

# Finance and Resources Committee

10.00am, Thursday, 9 December 2021

## Waiver for Award of Contract for Design and Build of Improvement Works to Craigmillar Town Centre

Executive/routine	Routine
Wards	17 - Portobello/Craigmillar
Council Commitments	<u>2</u>

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee notes:
  - 1.1.1 The award of the contract for the Design and Construction works at “Walk-Up” Avenue, Craigmillar to New Practice Ltd by the Executive Director of Place in consultation with the Convener and Vice-Convenor of the Committee under urgency provisions as set out in paragraph 4.1 of the Committee Terms of Reference and Delegated Functions; and
  - 1.1.2 This is a Contract Standing Orders waiver extension to an existing waiver which was approved by the Executive Director of Place and the then Executive Director of Resources on 16 February 2021 and increases the waiver value from £170,000 to £700,000.

**Paul Lawrence**

Executive Director of Place

Contact: Elaine E Scott, Housing Services Manager

E-mail: [Elaine.Scott@edinburgh.gov.uk](mailto:Elaine.Scott@edinburgh.gov.uk)

## Waiver for Award of Contract for Design and Build of Improvement Works to Craigmillar Town Centre

### 2. Executive Summary

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- 2.1 The Craigmillar Meanwhile Project will transform an unused site in the heart of Craigmillar Town Centre into a place that can be enjoyed by the entire community. Two commercial units are proposed and set within a wider green space with a sculptural entranceway providing access to seating, informal play, events space and a stage pavilion.
- 2.2 The initial budget estimate for the project was based on the amount allocated by the Scottish Government's Town Centre Fund (TCF) - £170,000 and a waiver was put in place to cover this. As the project progressed, the design evolved to provide a genuinely unique offering for the community and local businesses alike, other funding sources also became available therefore the scope expanded. Current construction market volatility/material prices have been reflected in the tender costs received from the market. The revised budget to deliver on all the objectives, and to avoid loss of funding, has been reset at a more realistic level of £700,000. This will also allow proper infrastructure/utilities to be installed on the site for long term community use.
- 2.3 The contract was awarded to New Practice Ltd under urgency provisions, on 4 November 2021 with the contract taking effect the following day. This ensured the project retained much needed funding from the TCF and Place Based Investment Programme (PBIP). It also ensured funding from NatureScot could be utilised once the formal offer was received. There was a risk that all these funding streams would no longer have been available if the Council was unable to award the Contract on this date.
- 2.4 The value of the overall waiver reflects a 10% contingency and allows for the construction of a second commercial unit, should additional funding source be found. The second unit will not be built if additional funding is not secured.

### 3. Background

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- 3.1 In [November 2020](#) the Council agreed to allocate £170,000 of the TCF for a meanwhile project on a vacant site Craigmillar. The fund aims to enable local

authorities to stimulate and support place-based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships.

- 3.2 The grant funding conditions required that the funding was committed by end of March 2021. In order to deliver this bespoke project within the grant funding deadlines, the consultant New Practice Limited was appointed using a waiver to design and deliver the project in February 2021.
- 3.3 The Craigmillar Meanwhile Project aims to transform an unused site in the heart of Craigmillar Town Centre into a place that can be enjoyed by the entire community and support the wider regeneration investment in the Craigmillar area so far. It will be a multi-use, community-based, public space and will provide commercial opportunities to support small businesses in the area, while providing a space for people to meet outdoors in the town centre. The project is known as “Walk Up” Avenue.
- 3.4 Two small commercial units are proposed and set within a wider green space containing seating, informal play, events space, a growing area, a stage pavilion and a sculptural entranceway. See proposed design at Appendix 1.
- 3.5 This is a unique and bespoke project requiring expertise in both community and local business engagement as well as experience in design and delivery of meanwhile use projects. New Practice is a Glasgow based architecture practice which specialises in developing the creative capacity of cities and has demonstrable experience in delivering this type of project for other public sector agencies based on public consultation, creative engagement and intervention that offers social and environmental sustainability.
- 3.6 Due to the timeframe required by the Scottish Government funding and specialist nature of the design and works, a waiver was approved in February 2021 to allow the project to commence through the design stage. It was deemed critical to the success of the project to appoint New Practice Ltd as they had significant experience in similar projects.

## **4. Main report**

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- 4.1 New Practice published the bespoke design for tender in the summer of 2021. Two returns were received. Discussions have progressed with the lowest priced contractor and it has been demonstrated that materials and labour prices are increasing every month. In order to ensure that the project could continue, and a meanwhile use delivered on the site, additional funding has been applied for and awarded. This comprises £60,000 from the PBIP and around £95,000 from the NatureScot Rain Garden and Biodiversity fund. All of these funds require the funding to be spent by the end of this financial year. Additional funding streams will continue to be investigated.
- 4.2 Value engineering and redesign work is ongoing and additional funding streams being pursued. Following the waiver approval, a works contract has been let via

New Practice. This has allowed materials to be ordered, reducing the risk of project prices increasing further.

- 4.3 The value of this revised waiver is above the current value of the contract so that if additional funding is secured then additional elements of the project can be provided on a phased basis using the same project team to provide consistency and build on the current design without the need for further approvals.
- 4.4 The contract was awarded to New Practice Ltd under urgency provisions, on 4 November 2021 with the contract taking effect the following day
- 4.5 If this waiver had not been progressed under the urgency provision there was a high risk that materials prices would have continued to increase resulting in less being achieved on the site within the project budget. In addition, there was a high risk that a contract would not have been placed in time to commence work on site in time to deliver it by the end of the financial year. This could have resulted in all three different grant funding sums being lost.
- 4.6 The procurement risk is low given the value of the construction works which is below the threshold of regulated activity set by the Public Contract (Scotland) Regulations 2015.

## **5. Next Steps**

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- 5.1 Following the contract award a detailed programme has been agreed with the contractor, with works expected to commence on site in winter 2021/22 and the space scheduled to open for public use in Spring/Summer 2022.
- 5.2 The planning permission for the project is for five years. The impact and achievement of the project will be reviewed and if successful, an application to extend the planning permission will be submitted.

## **6. Financial impact**

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- 6.1 The Waiver extension allows for a maximum for £700,000 to be spent on this project in total and includes a 10% contingency. The current available budget is approximately £510,000 and comprises funding from TCF (£170,000) and PBIP (£60,000) grant funds, NatureScot Raingarden and Biodiversity grant fund (approximately £95,000) and a contribution from the Housing Revenue Account (approximately £185,000). This identified funding will enable phase 1 to be built, which includes one of the commercial units, hard and soft landscaping with embedded biodiversity raingarden, sculptural entranceway, seating, informal play space and equipment, events space and stage pavilion to be provided.
- 6.2 An additional £117,000 is needed to build phase 2, which would be the second commercial unit. Funding for this element has not yet been identified but this waiver extension will enable any additional funding source that may be secured to be utilised without the requirement for further approvals.

## **7. Stakeholder/Community Impact**

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- 7.1 The project will make use of an unused site in the heart of the Craigmillar regeneration area. It will add to the variety of facilities and services on offer in the area. There is elected member support for the project, demonstrated by the allocation of the initial TCF and PBIP grant funding. Public engagement has taken place online and via workshops with local schools getting involved in the design for the sculptural entrance design.
- 7.2 The project will enable additional grant funding to be utilised in Craigmillar to provide additional services and resources for the communities in Craigmillar and surrounding areas. The project will help support new businesses, which could create additional jobs in the area. The project will support the existing businesses in the Craigmillar Town Centre area by creating a public space for residents to spend time with seating, access to the adjacent children's play park and in turn increasing footfall to the town centre. New Practice Ltd are an accredited living wage supplier and have committed to paying workers involved in the delivery of this project the Real Living Wage.
- 7.3 New Practice Ltd have provided assurances with regards to the staff used on this contract, particularly with regards to zero hours contracts not being utilised.
- 7.4 A named representative from New Practice Ltd will liaise with the Council's contract manager to ensure effective delivery of Community Benefits. The community benefits offered include opportunities for local employment, community engagement and use of local supply chain.

## **8. Background reading/external references**

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- 8.1 None.

## **9. Appendices**

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- 9.1 Appendix 1 – Indicative Layout of Meanwhile Use Site.

## Appendix 1: Indicative Layout of Meanwhile Use Site

