. The costs associated with the extension of the appointment for this period is £48,000 plus VAT, inclusive of professional fees and outlays.

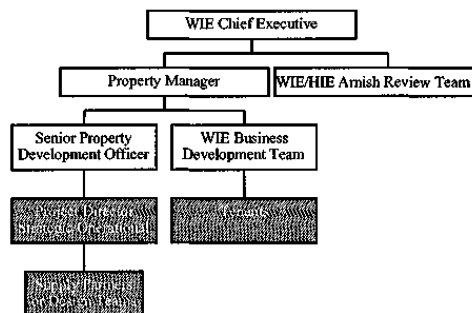
It is proposed that the project costs of £48,000 are funded from WIE's Property budget during 2004/05.

#### 7. Market

N/A

#### 8. Management

The Project Director resource will continue to be managed under arrangements existing under the initial appointment as detailed in the management organisational chart following. The site based accommodation utilised under the initial phase of the works has been de-commissioned and it is therefore proposed that the Project Director be based in the Western Isles Enterprise office for the duration of the appointment, where facilities have been made available.



**9. Financial review and analysis**

N/A

**10. Risk Assessment (to be completed for all cases of ≥£50,000 and all cases below that amount considered to be high risk)**

The project is the extension of an existing arrangement and is considered to be of low risk under each of the categories of Financial, Reputational and Operational risks.

<i>Risk factor</i>	<i>Risk rating</i>	<i>Comments</i>
Financial	L/M/H	Low
Reputational	L/M/H	Low
Operational	L/M/H	Low
Overall risk rating	L/M/H	Low

**11. Key conditions relevant to legal documentation**

N/A

**12. Recommendation**

It is recommended that funding of £48,000 plus VAT for the project as outlined above is approved from WIE's Global Connections Property Budget, for expenditure to be incurred during 2004/05.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

*In recommending this paper, I confirm that due diligence has been undertaken.*

Approved: \_\_\_\_\_ Date: \_\_\_\_\_

*In approving this paper, I confirm that due diligence has been undertaken.*

**Note of Directors' and staff interests**

None