

**26 February 2018**

**Agenda Item: 7**

## **REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES**

### **LATEST ESTIMATED COSTS – DEMOLITION OF THE FORMER GROVE LEISURE CENTRE, NEWARK**

#### **Purpose of the Report**

1. To advise Committee of the Latest Estimated Cost (LEC) for the works to demolish the former Grove Leisure Centre in Newark, and seek approval to the variation of the capital programme to reflect those costs.

#### **Information**

##### **Project details**

2. An order was raised to Arc Partnership in October 2016 to demolish the Former Grove Leisure Centre in Newark and the adjacent Young Peoples Centre in order to facilitate redevelopment of the site.
3. The value of the order raised was for £750,000. The works were to include the demolition of the buildings to slab level to retain foundations and associated hard-standings. The former swimming pool basin was to be filled and all demolition material to be removed and disposed or recycled. Existing utilities and services were to be capped off and isolated.
4. The project is managed using best practice project management methodology (Prince 2) with project reviews and sign-off at key milestones with all key stakeholders which meet the Gateway Review standards.
5. The works are carried out using the East Midlands Property Alliance (EMPA) framework. Under this framework Arc Partnership technical staff undertake the detailed design work and the demolition is carried out by the successful contractor, for which the Project Team control costs.
6. The demolition works started on site in July 2017 with a provisional completion date of December 2017.
7. The cost of the original demolition works is set out below and the fees shown are for all professions involved in the project. These figures are currently reflected in the 2016/17 and

2017/18 Children and Young People's capital programme:

Demolition works	677,629.00
Professional fees	72,371.00
<b>Total</b>	<b>750,000.00</b>

All of the expenditure on the original scheme was to take place in financial years 16/17 and 17/18, although the majority of the spend was due to occur in 2017/18.

8. The professions involved in this project from Arc are:-

- Architect
- Landscape Architect
- Mechanical Engineer
- Electrical Engineer
- Quantity Surveyor
- Structural Engineer
- CDM Co-ordinator
- Project Manager

#### **Unforeseen changes to the project**

9. The asbestos removal element of the main contract works was progressing on site but no demolition works had commenced, when on the evening of 15<sup>th</sup> September 2017 there was a fire within the former leisure centre building. This fire is believed to have been started by trespassers onto the site, and the police continue their investigations into this issue.
10. The fire affected all buildings forming the Grove Leisure Centre and the Balderton Youth Centre. The main swimming pool, changing rooms, offices, reception and sports hall were razed to the ground. The Balderton Youth Centre and the Leisure Centre squash courts remained standing but were severely affected by the smoke and fire.
11. All the affected areas included asbestos containing materials, and unfortunately as a result of the fire, and unlike the Rolleston Drive site where this material still remained well contained, at the Grove the asbestos containing material has been distributed across much of the debris, and therefore a significantly more extensive and costly decontamination and clean-up operation has been required for the fire damaged area. Results of air quality tests taken in the area showed that the level of fibres present following the fire was very low - well within recommended guidelines and posing no threat to health.
12. Corporate Health and Safety colleagues have worked closely with the HSE and the Council's Risk and Insurance team to ensure all areas outside of the immediate vicinity of the fire were clear of asbestos containing material and remained safe and those parties have also subsequently engaged with Arc and a specialist asbestos disposal contractor to establish suitable safe working practices to allow removal of contaminated material from the site.
13. Property colleagues have also worked diligently with Arc to agree the best commercial arrangements possible for what has now become a much more complex project, and requires

the removal and disposal of all materials contaminated with asbestos contaminated waste from site. Due to the impact this has on the method of demolition and the quantity of contaminated material, there is a significant cost implication over and above the original contract works.

14. Particularly a large “tent” was erected around the buildings to allow the asbestos containing material to be contained safely when disturbed, and all the contaminated material on site, including any which was to be used to fill the swimming pool void, now needs to be sent for specialist disposal.

15. Arc have worked with the main contractor and the asbestos analysts and removal specialists to produce an updated programme for the works and an estimate to complete the revised project, which gives a revised completion of late 11 February 2018, and results in an increase of around £900k against the original budget cost, although it should be noted that these costs will be met by insurance funding.

Demolition works £	1,577,629.00
Professional fees £	72,371.00
Total £	1,650,000.00
<b>Additional Cost of demolition £</b>	<b>900,000.00</b>

16. It is proposed therefore that the 17/18 capital programme is varied to reflect this cost increase.

### **Other Options Considered**

17. Unfortunately the fire has limited the options available to the County Council in respect of the site, since demolition still has to continue to minimise the potential environmental and health hazards to the immediate area. All involved have worked to minimise the financial and operational impacts of the fire and contain the costs to the levels noted above.

### **Reason for Recommendation**

18. Given that there is no viable option other than continue with the demolition, whilst seeking to minimise the costs, the recommendation is that the capital programme is varied to reflect the revised figures.

### **Statutory and Policy Implications**

19. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Crime and Disorder Implications**

20. Although there are no direct crime and disorder implications within the report it should be noted that the cause of the fire is believed to be arson, and a number of individuals have

been questioned in connection with the incident, although police investigations continue.

### **Financial Implications**

21. As noted above the financial implications of the fire are:

- I. A substantial increase in the demolition costs resulting from the need for additional specialist disposal of the asbestos containing materials, and an associated impact on the approved capital programme.
- II. Despite the works being covered by relevant insurances the additional costs above the £500,000 insurance limit, and the £50,000 excess, will need to be met by the Council.

### **Implications for Sustainability and the Environment**

22. Following the fire additional control measures have been put in place in order to carry out the demolition in a safe and controlled manner, minimising the risk to human health, and the impact on the environment, however this has a detrimental cost impact on the project.

## **RECOMMENDATION/S**

That Committee;

- 1) Note the latest estimated cost report for the demolition works as set out in the report.
- 2) Approve the variation required to the 2017/18 capital programme.

**Derek Higton**  
**Service Director, Place and Communities**

**For any enquiries about this report please contact:** Mick Allen, Group Manager, Place and Commissioning, Tel: 0115 9774684

### **Constitutional Comments [KK 09/02/18]**

23. The proposals in this report are within the remit of the Finance and Major Projects Committee.

### **Financial Comments [GB 06/02/18]**

24. The financial implications are set out in the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

### **Electoral Division(s) and Member(s) Affected**

- Newark East