

Report of Chief Officer – Resources and Strategy

Report to Director of City Development

Date: 21st March 2014

Subject: Holt Park Leisure Centre Demolition – Asbestos Removal

Capital Scheme Number: 16724 HLC

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Adel & Wharfedale	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1 During the demolition of the Holt Park Leisure Centre, extra asbestos was found in the old building which required safe removal before demolition could be completed.
- 2 Type 2+ asbestos surveys were conducted at the site prior to Financial Close and were the most intrusive surveys that could be conducted while the building was still occupied. Subsequently the contractor discovered asbestos in the concrete throughout the site when in a position to undertake a more intrusive survey, requiring its removal prior to demolition. Under the terms of the contract, they are now claiming £151,388 in costs incurred.

Recommendations

- 3 The Chief Asset Management and Regeneration Officer is requested to give Authority to Spend £151,388 towards the costs incurred in removing asbestos in readiness for the demolition of Holt Park Leisure Centre.

1 Purpose of this report

The purpose of this report is to seek Authority to Spend £151,388 towards the costs incurred in removing asbestos in readiness for the demolition of Holt Park Leisure Centre

2 Background information

- 2.1 Holt Park Active is a joint project between Adult Social Care and Sport & Active Lifestyles to provide a wellbeing centre that is accessible to the wider community and replaces the old, out of date Holt Park Leisure Centre which closed in December 2012.
- 2.2 The development of the new site and demolition of the old leisure centre support the regeneration proposals for the Holt Park area.
- 2.3 The project received £28.6m Department of Health PFI credits and achieved Financial Close on 14th December 2011.
- 2.4 The PFI project encompassed the demolition of the existing leisure centre, construction of the new Holt Park Active and facility management services for a period of 25 years.
- 2.5 Under the contract the Council is responsible for any costs associated with asbestos discovered during demolition which a contractor and their asbestos specialist acting reasonably could not have foreseen based on the intrusive Type 2 + asbestos survey undertaken prior to the closedown of the centre.

3 Main issues

- 3.1 Under the PFI contract the Council is responsible for any costs associated with asbestos discovered during demolition which a contractor and their asbestos specialist acting reasonably could not have foreseen based on the intrusive Type 2+ asbestos survey undertaken prior to financial close. The contract was designed in this way so that the Council does not have to pay significant risk pricing up front in case additional asbestos is found and also because depending on the age of the building contractors may not be willing to take the risk. Therefore the original contract value met the cost of asbestos up to the level identified in the Type 2 + asbestos survey. The majority of the additional asbestos emanated from it having been used in the form work for the concrete which was unexpected and significant. Consequently, the contractor has claimed for the additional asbestos removal.
- 3.2 Following extensive negotiations, the asbestos cost was reduced from £205,138 to £151,388.
- 3.3 The demolition works were required prior to rebuild of the centre. The works have now been completed and the site has been handed over to the Council.

4 Corporate Considerations

3.1 Consultation and Engagement

3.1.1 The Holt Park PFI Board is aware of the issues.

4.1 Equality and Diversity / Cohesion and Integration

3.1.1 An equality impact assessment was carried out for the construction of Holt Park Active and has informed the layout and facilities within the site.

4.2 Council policies and City Priorities

3.1.2 The development of Holt Park Active has contributed to the Best Council outcomes of:

- Improve the quality of life for our residents, particularly for those who are vulnerable or in poverty – through the delivery of a building that will provide activities for a wide range of people within the local community, including older people, people with learning disabilities and physically impaired ;
- Achieve the savings and efficiencies required to continue to deliver frontline services – by two services sharing a facility and programmes within the facility.

3.1.3 The following Best Council objectives are supported by the project:

- Supporting Communities and tackling poverty
 - supporting healthy lifestyles and getting people active
 - being more responsive to the needs of the local community
 - providing accessible and integrated services
- Delivery of the Better Lives Programme
 - Helping people to stay living at home
- Becoming a more efficient and enterprising council
 - Improving how we are organised and making best use of our assets
 - Creating flexibility and the right capacity and skills in our workforce
 - Generating income for the council

4.3 Resources and value for money

3.1.1 £151,388 is required towards the costs incurred in removing asbestos in readiness for the demolition of Holt Park Leisure Centre.

3.1.2 Capital Funding and Cash Flow.

Funding Approval :	Capital Section Reference Number :-						
Previous total Authority to Spend on this scheme	TOTAL	TO MARCH	FORECAST				
	£000's	2013 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL	TO MARCH	FORECAST				
	£000's	2013 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	151.4		151.4				
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	151.4	0.0	151.4	0.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL	TO MARCH	FORECAST				
	£000's	2013 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's
LCC Funded	151.4		151.4				
Total Funding	151.4	0.0	151.4	0.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

4.4 Legal Implications, Access to Information and Call In

3.1.1 The Chief Asset Management and Regeneration Officer has the authority to make this decision under powers granted under Part 3 of the Council's Constitution.

4.5 Risk Management

- 3.1.1 The works were necessary to complete the project and are a legitimate claim according to the PFI contract.

5 Conclusions

- 3.1 The works claimed for are legitimate according to the contract and therefore the council has an obligation to fund the costs claimed for.

6 Recommendations

- 3.1 The Chief Asset Management and Regeneration Officer is requested to give Authority to Spend £151,388 towards the costs incurred in removing asbestos in readiness for the demolition of Holt Park Leisure Centre.

7 Background documents¹

- 3.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.