

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Award of Contract for Restoration of Granton Gas Holder

Executive/routine
Wards
Council Commitments

Executive
Forth

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Approve the award of contract to McLaughlin & Harvey Limited following a competitive process under the Crown Commercial Service Procurement Framework to restore the Granton Gas Holder and create new public realm;
 - 1.1.2 Note the works will be up to a contract value of £18.887m split into restoration works to the gas holder frame (£17.903m) and a provisional sum for the delivery of the public realm package (£0.984m);
 - 1.1.3 Note that, as set out in section 6.2, funding currently secured for the project will be prioritised to complete the restoration works to the gas holder frame, with the works to complete the public realm instructed as additional funding is secured; and
 - 1.1.4 Approve the transfer of the Gasholder and the plot it resides upon from the Housing Revenue Account (HRA) to the General Fund prior to the commencement of the restoration and public realm works.

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Executive Director of Place

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Award of Contract for Restoration of Granton Gas Holder

2. Executive Summary

- 2.1 The Granton Gas Holder forms a key component of the Granton Waterfront regeneration, which over the next 10-15 years will create a new sustainable coastal town for Edinburgh and the City Region.
- 2.2 This report seeks approval to appoint McLaughlin & Harvey Limited following a competitive process carried out under the Crown Commercial Service Procurement Framework to restore the Granton Gas Holder and create public realm, up to a contract value of £18.887m.

3. Background

- 3.1 The Council acquired the Granton Gas Holder as part of its purchase of the Forthquarter site from National Grid in March 2018. A condition of the purchase was that the gas holder would be comprehensively restored.
- 3.2 Following the approval of the Granton Waterfront Development Framework by Planning Committee on [26 February 2020](#), the restoration of Granton Gas Holder was identified as a key project to unlock and enable the surrounding land within the development area.
- 3.3 On [5 October 2021](#), the Policy and Sustainability Committee approved the findings of the Granton Waterfront Regeneration Outline Business Case which outlined how the restored gas holder provides an early opportunity to lead on placemaking.
- 3.4 On [10 June 2021](#), the Policy and Sustainability Committee agreed to submit the Granton Gas Holder restoration to the UK Government Levelling Up fund 2021/22 funding round. The fund aims to provide capital investment in local infrastructure to encourage economic recovery and growth. The application was successful and secured £16.483m of funding.
- 3.5 On [4 August 2022](#), Housing, Homelessness and Fair Work Committee approved the provisional allocation of £1.259m from the Council's Place-based Investment programme to the Granton Gas Holder project.

4. Main report

- 4.1 The Granton Gas Holder forms part of the wider Granton Waterfront regeneration which will create a new coastal town, home to around 8,000 people on Edinburgh's waterfront. It will deliver around 3,500 net zero homes, a primary school, a health centre, a low carbon heat network, commercial and cultural space and a new coastal park. These new uses will be supported by new cycling and walking routes and enhanced public transport connections. Through exemplar urban design and planning, the realisation of benefits associated with achieving a 20-minute neighbourhood with enhanced connections to the city and wider region will create a truly outstanding place to live, work, learn and visit.
- 4.2 A contractor is required to restore the Granton Gas Holder and create high-quality public realm within the structure.
- 4.3 The restored structure will become a key anchor for phase one of the regeneration, acting as an enabler for the surrounding plots which will deliver; private and affordable housing, a new medical centre, a new primary school, the first phase of a low carbon heat network and commercial space. The project will ensure place-making is achieved from the outset while restoring and stabilising the structure so that the plots surrounding the gas holder can be built out safely.
- 4.4 The UK Levelling Up Fund was launched by UK Government on 11 March 2021 and the Granton Gas Holder was identified for inclusion in a bid package for Edinburgh. The bid for the gas holder was successful in securing £16.483m of funding which is required to be spent by 31 March 2024.
- 4.5 The procurement of a two-stage design and build contract was progressed to ensure that the funding can be drawn down and spent within this timescale.
- 4.6 With the support of Commercial and Procurement Services, the contract was tendered utilising the Crown Commercial Service Procurement Framework. The contract was split between pre-construction and construction services:
 - 4.6.1 Pre-construction Services: Full design team services including all associated studies, site investigations, submission of all statutory approvals, the preparation of a tender proposal for the main works and pre-start consents including scaffold design and discharge consents; and
 - 4.6.2 Construction Services: Construction of the approved design to an agreed specification and cost.
- 4.7 The Council received two tenders and following an evaluation process, McLaughlin & Harvey Limited was deemed the preferred bidder.
- 4.8 Pre-construction services commenced in October 2021 and concluded in October 2022 with the submission of the contractor's proposals.
- 4.9 Listed Building Consent for the restoration of the frame was approved in August 2022 and an application for planning permission for the public realm has been submitted.

- 4.10 Extensive surveys, intrusive trials and virtual modelling has been carried out to fully understand the scope of the restoration. This has allowed a fixed priced lump sum contract to be agreed for the restoration works.
- 4.11 Due to current funding availability and the Council's approach to risk, the contractor's proposals have been broken down in to two main work packages:
- 4.11.1 Package One - Site decontamination, removal of redundant structures, infilling of gas storage bell, restoration and painting of steel structure, feature lighting and drainage.
- 4.11.2 Package Two - High quality public realm, including, leisure and commercial space, associated landscaping and planting, permanent feature and amenity lighting.
- 4.12 The public realm elements of the scheme, Package Two, will be included within the contract as a provisional sum until such time when the Council has secured additional funding.

5. Next Steps

- 5.1 Subject to approval by the Finance and Resource Committee, McLaughlin & Harvey Limited will be appointed to carry out the construction services.
- 5.2 It is anticipated that construction will commence in January 2022, for a duration of around 16 months.
- 5.3 Additional funding for the public realm as set out in section 4.11.2 is being sought from the Scottish Government's Vacant and Derelict Land Fund to tie in with the overall programme of delivery and allow for this element of the project to be delivered within these works. A second stage bid application has been submitted and the Council awaits the outcome of this over the next three to six months. If successful, this will secure up to £1.3m of further grant funding.

6. Financial impact

Pre-construction and construction stages

- 6.1 The works cost has been prepared and market tested by McLaughlin & Harvey with the Council's independent cost consultant providing critical scrutiny to ensure best value.
- 6.2 The funding currently secured has been prioritised to complete the restoration works to the gas holder frame and site enabling. The projected financial position is set out in the table below:

Costs	£m
Pre-construction costs incurred to date	0.926
Package One – decontamination, restoration of frame, feature lighting, demolition of bell and infill, drainage solution.	17.903
Additional fees including cost consultant, specialist clerk of works, archaeological services and contingency	0.744
Total Cost	19.573
Funding	
Levelling Up Funding	16.483
Council capital funding (Housing Revenue Account (HRA))	1.831
Place Based Investment Programme	1.259
Total Funding	19.573

- 6.3 Work Package Two relating to the delivery of public realm is currently accounted for as a provisional sum of £0.984m in the total contract value and will be instructed within this contract if additional funding is secured over the next nine months. The project team have submitted an application to the Scottish Government’s Vacant and Derelict Land fund which if successful, will allow this package to be undertaken.
- 6.4 Restoring the gas holder was a key condition forming part of the purchase of the Forthquarter site from National Grid. It forms a key intervention in advance of phase 1 of the Granton Waterfront regeneration to ensure place-making is optimised and that the surrounding plots can be built out safely. The £1.831m HRA contribution will allow for the phased delivery of new social and other affordable homes to progress in conjunction with key infrastructure and services.

Operational maintenance and lifecycle costs

- 6.5 In order to reduce lifecycle costs, a four-layer paint specification with 15 years to first maintenance has been proposed. Within the first 15 years, it has been recommended that in order to maintain the structure and public realm in good condition, a budget of £15,000 per annum should be set aside.
- 6.6 The key future lifecycle expenditure for the structure is estimated as a total of £2.9m between years 15 and 25.
- 6.7 The gas holder plot is currently on the HRA asset portfolio. Prior to commencement of the restoration and public realm works, it is proposed that this plot is transferred to the General Fund (GF) asset portfolio. Once completed, the public realm will attract revenue streams from, for example, concessions, pop up commercial activities, meanwhile and festival uses etc. Informal discussions have taken place with a number of festival organisers who have expressed strong interest in the opportunity to hold events in the area in and around the gas holder.
- 6.8 Any income generated will be allocated to a maintenance fund for the structure and associated public realm for the annual and longer-term life cycle costs. This will

ensure that the environment remains safe, welcoming and attractive to operators, community and visitors alike in the long term.

7. Stakeholder/Community Impact

Consultation

- 7.1 Significant consultation was undertaken with stakeholders and the local community during the development of the [Granton Waterfront Development Framework](#).
- 7.2 Public consultation for the gas holder was carried out in February 2022 as part of the Planning process.
- 7.3 The Council used online consultation tools as well as an in-person event at the Morrisons Supermarket adjacent to the gas holder on Waterfront Broadway.
- 7.4 The Council's Consultation Hub was used to engage stakeholders, share information and collect comments and feedback.
- 7.5 The consultation was advertised on various platforms and The Granton Waterfront Regeneration mailing list was notified of the consultation, including details of how they could contribute.
- 7.6 Following this consultation, feedback was collated and incorporated into the design.

Sustainability and Placemaking

- 7.7 In order to realise the ambitious vision for Granton Waterfront, the Council has stipulated a high specification for the restoration and public realm including generous and high-quality green space, active travel infrastructure, and high-quality materials.
- 7.8 The site has been designed to champion the Council's [Vision for Water Management](#) and features Sustainable urban drainage including basins and filter drains to create a climate resilient community.

Community Benefits and Fair Works Practices

- 7.9 The Contractor appointed is required to support the Council's economic and social regeneration strategic goals and to deliver community benefits that are shaped by local context and the needs of the local community.
- 7.10 McLaughlin & Harvey Ltd is an accredited Real Living Wage employer and has also signed up to the Scottish Business Pledge, demonstrating an ongoing commitment to fair and progressive business practices. It has also committed to the Council's Construction Charter.
- 7.11 As part of the procurement process McLaughlin & Harvey Ltd committed to the following community benefits:
 - 7.11.1 Support for local community charities including mentoring, volunteering and supporting local third sector organisations and community food banks;

- 7.11.2 Educating and providing outreach support to local students through training, site visits and construction related courses;
- 7.11.3 Employability and skill support through the appointment of two modern apprentices, a number of work experience placements and targeted recruitment aimed at helping Long Term Unemployed Persons back into work;
- 7.11.4 Sponsorship and Funding opportunities with £11,000 committed to local community groups; and
- 7.11.5 Supply chain and business collaboration support through Meet the Buyer Events, use of a social enterprise and targeted supply chain opportunities which aim to support local Small to Medium Enterprises.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 None.