

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Contract Award Recommendations Report in respect of 'Granton Station refurbishment'

Executive/routine Wards Council Commitments	Executive Forth 2, 6, 7, 15
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee approves the award of a contract in respect of the 'Granton Station refurbishment' for a cost of up to £4.75m to Kier Construction Limited utilising the SCAPE Minor Works Framework.

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Executive Director of Place

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Report

Contract Award Recommendations Report in respect of 'Granton Station refurbishment'

2. Executive Summary

- 2.1 This report seeks approval to award the contract for 'Granton Station refurbishment' to Kier Construction Limited for a cost of up to £4.75m. The works will bring the historic former Granton Station building back into use as an enterprise hub and the derelict land in front of the building back into use as a high quality public square. It is anticipated that works will complete in late-2021/early-2022.

3. Background

- 3.1 Granton Station is a 1900s B-listed former railway station located at 10 Waterfront Broadway in the Granton neighbourhood of Edinburgh. The station closed in 1942; the building has been largely disused since then and is now in poor condition.
- 3.2 The City of Edinburgh Council acquired Granton Station in 2018 as part of its strategic acquisition of the Forthquarter portfolio from National Grid Property.
- 3.3 In [June 2019](#), the Housing and Economy Committee awarded £1.013m from the Town Centre Fund towards the first stage of a refurbishment of Granton Station. As a condition of the funding agreement with the Scottish Government, the Council was required to contractually commit the funds by 31 March 2020 (later extended to 31 March 2021). Due to the tight timescales, the Council proposed to directly appoint Kier Construction Limited using the Scape Minor Works Framework to carry out the refurbishment on a design and build basis. A project request form was signed on 19 November 2019 and a project order form was signed on 8 January 2020.
- 3.4 On [19 November 2020](#), the City of Edinburgh Council agreed to allocate £0.747m from the second round of the Town Centre Fund towards public realm works at Granton Station, representing a total of £1.760m from the Town Centre Fund. A further £0.250m of Town Centre Fund cash was allocated to the project in February 2021.
- 3.5 With other identified funding, the Council now has a budget of up to £4.75m to carry out the refurbishment of Granton Station, as well as to deliver an enhanced public realm outside the building. As the project budget now exceeds £2m, the authority of the Committee is required for the contract to be awarded.

4. Main report

- 4.1 As set out above, the Council has identified a budget of up to £4.75m to deliver the 'Granton Station refurbishment'.
- 4.2 Of the above sum, £2.010m must be contractually committed by 31 March 2021 or it will require to be returned to the Scottish Government under the terms of the funding offer.
- 4.3 As the initial budget for the project was under £2m, it was determined to directly appoint Kier Construction Limited given the timescales for contractual commitment.
- 4.4 The deadlines for expenditure of the remaining funding are less onerous, so in principle, the Council could phase the works and enter into a competitive tendering exercise to appoint a contractor to deliver the works concerned with this funding.
- 4.5 However, for the below reasons, it is considered that the best approach would be to directly award the full contract to Kier Construction Limited:
 - 4.5.1 They (and the design team they have subcontracted) have a strong understanding of the site given their work on it over the past year. An alternative supplier would require time to acquaint themselves to the same degree and would require greater support from Council officers; and
 - 4.5.2 Splitting the works across multiple suppliers would mean arbitrarily phasing the works, creating additional costs (such as requiring worker accommodation to be deployed and removed twice). Conversely, there are economies of scale associated with having one supplier carry out all works.
- 4.6 The cost plan for the project was being finalised as of February 2021 via further market testing. Should the final costs exceed the available budget, the Council will carry out value engineering to deliver the project within the available budget envelope.
- 4.7 The Council has appointed Robinson Low Francis as an independent cost consultant on the project. Robinson Low Francis is reviewing the costs quoted by Kier to ensure these are cost effective and represent best value for the Council and will have an ongoing role in the project reviewing costs and identifying opportunities for value engineering and other improvements.

5. Next Steps

- 5.1 Should the Committee approve the award of contract, the Council will negotiate and enact a contract with Kier prior to the deadline of 31 March 2021, with a maximum value of £4.75m.
- 5.2 Subject to approval, it is anticipated that work would commence on site in May 2021 and complete in late-2021/early-2022.

- 5.3 The Council has appointed Robinson Low Francis (via competitive tender) as an independent cost consultant and will appoint a clerk of works to ensure value for money and quality are delivered over the course of the contract.

6. Financial impact

- 6.1 The Council has identified a maximum budget of up to £4.75m to deliver the Granton Station refurbishment, made up of Town Centre Fund cash (£2.010m), Regeneration Capital Grant Fund cash (£1.236m), and capital funding from the Strategic Housing Investment Fund (£1.50m).
- 6.2 The costs of delivering the Granton Station refurbishment are being finalised in line with finalising the designs for the building and square but it is considered that the project can be delivered within the available funding, with value engineering to be carried out if necessary should final costs be higher than projected.
- 6.3 If the Council does not contractually commit the £2.010m of Town Centre Fund monies to the Granton Station refurbishment by 31 March 2021, it will require to be returned to the Scottish Government unless it is contractually committed to another project (which would be very challenging in this timescale).
- 6.4 A check on Kier's financial stability has been carried out as a matter of course. The check was passed.

7. Stakeholder/Community Impact

- 7.1 The project will deliver a new public square benefiting the community of Granton Waterfront.
- 7.2 As part of the agreement of a contract with Kier, they have committed to six work experience placements, college and school visits to a minimum of 45 pupils, a minimum creation of three new jobs for local people, three new apprenticeships and a number of CPD and training events for their employees and supply chain.
- 7.3 Should they be appointed, Kier will be asked to sign the Council's Construction Charter which obliges contractors to adhere to high standards in terms of fair work practices, health and safety, standards of work, and apprenticeship training.
- 7.4 It is anticipated that as many as 30 subcontractors will be involved in the project, creating opportunities for small and medium-sized enterprises (SMEs).

8. Background reading/external references

- 8.1 ["Town Centre Fund - Additional Allocations" – report to the City of Edinburgh Council, 19 November 2020](#)

9. Appendices

None.