

EAST RENFREWSHIRE COUNCILCABINET4 February 2021Report by Director of EnvironmentCITY DEAL: BALGRAYSTONE ROAD PROJECT**PURPOSE OF REPORT**

1. The purpose of this report is to advise on the current position of the Balgraystone Road City Deal project and an associated increase in expenditure. The road is now complete and open.

RECOMMENDATIONS

2. It is recommended that Cabinet notes:-
- the considerable additional betterment provided through the revised project;
 - the contract compensation event changes in relation to redesigns and on-site conditions
 - that a further report regarding the scope, timescales and costs for all City Deal projects will be submitted to the Cabinet in the near future.

BACKGROUND

3. The £1.13 billion City Deal infrastructure fund across the Glasgow City region is aimed at enabling a programme of works that will greatly add to the value of the local regional economy over a number of years.

4. East Renfrewshire is benefiting from a £44 million investment package comprising £38 million investment from the Scottish and UK Governments and co-funded by the Council through a £6 million capital contribution.

5. The focus of the programme is to provide infrastructure in support of the planned growth of Newton Mearns, sustain the regeneration of Barrhead and to transform the Dams to Darnley Country Park into a popular visitor attraction.

6. In terms of the £44 million City Deal investment, a programme of ambitious projects has been developed which will stimulate economic growth in East Renfrewshire, improve transport links, increase leisure opportunities, support business development and unlock residential land. The investment will generate economic benefits and additional Gross Value Added (GVA) and employment.

7. The Council's overarching programme is entitled the M77 Strategic Corridor Programme. This comprises several projects one of which is the Balgraystone Road project.

8. The Balgraystone Road project provides essential access to the Council's land at Barrhead South enabling early phases of residential development through the creation of a new access road adjacent to St Luke's High School, two traffic light junctions and an active travel link. Specifically the project will:

- Open up new residential development opportunities, including access and utility services for 200 homes to support the regeneration of Barrhead, the first phase of which will include a development of over 40 council houses.
- Improve access to Dams to Darnley Country Park and the proposed new rail station, enabling a rail and bus interchange.
- Along with planned improvements to Aurs Road, this project supports the wider long term economic objective of delivering a new sustainable community in Barrhead South of up to 1050 new homes within the next decade.

9. In March 2018 the Council made provision of an overall sum of £12.564 million in its General Fund Capital Programme in relation to the City Deal Barrhead station project. The station project included a proposal for a major upgrade of Balgraystone road.

10. In February 2019 this was broken down in the General Fund Capital Programme into a roughly estimated £2.21 million for Balgraystone road and a remaining balance of £10.354 million for the station.

11. The estimated £2.21 million for Balgraystone road was for the physical construction of the road. This estimate was always subject to final design, project constraints and eventual returned tender costs.

12. The other fees as part of the project including; design fees to prepare the design of the road, site supervision fees to supervise and oversee the project on site, consultancy fees relating to Ecology reports and other pre-work reports, City Deal staff costs, ground investigation costs, business case preparation costs, utility payments (payments to install Gas, Electricity, BT etc.) all remained within the budget line of £10.354 million for the station.

13. The contract for the road construction was let for £1.769 million and work started in June 2019. Completion of the project was originally scheduled for December 2019. However, due to a number of challenges completion was subsequently delayed until October/November 2020.

14. Glasgow Region City Deal projects are required to be procured through the use of NEC3 engineering & construction contracts. In this type of contract there is provision for the contractor to claim additional time and payment for events which do not arise from the contractor's fault and entitle the contractor to be compensated for any effect the event has on prices, the completion date or another key date. Such occurrences are called 'compensation events'. In addition the term compensation events also includes where the Council makes changes to the project such as increasing the scope.

15. For a number of reasons outlined below the contract cost increased from £1.769 million to £3.242 i.e. an increase of £1.473 million through betterment and added value and the application of compensation events. This compares with the existing capital provision referred to above of £2.21 million. (The revised contract cost therefore exceeds the existing estimated City Deal capital provision for Balgraystone road by £1.032 million).

16. The project scope was increased as time proceeded and issues became clearer to add betterment to the project and resolve existing issues in the area, future proof the site for further development and provide more benefits for residents and visitors including disabled people. For example, the increased scope of the project has provided the following benefits:-

- An updated and enhanced Balgraystone Road with raised/level pedestrian crossing facilities,(Development Contributions)
- A full 3.5m wide active travel link from Dams to Darnley Country Park car park to Springfield Road, including new traffic lights designed to assist cyclists and pedestrians (Development Contributions)
- A bus interchange for the proposed railway station, to increase accessibility for users of the Country Park and the rail station (Development Contributions)
- A foul waste pumping station relocated to serve the Council's Council housing development providing space for an additional 9 Council houses, (Housing contribution)
- Improvement to the collection of surface water drainage below the railway bridge and at St Luke's High School which have been ongoing problems.(Roads contribution).
- The improvement of the car park at St Luke's High School including, new road gullies, resurfacing and improved layout and traffic management resulting in more car spaces and safer environment for children entering and leaving the school (Developer Contributions)
- Extension of the water supply pipe south of the railway to future-proof supply to the proposed D2D Park visitor facilities and the rail station (Developer contributions).

17. Although the additional works have resulted in increased costs significant benefits have been delivered to the local area and the project still demonstrates value for money. These works were not included in the original cost estimate of £2.21 million, are additional and amounted to £670,000.

18. These will be funded separately from appropriate contributions from existing Roads and Housing capital budgets (approximately £200,000 in total from both sources) and developer contributions (£470,000) totalling £670,000. This is an appropriate use of developer contributions and the existing Section 50 Legal Agreement in relation to the Miller Homes development in Barrhead South for the provision of or improvement to or ongoing costs for leisure, sports, parks and open space, Dams to Darnley (including rail), paths, network and integration within Barrhead and Dams to Darnley. The extra improvements comply with the requirements of the development contributions agreement as the work has improved integration and access to D2D Country Park by walking and cycling, improved access to the D2D car park at the top of Balgraystone Road, improved access to the railway station for disabled residents, walking and cycling, etc.

19. A requirement for other further work was only realised when on site and could not be foreseen by any party until the contract was on site – COVID delays, utility company delays, discovery of unknown ground conditions etc. These works amounted to £414,000.

20. In addition, several elements of the scheme required to be redesigned. This was caused by various reasons such as more information being discovered when on site and assumptions being made at the design stage of the project having to be changed when actual site conditions were known. These amounted to £408,000. Added together these two elements amount to £822,000 (£414,000 and £408,000). Finally there were savings of around £20,000 bringing the net additional cost of these two elements to £802,000.

21. In conclusion therefore the current funding position is as follows;
- Original contract price £1,769,000.
 - Compensation events/changes £1,473,000
 - Revised contract price £3,242,000.
 - Funding contributions towards the project from existing capital programme resources and developer contributions £670,000.
 - Remaining element to be funded £2,572,000 (£3,242,000 less £670,000)
 - Existing provision within the approved capital programme £2,210,000.
 - Shortfall of £362,000 (£2,572,000 less £2,210,000)

There is no impact on the overall total capital budget for all City Deal projects.

22. Given all the circumstances it is proposed that an adjustment be made to the existing allocation of resources within the General Fund Capital Programme between the proposed new Barrhead railway station and Balgraystone road to reflect the current situation and provide clear visibility around the full cost of the Balgraystone road project including design fees, project management costs and staff related costs. This will be addressed in a further report (see below).

23. Due to the coronavirus issues affecting all councils the Glasgow City Region Project Management Office has asked all Glasgow City Region councils to update and/or re-profile their projects in relation to costs and timelines. Staff within the Environment Department are currently working on this.

24. A full report updating all of the City Deal projects in relation to scope, timescales and costs will be submitted to the Cabinet in the near future.

25. Given all the circumstances staff training has been arranged for NEC 3 contracts and Council Contract Standing Orders and Financial Regulations.

RECOMMENDATIONS

26. It is recommended that Cabinet notes:-
- the considerable additional betterment provided through the revised project;
 - the contract compensation event changes in relation to redesigns and on-site conditions
 - that a further report regarding the scope, timescales and costs for all City Deal projects will be submitted to the Cabinet in the near future.

Convener – Councillor Tony Buchanan

Further information can be obtained from Gillian McCarney Head of Environment (Chief planning officer) or Gillian.McCartney@eastrenfrewshire.gov.uk.